System House

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

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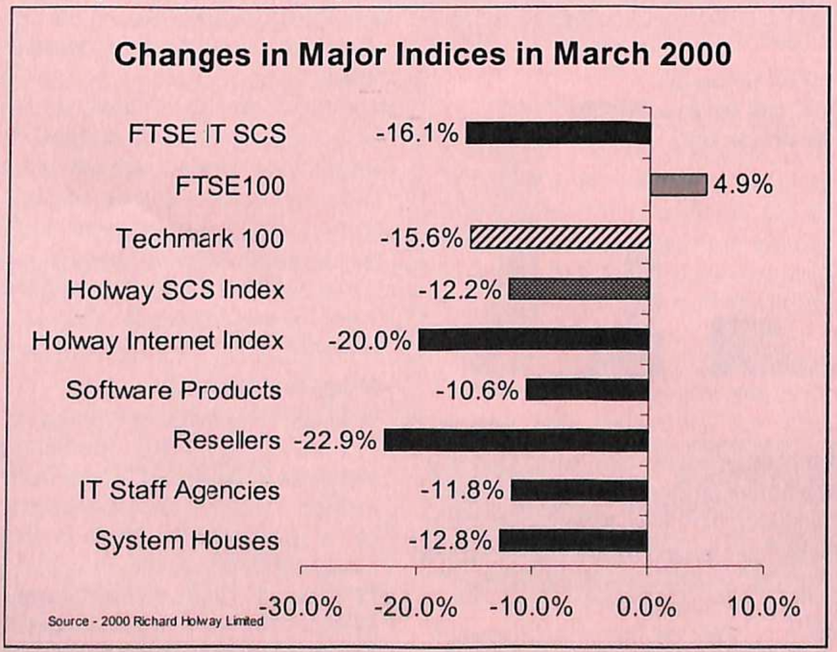
Correction or Collapse?

It finally happened. Every UK Technology-based Index fell by >10% in March 00. The larger stocks fell more steeply than the smaller stocks as evidenced by the near 16% fall in the weighted techMARK 100 compared to a 12% fall in our unweighted Holway SCS Index. Investors knocked a massive £14 billion off the value of the 110 SCS stocks in our Index.

SCS FTSE100 Performance in March 2000	
Baltimore	-26%
Capita	0%
CMG	-13%
Freeserve	-34%
Logica	-22%
Misys	-8%
Sage	-12%
Sema	-8%

Indeed many of the new SCS stocks which entered the FTSE100 this month were amongst the worst hit. This was against a background of one of the strongest rises in the FTSE100 for many months - up nearly 5% in a month when investors turned their back on *"the clicks"* in favour of *"the mortar"*.

Resellers were particularly badly hit but the pain was felt indiscriminately across the board with "boring" IT services companies being hit as hard as high-flying software products . Although our Holway Internet Index fell by 20% wiping nearly £6 billion off the valuation of the dot.com stocks, we had expected the fall to be much steeper. After all that still means that if you had invested in every one of the 52 dot.com stocks in our index your portfolio would still be up nearly 500% (since Jan. 99 or IPO). But 90% of these dot.coms registered falls in Mar with 8 (or 15%) now lower than their IPO price. The most highly publicised of these, of course, was Lastminute.com - now trading at a 33% discount to its IPO price this month. We sometimes wonder if any of the aspiring private investors who flooded into the issue (to be rewarded with just 35 shares each) had even looked at the site let alone had a clue about the B2C market in which they were investing.



The hit on internet stocks is far more severe in the US - not helped by research (Pegasus) released this month showing that around 25% of internet stocks would run out of cash this year. With the market for IPO/fund raising drying up this could lead to some pretty serious consequences! What happens in the US tends to happen in the UK too. So expect worse to come.

Indeed, we should remind readers that back in Jan. 00 we were publicly quizzed by Jeremy Paxman at the Regent Conference. We said that the thought our Index would fall by 25% and that this would occur in Q2 2000. At that time our SCS Index stood at 11471. Despite the 12% fall in March our Index, at 14079, is still showing a 23% gain on in the first 3 months of 2000. ***If our prediction came to pass, our SCS Index would fall to 8600 in Q2 - a massive 60% fall from its current level!***

Now that really would hurt.

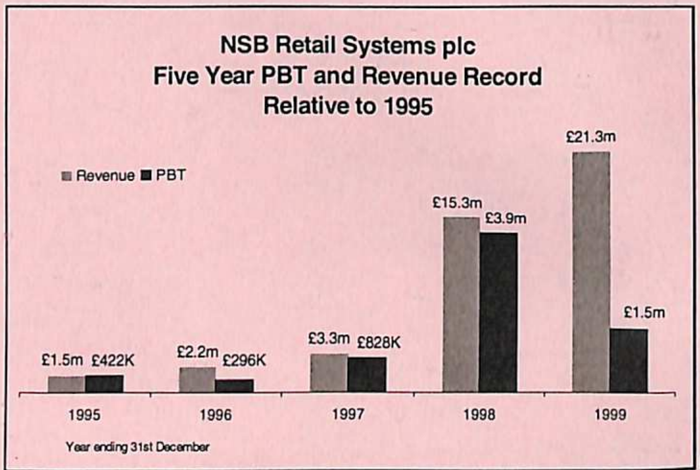
The real problem is that, just as investors invested in everything related to technology on the way up...they will sell just as indiscriminately on the way down. The quality stocks like Sage and Logica will get hit like the dot.coms. We have already seen evidence of fund raising exercises being pulled (see Financial Objects - p12) The flood of IPOs, which did so much to revitalise the AIM market, will all but dry up. Many investors will be left holding huge losses if not completely valueless shares. Many people will lose their jobs - particularly those that left highly paid jobs with large companies to seek capital gain with the start-ups.

But, that's not to say that the new e-commerce/internet markets will not boom. Investors seldom understand that there really is no connection between markets, company performance and share prices! The "serious" IT services companies supporting e-commerce and those with the enabling software will thrive. In the B2C space, our view remains that the existing "mortar" companies will both wake up and ultimately win. And these companies are just the ones that our Boring SCS companies have had as customers for decades.

Painful as the correction may be if you are a shareholder, a return to sanity is to be welcomed.

NSB - Now Somewhat Bigger in retail systems market!

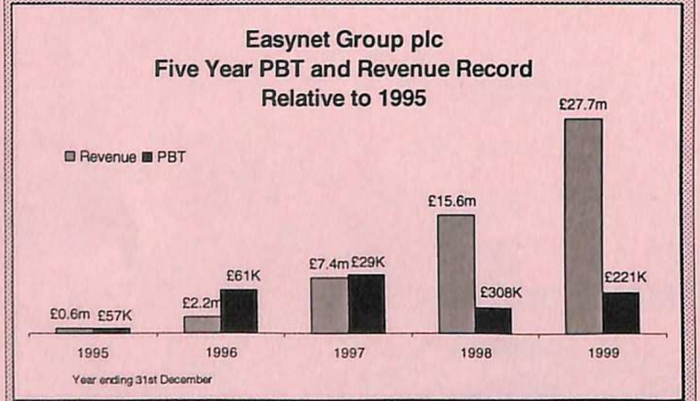
On the face of it, retail software and services group **NSB Retail Systems** posted an excellent set of figures for the year ended 31st Dec. 99. Turnover increased by 39% to £21.3m, OP (pre-exceptionals) increased 42% to £4.6m giving a 22% margin, up from 21% however OP (after exceptionals) fell from £4m to £2.9m and PBT also fell from £3.9m to £1.5m. Adjusted basic EPS jumped 36% to 16.5p but diluted EPS actually dropped from 13.7p to 3.6p. UK revenues dropped a tad to £14.7m, Continental Europe rose 23% but just to £126K, but US catapulted from £304K to £6.5m. **But note** - these numbers are based on US merger accounting principles and include full year (i.e. 1998 and 1999) results from **USI** (acquired Aug. 99) - we have yet to 'unpick' the 'pure' NSB numbers. Software licence fees now make up 23% of the total - but this is expected to rise to 30% over time. They signed some impressive customers including Kingfisher and Arcadia (their first 10 year contract) and US office supplies giant, Staples. Chairman Alan Vickery commented on the *"excellent trading results ... not affected by (Y2K) worries."* He is confident *"that the group will continue to show impressive growth"*.



Comment: You have to be impressed with the increased range of products and services NSB can now offer on the back of the **USI** acquisition and, of course, **Real Time Control**, bought 'for a song' (£74m) in Jan. 00. Infectiously enthusiastic CEO Nikki Beckett has great clarity of vision and strategy for the still tiny (but perfectly formed) NSB and intends to carry on 'planning the work and working the plan'. They will continue to focus their total solution to Tier 2 retailers, but are also going after Tier 1 customers with selected products and eventually Tier 3 retailers with a nascent ASP offering. This means more organic growth and acquisitions. While we'd like to see greater transparency in the numbers, we are both impressed and delighted that another 'little British battler' is succeeding in the hugely competitive US market. NSB were a new AIM float in Sep. 97 at 115p - valuing the company at a mere £11.2m - and moved to the main market (and Techmark 100) in Oct. 99. The share price dropped on the results announcement, and they finished the month at £24.12p - well down from the Feb. 00 £36.50p peak but still nearly 6 times higher than the 409p a year ago, giving NSB a value of £483m!

Expansion Plans for Easynet

Corporate ISP and telecoms operator, **Easynet**, announced their results to 31st Dec. 99 as well as proposals for the expansion of its telecommunications and internet infrastructure. Turnover up 78% to £27.7m, corporate revenues up 92% to £18.8m, however PBT down from £308K to £221K. Dial-up internet revenues increased by 53% to £8.9m, despite a fall in the number of subscribers from 57,000 to 53,000. Easynet plans



to build a high-speed Digital Subscriber Line (DSL) in Germany and to invest in a new data centre facility in London. Expansion in Italy and Switzerland is also on the cards. A placing at 2200p to raise £51.8m is proposed and should be successful as the share price now stands at £23.07 at the end of the month.

ITSA not so Good !

The Y2K microclimate affected ITSA **Quantica** which announced PBT down 7% at £3.22m and EPS down 11% at 6.02p in year to 31st Dec. 99. Revenues were, however, up 20% at £18.15m. despite a *"difficult year for recruitment and training...we believe that all the existing businesses are in a strong position as we enter 2000"*.

Quantica also acquired **Brave New World Group Ltd** (t/a Helpdesk Support Services) for an initial £2.01m + up to £2.5m on profits to 2001. Helpdesk made 1998 PBT of £262K.

Morse of the Same Please !

Morse's (Sun reseller with increasing services) interims for the six months to 31st Dec. 99 showed turnover up 41% to £203.1m, PBT up from £9.8m to £10.4m and diluted EPS down 89% after a higher tax charge. Chairman Richard Lapthorne said the company has *"a strong and secure foundation for continued growth"*. The French operation is going like a train, with turnover up 80%. Continental Europe now makes up 25% of sales. Also strong was the Integrated Services division with turnover up 79% to £20m.

Comment: Well for a "dull" old reseller, these figures could make any dot.com blush. Indeed, the forecasts for the full year are starting to look a touch conservative. It also brought a smile and a warm glow to us all to read in the figures those three little words...."*highly cash generative*". We will treat as nothing more than an apocryphal urban myth, reports of an FD of an internet tiddler having no idea what the phrase meant. Morse shares at the end of the month were 568p valuing the company at £691m. **Morse** also acquired **Portfolio Systems** for £4.5m.

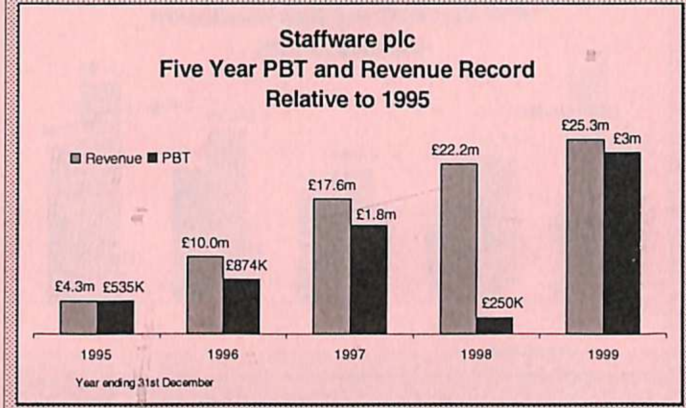
InterX Interims

InterX interims for the six months to 5th Feb. 00: turnover grew by 36% to £201m. But operating profits (before exceptional items) were down to £1.06m from £3.06m. PBT down (after exceptional items) to £451K from £3m. EPS (after exceptional items) also down at 1.26p from 9.6p. There was a "*substantial investment in the development of InterX's internet businesses, IT Network Limited and Cromwell*". IT Network produced revenue of £500K over the period. Shares are down 30% at £21.62p at the end of March.

InterX hoped to increase by £20m to £50m the amount raised in its placing associated with the **Cromwell Media** purchase. But this was priced at £34.00p since when the share price has crashed. We also liked the *"in order to maintain an orderly market in the Company's shares the Board of InterX announces that...certain directors and former directors and shareholders of Cromwell will sell 2.46m shares..."* Sure they were led yelling and screaming to this sacrifice!

Staffware addresses concerns

Staffware "*a leading provider of e-business solutions and the world's leading supplier of enterprise workflow automation software*" announced results for year ended 31 Dec. 99. Revenue up by 14% to £25.3m, PBT up tenfold to £3m, EPS up to 17.2p. R&D remained 17% of turnover at £4.3m. Staffware launched an eProcess division in February in a bid to become "*a major global player in the B2B eCommerce market*". Growth is anticipated organically and



through acquisition. A full listing is planned before the end of Apr. 00, and then they will be a member of techMARK.

Comment: After the growing pains of 1999, the results offer a welcome return to form. The three areas we considered being of greatest concern have all been addressed:

* the figures are in line with expectations, after flattering to deceive in 1999.

* the channel to market has been refined, so the "tier 2" resellers/ partners (over whom Staffware had little control) have been replaced by their StEP program and by a smaller number of "tier 1" partners. This improves the quality, predictability, and scope of the contracts won, as well as the management of the cash flow. We still think that the sales volume in the US is very disappointing (it actually declined to 17% (to 19%) of sales), but Paul Fullagar insists that they will "*make it there*".

* the internal cash management has been much improved and Staffware is now cash positive for the first time since flotation.

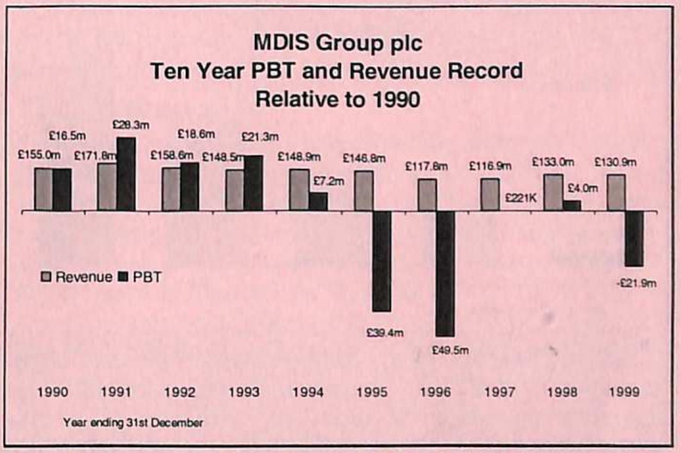
The turnover is forecast to grow c 40% in 2000, but this is likely to be eclipsed after the planned series of acquisitions. They are not expecting the eProcess division to contribute more than a nominal amount to turnover in 2000.

The eProcess investment is very interesting, especially concerning the CRM market. Staffware could lever itself into a very favourable position if it can embed its workflow expertise into CRM solutions. We will not see a unified ERP-to-CRM product for a few years yet, so the short term winners will be the best "best of breed" providers, and Staffware would like to be on everyone's shopping list. They are looking at acquisitions to fulfil a variety of roles, whether to simply get their hands on additional staff, to infill technology or expand into other software spaces. These plans apply both to the Enterprise workflow division and to the eProcess division. Paul Fullagar wants to produce a complete CRM package. We have some concerns regarding this ambition, as Staffware have experienced avoidable growing pains, and expansions into areas away from companies' core competencies are usually a mistake.

The Staffware workflow products have always been technologically advanced and scalable, and as a product company, they can gear up sales with only incremental staffing issues. 21% of revenues are now recurring, and we believe that this figure should increase significantly. The market capitalisation of around £314m or 13 times sales, is taking an awful lot on trust. But this is often the case these days. But we think that the steps Staffware are taking are potentially very positive.

RIP MDIS, Hello Northgate Information

Loads of news from MDIS in March. Firstly results for the twelve months ended 31 Dec. 99. These show a loss before taxation of £21.9m on turnover of £130.8m. Revenues in the Group's core UK operations (excluding Glovia and PRO IV) were ahead of 1998 "*until November and December when the Company experienced a marked slowdown in sales against a backdrop of millennium-related concerns. This, combined with the high level of fixed costs and a lower level of public sector licence sales, led to a near breakeven result*" of £0.4m loss (pre everything) on turnover of £86.2m. As for current trading, MDIS' core UK business in January and February was ahead of the comparable period for 1999 "*but these are traditionally quiet months for the Group and when the current high level of fixed overheads is taken into account all areas of the Group are likely to trade at a loss over the four month period to 30 April 2000. However, the Board is encouraged by the high level of the order book and pipeline, particularly in the area of e-business implementation*". They are also changing name to **Northgate Information Solutions plc**. Finally the details of the rights. It is a 1 for 5 Rights Issue (at 45p) of up to 46,532,447 New Ordinary Shares to raise approximately £19.2m (net of expenses). The rights price was at a 37% discount to the price of MDIS at the time of the announcement.



Comment: We had a talk with CEO Chris Stone after the figures and he helped to put some flesh on the eternal "whither MDIS" questions. On the plus side, the Unix deployment business has strong order books, the UK business has had its costs brought back under control with a headcount reduction of 200. Two new partnerships with Sun and Informix bode well - helping development of their ASP and e-commerce strategies (respectively). It now has over 300 "*new technology people*", they have stopped leaking staff and, whilst the labour market is tight, are starting to attract staff of the desired calibre. Stone was refreshingly honest about how MDIS has managed to "*minimise its opportunities*" over the last ten years, and is determined to effect a cultural change so that this does not happen in the next ten. A slimmer, renamed and refocused "MDIS" could be just what the long suffering shareholders could do with.

Game On !

Interim results for the six months to 31st Jan. 00 have been announced by **Gameplay.com**. The highlights are: turnover up 31% to £5.83m; partnership deals signed with **BSkyB**, **Telewest**, **Cable & Wireless** and **BT**; £12m investment by BSkyB Nov. 99; 750K + customers and users; and acquisitions of five German companies. Gameplay.com's ambition is to become the "*leading European online games destination and community*"

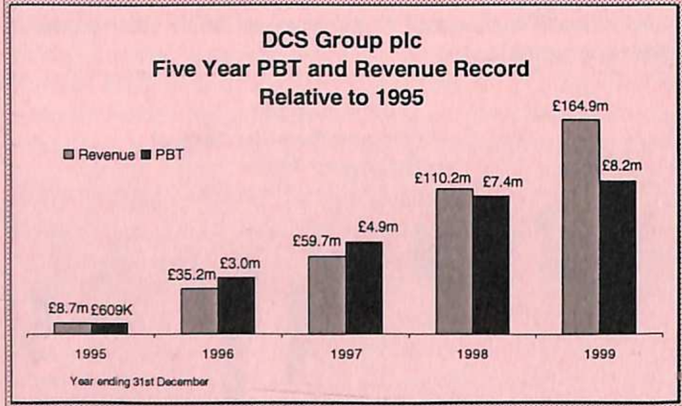
Not So Super at Superscape !

Superscape, *"the developer and marketer of interactive 3D technology for e-business applications*" announced a decline in turnover to £708K for the six months to 31st Jan. 00 (1999: £2.12m), losses of £2.9m (1999: £87K) and LPS 16.3p (1999: 0.71p). Kevin Roberts, Chief Executive, said: "*We have transformed the leadership and management of Superscape over the last year. We continue to aggressively recruit staff and now have the financial resources to exploit the market leadership that SeV gives us in the field of interactive 3D applications for web sites associated with e-commerce.*"

Comment: Revenue down and losses up makes sorry reading for Superscape yet again. The reduction in turnover was widely anticipated and reflects the company's fundamental change in corporate direction announced late last year. Half year order book of £1.89m up threefold compared to the six month period to 31st Jul. 99.

Everything up at DCS !

DCS Group, *"a leading international IT solutions and services provider*" has announced results for the year ended 31st Dec. 99. Highlights are: turnover up by 49.6% to £164.9m, PBT up 11% to £8.2m, with EPS down 9% to 18.98p.



CEO Tim Robinson said: "*1999 saw an acceleration in the transformation of DCS Group into an integrated, B2B Web solutions company. We have been investing in the Web arena since early 1998 and this has now reached critical mass in every division of the DCS Group. Our strong results in 1999 were achieved in spite of unique market conditions and an acceleration of our investment in web activities amounting to over £1m in additional costs.*" During the year DCS announced appointments as ASP partner with **UUNet** and **Nokia**, alliance partner with **Siebel** and **IBM**, WAP applications partner and integrator for Nokia. The company has 63,000 end users now supported 24 hours, seven days a week.

Some Profit Improvement at DRS

DRS Data & Research Services has announced results for year ended 31st Dec. 99. The highlights were: turnover just over £8m from £7m, PBT £236K (1998 restated profit: £73K), and EPS 0.52p (1998 restated EPS 0.13p).

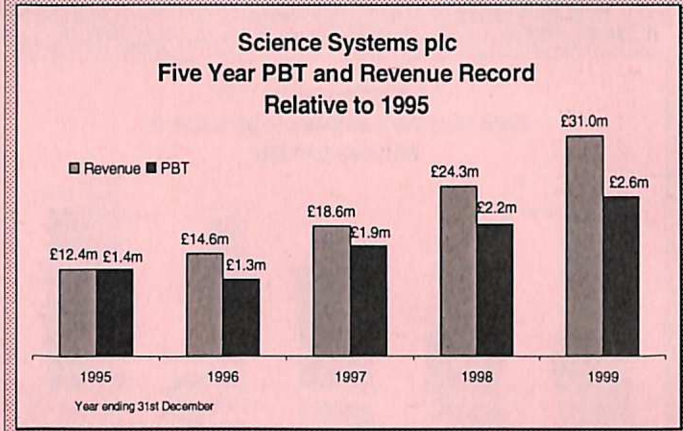
Chairman, John MacArthur commented "*In 1999 we chose to invest a significant amount of resources into securing some very large contracts, knowing that a substantial part of the benefits of these would not materialise until the year 2000. Partly as a result of this, our profit improvement was less than we had originally hoped for. Revenue growth during the year was accompanied by a marked shift towards larger, more complex, and more high-profile projects, both in the UK and overseas*".

An IPO in 1994 at 110p....the shares ended Mar 00 on just 26p, a decline of 76% since the IPO.

Science Systems Success

Science Systems final results for the year ended 31 Dec. 99. Revenues up 27% from £24.3m to £31m and PBT up 19% from £2.2m to £2.6m. Order intake also strong with forward order book at year end in excess of £40m.

Cliff Preddy, Chairman, said: *"The long-term trends for the software and computer services sector continue to be encouraging and the Company is well placed to take*



advantage of the opportunities available and to deliver further growth in revenues in all of its core businesses". SS has announced that it is raising approximately £10m at 540p per share. SS is moving from AIM to full listing later this year. Shares were down 3% at 578p at the end of the month.

Sopheon "well positioned"

Sopheon (formerly **PolyDoc**) is having a busy time with announcements of a share placing to raise £20m, proposed acquisition and preliminary results. Funds raised will be used for an acquisition strategy in the USA, starting with **TelTech Resource Network Corp.** which is being bought for £29m. This move gives Sopheon access to a blue chip US client base. Results for year ending 31st Dec. 99 showed an increase in turnover by 70% to £1.5m and a loss of £2.1m (up from loss £1.1m). Looking ahead Sopheon is confident that it is "*well positioned for considerable growth in a rapidly growing market*". The share price is down 3% at 970p at the end of the month.

Cautious Clients Effect KBC Results

KBC Advanced Technologies results for year ended 31st Dec. 99 showed revenue down 6% at £36.7m, operating profit £3.9m (down 50%), PBT £7.3m (down 13%), with EPS 10.50p (down 20%). Michael Press, Chief Executive commented: "*The business environment has improved over the last few months ...(But) We anticipate that this cautious approach will continue to impact our business over the course of the coming year. Operating profits for the year ended 31st Dec. 00 will be significantly below 1999.*" Tough market conditions have meant a 10% staff cut, but on a more positive note continuing services saw strong growth, an alliance with AEA was completed and classification on the techMARK index recently confirmed.

Confident CFS

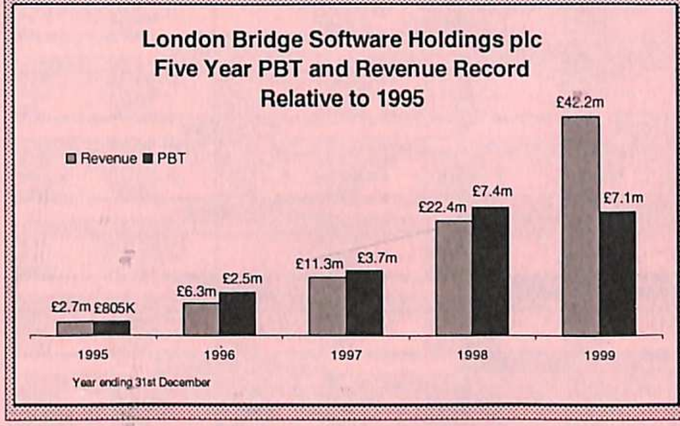
CFS Group's results for the year ended 31st Dec. 99 show turnover up 35% to £12.91m, PBT up 25% to £2.46m, and EPS 13.68p down from 13.91p in 98.

Commenting, Alfred Stein, Chairman said: "*'The global market is now a reality and CFS is in an excellent position to benefit from it. With a substantial customer base, product and technological strengths and a record of growth, the web enabling of our products in a business to business ('B2B') environment will only add value to the underlying strength of our company.*"

The shares have fallen 24% this month to end on 250p.

London Bridge Better Positioned

London Bridge Software has announced revenue up 88% at £42.17m in the year to 31st Dec. 99. Although PBT fell 3.7% to £7.09m, adjusted PBT was up 30% at £11.05m. EPS fell 20% to 15.89p. These were a tad lower than expected at the time of the profits warning in Jan. 00. LBS says its improvements in the breadth and quality of its offerings in core credit management leaves it better positioned for growth in 2000.



ICM "crackles"

ICM Computer Group (IT support, consultancy and continuity services) results for the six months to 31st Dec. 99 showed revenue up 20% at £22.3m but PBT only increased by 4.4% to £2.04m with EPS up 6% at 7.0p. The *Y2K microclimate* certainly had an effect on the business. But CEO Barry Roberts told us that, although January was difficult, he had had a *"cracking"* February bringing in a number of new contracts. As ICM tends to operate in the SME space these tend to bill in a relatively short, c60 day, cycle, so they should positively contribute in H2.

In H1 their Business Continuity operations increased its contract base by 20% - interestingly 55% in the last six weeks. Another Y2K effect!

ICM was a new issue in May 98 at 180p They have been a real star performer in recent months but the share price ended the month down 29% on 825p.

Optimism at Dicom

Dicom's results for the six months to 31 Dec. 99 show sales up 7% at £46.9m, operating profits at £1.6m are up 32%, PBT at £1.5m up 30% and EPS up to 9.4p. Otto Schmid, Chairman and Chief Executive - *"We are continuing to see good levels of growth in the market. From 1st February we will have the benefit of the full contribution from Kofax and the recent Placing. The outlook for the full year ending 30 June 2000 remains positive. The Board still sees postponements of major document management and data capture projects due to Year 2000 issues, especially in January and February, but expects this effect to level out by the last quarter of this financial year. ... The directors view the prospects for the Group with optimism"*.

Comings and goings...

FI Group's MD for International Operations and Group Board member, **Brian Gunn**, resigned to be CEO of e-business consultancy **Nettec**, which is preparing to move from OFEX to the main market. Gunn, who we really rated, joined FI from Groupe Bull in Feb. 99.

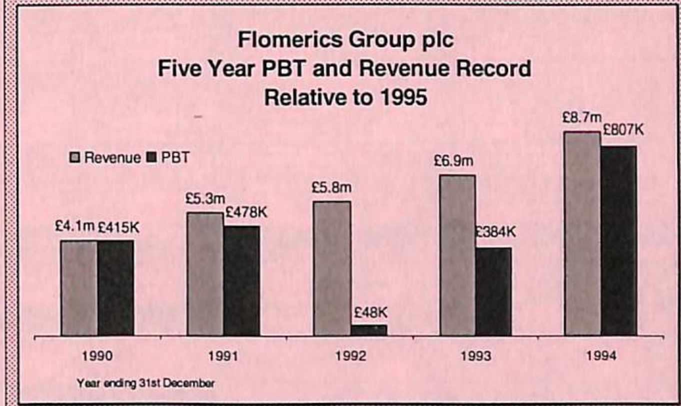
freecom.net rightly wasted no time in clearing the decks at **Pegasus** - Jonathan Louis Hubbard-Ford *"resigned"* with effect from 29 Feb. 00.

Highams Systems has sent a letter to shareholders warning of a small loss for the year and the retirement of John Higham. Y2K is blamed, but *"we are now beginning to see a return to former levels of activity in all areas of our operations"*. They are to launch ***equationHR*** (internet recruiting).

And **Admiral**'s Clay Brendish becomes Dep. Chairman of **CMG**

Enlarged Opportunities for Flomerics

Flomerics supplies analysis software to the telecommunications, semiconductor, and computer industries, and other sectors of the electronics industries. Results for the year to 31st Dec. 99 show revenue up 26% to £8.7m, PBT up 110% to £807K and operating profit margin increased to 9.5% from 5.6%. EPS pre-goodwill up 98% to 20.0p. David Mann,



Chairman, said: *"The acquisition of Kimberley Communications Consultants during 1999 has added key electromagnetics analysis technology to the company's portfolio, and positions it as a broader-based provider of design solutions to the electronics industries. Consequently, the directors continue to view the company's future with confidence, and are exploring ways of addressing most effectively the enlarged opportunities now facing the company"*. Shares are up almost double at £11.63p at the end of the month.

That's Magic !

Preliminary results for the seven months ended 31 Dec. 99 for **Magic Moments** *"a dedicated internet solutions company specialising in the provision of scalable web hosting, domain name registration and e-commerce solutions to the SME market"*. Turnover up to £892K from £234K, with operating losses of £529K (and is expected to continue rising). Chief Executive Abby Hardoon said *"We are delighted with the progress Magic Moments has achieved over the period. Sales growth since the year end has been breathtaking as we reap the benefits of our investments in infrastructure and marketing programme. Further positive developments are expected as we roll out our successful business model across Europe and Asia Pacific. Our highly cash generative and recurring revenue streams should deliver enhanced shareholder value in the medium term"*.

Comment: Providing Internet services to the SME marketplace is shaping up to be one of the most exciting areas of the e-services marketplace. As with any new market, first mover advantage is one of the key determinants of success. As far as hosting services for small businesses are concerned, **Virtual Internet** and **NetBenefit** are perhaps the best known, but Magic Moments is aggressively attacking the market. We feel that MM is employing exactly the right strategy to be successful. First, the use of both direct and indirect sales channels is the right way to approach the SME market place – relying solely on direct sales to SMEs is asking for the quick route to bankruptcy. Second is that MM is positioning itself as providing an end-to-end service – small businesses need a total solution, not domain registration from one supplier, hosting from another and e-mail from another. So we feel that MM has a bright future although it could face stiff competition from some of the larger players.

Pilat Technologies

Pilat Technologies has announced results for year ended 31st. Dec. 99. Highlights: revenue up 25% to £21.5m, PBT up 143% to £1.3m, EPS up to 3.49p from a loss last year of 0.58p.

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

Admiral plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£147,187,000		£170,186,000	+15.6%
PBT	£23,479,000		£24,752,000	+5.4%
EPS	24.90p		25.40p	+2.0%

AFA Systems plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£809,000		£1,779,000	+119.9%
PBT	-£1,444,000		-£581,000	Loss both
EPS	-11.30p		-3.40p	Loss both

AIT Group plc

	Interim - Sep 98	Final - Mar 99	Interim - Sep 99	Comparision
REV	£8,429,000	£17,460,000	£9,765,000	+15.9%
PBT	£1,262,000	£2,764,000	£1,530,000	+21.2%
EPS	4.11p	9.08p	5.06p	+23.1%

Alphameric plc

	Fin.8mos - Nov 98		Final - Nov 99	Comparision
REV	£11,460,000		£25,330,000	Not comparable
PBT	£900,000		£3,050,000	Not comparable
EPS	1.20p		3.62p	Not comparable

Anite Group plc

	Interim - Oct 98	Final - Apr 99	Interim - Oct 99	Comparision
REV	£81,101,000	£180,829,000	£83,930,000	+3.5%
PBT	£3,986,000	£6,788,000	£4,690,000	+17.7%
EPS	1.00p	1.50p	1.00p	+0.0%

Axon Group plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£20,024,253		£25,378,000	+26.7%
PBT	£1,824,401		£4,560,000	+149.9%
EPS	2.80p		5.70p	+103.6%

Azlan Group plc

	Interim - Oct 98	Final - Mar 99	Interim - Oct 99	Comparision
REV	£153,711,000	£342,861,000	£193,984,000	+26.2%
PBT	-£424,000	£3,835,000	£2,369,000	Loss to profit
EPS	-0.80p	2.60p	1.60p	Loss to profit

Baltimore Technologies plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£9,883,512		£23,272,000	+135.5%
PBT	-£5,173,012		-£31,351,000	Loss both
EPS	-27.80p		-102.70p	Loss both

Baron Corporation plc

	Final - Aug 97	Sep 98 - Apr 99	Final - Aug 98	Comparision
REV	£3,758,000	£1,513,000	£2,364,000	-37.1%
PBT	£85,000	-£84,000	-£175,000	Profit to loss
EPS	n/a	n/a	n/a	n/a

Bond International Software plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£4,320,000	£8,807,697	£4,567,000	+5.7%
PBT	£284,000	£935,378	£327,000	+15.1%
EPS	1.37p	4.54p	1.58p	+15.3%

Cadcentre Group plc

	Interim - Sep 98	Final - Mar 99	Interim - Sep 99	Comparision
REV	£8,798,000	£17,861,000	£10,929,000	+24.2%
PBT	£1,367,000	£3,001,000	£1,900,000	+39.0%
EPS	4.92p	11.21p	7.94p	+61.4%

Capita Group plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£237,802,000		£327,199,000	+37.6%
PBT	£25,814,000		£32,200,000	+24.7%
EPS	8.17p		9.90p	+21.2%

Cedar Group plc

	Interim - Sep 98	Final - Mar 99	Interim - Sep 99	Comparision
REV	£7,249,000	£23,046,000	£11,688,000	+61.2%
PBT	-£971,000	£2,807,000	£55,000	Loss to profit
EPS	-2.30p	5.50p	0.10p	Loss to profit

CFS Group plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£10,989,000		£13,614,000	+23.9%
PBT	£1,223,000		£1,125,000	-8.0%
EPS	8.26p		6.11p	-26.0%

Clinical Computing plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£1,664,000	£3,039,301	£1,561,000	-6.2%
PBT	£205,000	£276,584	£253,000	+23.4%
EPS	0.80p	1.10p	1.00p	+25.0%

CMG plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£443,832,000		£608,588,000	+37.1%
PBT	£57,482,000		£83,629,000	+45.5%
EPS	29.00p		42.80p	+47.6%

Comino plc

	Interim - Sep 98	Final - Mar 99	Interim - Sep 99	Comparision
REV	£8,721,000	£18,595,000	£11,036,000	+26.5%
PBT	£1,266,000	£2,718,000	£1,562,000	+23.4%
EPS	6.97p	14.83p	7.79p	+11.8%

Compel Group plc

	Interim - Dec 98	Final - Jun 99	Interim - Dec 99	Comparision
REV	£121,590,000	£293,750,000	£135,698,000	+11.6%
PBT	£4,972,000	£12,679,000	£3,028,000	-39.1%
EPS	11.30p	34.90p	9.70p	-14.2%

Computacenter plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£1,586,238,000		£1,760,628,000	+11.0%
PBT	£64,603,000		£75,136,000	+16.3%
EPS	23.50p		28.10p	+19.6%

DCS Group plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£110,172,000		£164,910,000	+49.7%
PBT	£7,353,000		£8,129,000	+10.6%
EPS	20.78p		18.98p	-8.7%

DRS Data & Research Services plc

	Final - Dec 98		Final - Dec 99	Comparision
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 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£6,479,637	£13,735,249	£7,677,884	+18.5%
PBT	-£675,577	-£1,418,549	£509,549	Loss to profit
EPS	-9.60p	-23.10p	7.00p	Loss to profit

Diagonal plc

	Final - Nov 98		Final - Nov 99	Comparision
REV	£70,179,000		£72,376,000	+3.1%
PBT	£7,314,000		£8,184,000	+11.9%
EPS	6.16p		7.52p	+22.1%

Dialog Corporation plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£170,762,000		£174,450,000	+2.2%
PBT	£5,564,000		-£3,857,000	Profit to loss
EPS	2.90p		-3.50p	Profit to loss

Druid Group plc

	Final - Jun 98		Final - Jun 99	Comparision
REV	£40,604,000		£59,776,000	+47.2%
PBT	£8,044,000		£11,216,000	+39.4%
EPS	23.37p		33.22p	+42.1%

Easynet Group plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£15,589,000		£27,741,000	+78.0%
PBT	-£575,000		-£929,000	Loss both
EPS	-1.81p		-5.64p	Loss both

ECsoft Group plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£62,211,000		£67,304,000	+8.2%
PBT	£8,108,000		£3,416,000	-57.9%
EPS	49.90p		17.30p	-65.3%

Eidos plc

	Interim - Sep 98	Final - Mar 99	Interim - Sep 99	Comparision
REV	£47,586,000	£226,284,000	£44,060,000	-7.4%
PBT	-£18,928,000	£37,920,000	-£37,907,000	Loss both
EPS	-16.12p	28.30p	-29.24p	Loss both

Electronic Data Processing plc

	Final - Sep 98		Final - Sep 99	Comparision
REV	£11,518,000		£10,492,000	-8.9%
PBT	£2,210,000		£2,377,000	+7.6%
EPS	5.89p		6.85p	+16.3%

Eurolink Managed Services plc

	Coy.Inc. 1998		Final - Mar 99	Comparision
REV			£8,323,171	n/a
PBT			£844,762	n/a
EPS			n/a	n/a

F.I. Group plc

	Interim - Oct 98	Final - Apr 99	Interim - Oct 99	Comparision
REV	£108,857,000	£228,353,000	£145,379,000	+33.6%
PBT	£7,545,000	£17,025,000	£9,539,000	+26.4%
EPS	2.50p	5.80p	2.63p	+5.2%

Financial Objects plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£21,662,000		£22,301,000	+2.9%
PBT	£3,438,000		£4,656,000	+35.4%
EPS	8.98p		8.87p	-1.2%

Flomerics Group plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£6,910,106		£8,713,000	+26.1%
PBT	£384,123		£807,000	+110.1%
EPS	10.10p		18.60p	+84.2%

Gresham Computing plc

	Final - Oct 98		Final - Oct 99	Comparision
REV	£23,063,000		£30,350,000	+31.6%
PBT	£3,003,000		-£864,000	Profit to loss
EPS	5.47p		-2.29p	Profit to loss

Guardian iT plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£29,693,000		£49,245,000	+65.8%
PBT	£6,629,000		£7,048,000	+6.3%
EPS	9.00p		10.90p	+21.1%

Harvey Nash Group plc

	Interim - Jul 98	Final - Jan 99	Interim - Jul 99	Comparision
REV	£44,861,000	£104,851,000	£71,899,000	+60.3%
PBT	£4,074,000	£8,869,000	£5,326,000	+30.7%
EPS	9.52p	19.29p	11.81p	+24.1%

Highams Systems Services Group plc

	Interim - Sep 98	Final - Mar 99	Interim - Sep 99	Comparision
REV	£16,163,000	£34,069,990	£14,967,000	-7.4%
PBT	£782,000	£1,524,855	£2,000	-99.7%
EPS	3.00p	5.40p	-0.07p	Profit to loss

ICM Computer Group plc

	Interim - Dec 98	Final - Jun 99	Interim - Dec 99	Comparision
REV	£18,534,000	£40,047,000	£22,328,000	+20.5%
PBT	£1,949,000	£4,335,000	£2,035,000	+4.4%
EPS	6.60p	14.90p	7.00p	+6.1%

Intelligent Environments Group plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£2,627,000	£6,633,118	£4,090,000	+55.7%
PBT	-£874,000	-£1,024,104	-£370,000	Loss both
EPS	-3.20p	-3.42p	-1.20p	Loss both

IS Solutions plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£4,200,000	£8,745,633	£4,300,000	+2.4%
PBT	£404,000	£942,384	£362,000	-10.4%
EPS	5.68p	13.67p	5.28p	-7.0%

ITNET plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£105,728,000		£130,764,000	+23.7%
PBT	£7,346,000		£9,836,000	+33.9%
EPS	6.93p		10.14p	+46.3%

Jasmin plc

	Interim - Sep 98	Final - Mar 99	Interim - Sep 99	Comparision
REV	£3,126,000	£6,914,000	£2,980,000	-4.7%
PBT	£269,000	£811,000	-£94,000	Profit to loss
EPS	5.52p	16.44p	-1.88p	Profit to loss

JSB Software Technologies plc

	Interim - Nov 98	Final - May 99	Interim - Nov 99	Comparision
REV	£1,825,000	£4,003,000	£3,406,000	+86.6%
PBT	-£386,000	-£1,314,000	-£3,263,000	Loss both
EPS	-4.10p	-12.78p	-23.20p	Loss both

Kalamazoo Computer Group plc

	Interim - Sep 98	Final - Mar 99	Interim - Sep 99	Comparision
REV	£32,018,000	£65,870,000	£32,768,000	+2.3%
PBT	-£550,000	-£2,198,000	£754,000	Loss to profit
EPS	-1.10p	-3.30p	0.90p	Loss to profit

Kewill Systems plc

	Interim - Sep 98	Final - Mar 99	Interim - Sep 99	Comparision
REV	£27,443,000	£60,079,000	£35,738,000	+30.2%
PBT	£3,164,000	£7,196,000	£2,336,000	-26.2%
EPS	2.40p	5.44p	1.30p	-45.8%

Keystone Software plc

	Interim - Sep 98	Final - Mar 99	Interim - Sep 99	Comparision
REV	£630,000	£1,585,217	£2,384,000	+278.4%
PBT	-£1,195,000	-£2,400,057	£17,000	Loss to profit
EPS	-10.60p	-18.90p	0.10p	Loss to profit

Laser-Scan Holdings plc

	Final - Dec 97		Final - Dec 98	Comparision
REV	£6,317,000		£6,761,000	+7.0%
PBT	-£1,298,000		-£397,000	Loss both
EPS	-4.30p		-1.40p	Loss both

Logica plc

	Interim - Dec 98	Final - Jun 99	Interim - Dec 99	Comparision
REV	£292,400,000	£659,468,000	£403,300,000	+37.9%
PBT	£25,600,000	£58,604,000	£35,100,000	+37.1%
EPS	4.80p	10.80p	5.60p	+16.7%

London Bridge Software Holdings plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£22,375,000		£42,165,000	+88.4%
PBT	£7,365,000		£7,092,000	-3.7%
EPS	19.77p		15.89p	-19.6%

Lorien plc

	Final - Nov 98		Final - Nov 99	Comparision
REV	£138,407,000		£138,817,000	+0.3%
PBT	£2,549,000		-£1,649,000	Profit to loss
EPS	7.30p		-8.50p	Profit to loss

Lynx Group plc

	Final - Sep 98		Final - Sep 99	Comparision
REV	£180,870,000		£212,541,000	+17.5%
PBT	£13,252,000		£11,017,000	-16.9%
EPS	8.67p		6.82p	-21.3%

MMT Computing plc

	Final - Aug 98		Final - Aug 99	Comparision
REV	£36,698,698		£41,024,210	+11.8%
PBT	£10,005,754		£9,710,952	-2.9%
EPS	50.60p		52.20p	+3.2%

MDIS Group plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£133,014,000		£130,800,000	-1.7%
PBT	£3,966,000		-£21,900,000	Profit to loss
EPS	3.06p		n/a	n/a

Macro 4 plc

	Interim - Dec 98	Final - Jun 99	Interim - Dec 99	Comparision
REV	£13,152,000	£31,025,000	£17,086,000	+29.9%
PBT	£5,024,000	£10,400,000	£4,751,000	-5.4%
EPS	16.60p	34.80p	15.30p	-7.8%

MERANT plc

	Interim - Oct 98	Final - Apr 99	Interim - Oct 99	Comparision
REV	£69,411,000	£215,473,000	£111,925,000	+61.2%
PBT	-£5,878,000	-£11,572,000	-£11,593,000	Loss both
EPS	-6.00p	-14.30p	-10.00p	Loss both

Microgen plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£70,105,000		£31,324,000	-55.3%
PBT	£8,492,000		£1,834,000	-78.4%
EPS	2.20p		5.70p	+159.1%

Misys plc

	Interim - Nov 98	Final - May 99	Interim - Nov 99	Comparision
REV	£287,900,000	£582,000,000	£280,600,000	-2.5%
PBT	£58,900,000	£91,400,000	£48,300,000	-18.0%
EPS	7.70p	10.60p	6.00p	-22.1%

Mondas plc

	Interim - Oct 98	Final - Apr 99	Interim - Oct 99	Comparision
REV	£223,945	£955,301	£641,678	+186.5%
PBT	-£208,004	-£520,770	-£390,090	Loss both
EPS	-3.40p	-5.70p	-3.10p	Loss both

Morse Holdings plc

	Interim - Dec 98	Final - Jun 99	Interim - Dec 99	Comparision
REV	£144,275,000	£283,943,000	£203,073,000	+40.8%
PBT	£9,784,000	£18,853,000	£10,427,000	+6.6%
EPS	39.10p	22.70p	4.30p	-89.0%

MSB International plc

	Interim - Jul 98	Final - Jan 99	Interim - Jul 99	Comparision
REV	£90,403,000	£191,345,000	£99,869,000	+10.5%
PBT	£5,474,000	£8,088,000	£4,185,000	-23.5%
EPS	17.90p	27.00p	16.00p	-10.6%

MSW Technology plc

	Interim - Nov 98	Final - May 99	Interim - Nov 99	Comparision
REV	£1,350,000	£1,896,518	£747,363	-44.6%
PBT	-£140,309	-£1,641,522	-£1,770,000	Loss both
EPS	-1.82p	-20.86p	-21.59p	Loss both

NetBenefit plc

	Interim - Dec 98	Final - Jun 99	Interim - Dec 99	Comparision
REV	£803,848	£1,969,751	£1,688,541	+110.1%
PBT	£146,731	£279,862	-£473,421	Profit to loss
EPS	0.01p	0.02p	-0.04p	Profit to loss

NSB Retail Systems plc

	PF Final - Dec 98		PF Final - Dec 99	Comparision
REV	£15,285,000		£21,282,000	+39.2%
PBT	£3,934,000		£1,544,000	-60.8%
EPS	11.70p		15.80p	+35.0%

Oxford Molecular plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£21,505,000			-100.0%
PBT	-£1,228,000			Loss both
EPS	-2.20p			Loss both

Parity plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£290,200,000		£314,154,000	+8.3%
PBT	£20,032,000		£18,561,000	-7.3%
EPS	8.84p		7.77p	-12.1%

Pegasus Group plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£7,410,000	£14,979,000	£8,121,000	+9.6%
PBT	£632,000	£928,000	£86,000	-86.4%
EPS	6.70p	18.30p	5.20p	-22.4%

PhoneLink plc

	Interim - Sep 98	Final - Mar 99	Interim - Sep 99	Comparision
REV	£3,479,000	£10,014,000	£6,360,000	+82.8%
PBT	-£1,701,000	-£3,381,000	-£1,412,000	Loss both
EPS	-3.00p	-5.40p	-2.00p	Loss both

Planit Holdings plc

	Interim - Oct 98	Final Apr - 99	Interim - Oct 99	Comparision
REV	£4,514,000	£9,676,000	£6,041,000	+33.8%
PBT	£659,000	£1,570,000	£1,273,000	+93.2%
EPS	0.70p	1.60p	1.10p	+57.1%

Policy Master Group plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£5,054,000	£11,338,405	£7,715,000	+52.7%
PBT	£164,000	£697,390	£500,000	+204.9%
EPS	1.32p	5.86p	3.50p	+165.2%

Primar-E plc

	Interim - May 98	Final - Nov 98	Interim - May 99	Comparision
REV	£5,994,000	£11,286,246	£4,806,000	-19.8%
PBT	£245,000	£98,447	-£611,000	Profit to loss
EPS	0.21p	0.54p	-0.38p	Profit to loss

Protherics plc

	Interim - Sep 98	Final - Mar 99	Interim - Sep 99	Comparision
REV	£2,658,000	£696,000	£452,000	-83.0%
PBT	-£5,344,000	-£3,947,000	-£9,218,000	Loss both
EPS	-4.14p	-5.54p	-6.75p	Loss both

QSP plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£37,006,000		£50,538,000	+36.6%
PBT	£2,044,000		£4,212,000	+106.1%
EPS	14.10p		26.90p	+90.8%

Quantica plc

	Final - Nov 98		Final - Nov 99	Comparision
REV	£15,164,000		£18,153,000	+19.7%
PBT	£3,460,000		£3,224,000	-6.8%
EPS	6.79p		6.02p	-11.3%

RM plc

	Final - Sep 98		Final - Sep 99	Comparision
REV	£130,996,000		£162,210,000	+23.8%
PBT	£10,037,000		£12,262,000	+22.2%
EPS	7.80p		9.80p	+25.6%

Rage Software plc

	Final - Jun 98		Final - Jun 99	Comparision
REV	£3,623,000		£8,845,000	+144.1%
PBT	£860,000		£3,121,000	+262.9%
EPS	0.32p		1.03p	+221.9%

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

RDL Group plc

	Final - Sep 98		Final - Sep 99	Comparision
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%

Real Time Control plc

	Interim - Sep 98	Final - Mar 99	Interim - Sep 99	Comparision
REV	£8,590,000	£16,795,000	£9,319,000	+8.5%
PBT	£1,887,000	£4,366,000	£2,189,000	+16.0%
EPS	18.50p	42.30p	21.80p	+17.8%

Recognition Systems Group plc

	Final - Sep 98		Final - Sep 99	Comparision
REV	£788,000		£2,315,000	+193.8%
PBT	-£2,260,000		-£1,609,000	Loss both
EPS	-6.30p		-2.30p	Loss both

Rolfe & Nolan plc

	Interim - Aug 98	Final - Feb 99	Interim - Aug 99	Comparision
REV	£9,544,000	£21,000,000	£10,707,000	+12.2%
PBT	£205,000	£1,600,000	£642,000	+213.2%
EPS	-2.27p	7.90p	3.38p	Loss to profit

Romtec plc

	Interim - Jul 98	Final - Jan 99	Interim - Jul 99	Comparision
REV	£1,861,000	£3,900,572	£1,845,000	-0.9%
PBT	£30,000	£273,934	£94,000	+213.3%
EPS	-0.30p	2.30p	0.50p	Loss to profit

royalblue Group plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£29,514,000		£39,693,000	+34.5%
PBT	£4,543,000		£6,511,000	+43.3%
EPS	9.30p		13.10p	+40.9%

Sage Group plc

	Final - Sep 98		Final - Sep 99	Comparision
REV	£191,547,000		£307,041,000	+60.3%
PBT	£47,635,000		£74,313,000	+56.0%
EPS	2.85p		4.17p	+46.4%

Sanderson Group plc

	Interim - Mar 98	Final - Sep 98	Interim - Mar 99	Comparision
REV	£34,743,000	£73,589,000	£54,366,000	+56.5%
PBT	£4,049,000	£8,592,000	£5,609,000	+38.5%
EPS	6.20p	12.80p	7.20p	+16.1%

SBS Group plc

	Final - Aug 98		Final - Aug 99	Comparision
REV	£35,856,000		£53,305,000	+48.7%
PBT	£1,485,000		£2,219,000	+49.4%
EPS	11.70p		16.10p	+37.6%

Science Systems plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£24,319,000		£30,966,000	+27.3%
PBT	£2,217,000		£2,633,000	+18.8%
EPS	8.90p		11.40p	+28.1%

SDL plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£10,098,000		£12,960,000	+28.3%
PBT	£209,000		-£796,000	Profit to loss
EPS	0.41p		-2.63p	Profit to loss

Sema Group plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£1,250,400,000		£1,410,000,000	+12.8%
PBT	£97,800,000		£93,800,000	-4.1%
EPS	14.60p		14.70p	+0.7%

Sherwood International plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£42,591,000		£47,186,000	+10.8%
PBT	£5,494,000		£7,345,000	+33.7%
EPS	9.00p		11.40p	+26.7%

Skillsgroup plc

	Final - Nov 98		Final - Nov 99	Comparision
REV	£208,400,000		£198,700,000	-4.7%
PBT	£14,400,000		£11,400,000	-20.8%
EPS	12.30p		10.70p	-13.0%

Sopheon plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£891,000		£1,510,000	+69.5%
PBT	-£1,142,000		-£2,072,000	Loss both
EPS	-6.10p		-10.10p	Loss both

Spring Group plc

	Interim - Oct 98	Final - Apr 99	Interim - Oct 99	Comparision
REV	£193,301,000	£403,154,000	£206,641,000	+6.9%
PBT	£3,206,000	£14,180,000	£1,400,000	-56.3%
EPS	0.78p	6.09p	0.60p	-23.1%

Staffware plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£22,187,000		£25,262,000	+13.9%
PBT	£250,000		£2,953,000	+1081.2%
EPS	1.10p		17.20p	+1463.6%

Superscape VR plc

	Interims - Jan 99	Final - Jul 99	Interims - Jan 00	Comparision
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

Synstar plc

	Final - Sep 98		Final - Sep 99	Comparision
REV	£164,425,000		£214,289,000	+30.3%
PBT	£2,169,000		£8,094,000	+273.2%
EPS	1.70p		3.60p	+111.8%

Systems Integrated Research plc

	Interim - Nov 98	Final - May 99	Interim - Nov 99	Comparision
REV	£661,000	£1,405,000	£658,000	-0.5%
PBT	£32,000	£140,000	£42,000	+31.3%
EPS	0.07p	0.71p	0.15p	+114.3%

Systems International Group plc

	Interim - Dec 98	Final Jun 99	Interim - Dec 99	Comparision
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%

Terence Chapman Group plc

	Final - Aug 98		Final - Aug 99	Comparision
REV	£20,866,000		£30,641,000	+46.8%
PBT	£3,390,000		£4,464,000	+31.7%
EPS	4.02p		5.45p	+35.6%

Torex plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£21,770,000		£46,762,000	+114.8%
PBT	£2,982,000		£4,039,000	+35.4%
EPS	6.80p		14.50p	+113.2%

Total Systems plc

	Interim - Sep 98	Final - Mar 99	Interim - Sep 99	Comparision
REV	£1,780,866	£3,247,157	£1,180,727	-33.7%
PBT	£495,484	£629,873	-£128,216	Profit to loss
EPS	3.31p	4.29p	-0.88p	Profit to loss

Touchstone Group plc

	Interim - Sep 98	Final - Mar 99	Interim - Sep 99	Comparision
REV	£3,508,000	£7,663,000	£4,812,000	+37.2%
PBT	£460,000	£1,048,000	£678,000	+47.4%
EPS	3.34p	7.60p	4.75p	+42.2%

Trace Computers plc

	Interim - Nov 98	Final - May 99	Interim - Nov 99	Comparision
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

	Interim - Sep 98	Final - Mar 99	Interim - Sep 99	Comparision
REV	£22,112,000	£49,306,000	£24,253,000	+9.7%
PBT	£3,816,000	£8,629,000	£903,000	-76.3%
EPS	10.06p	22.74p	2.43p	-75.8%

Ultima Networks plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£8,280,000	£14,437,000	£6,470,000	-21.9%
PBT	-£1,070,000	-£5,093,000	-£610,000	Loss both
EPS	-1.27p	-4.85p		Loss both

Vega Group plc

	Interim - Oct 98	Final - Apr 99	Interim - Oct 99	Comparision
REV	£12,870,000	£28,993,000	£18,531,000	+44.0%
PBT	£1,428,000	£4,292,000	£1,932,000	+35.3%
EPS	6.00p	17.42p	7.02p	+17.0%

VI Group plc

	Interim - Jun 98	Final - Dec 98	Interim - Jun 99	Comparision
REV	£1,828,000	£4,117,000	£2,201,000	+20.4%
PBT	-£19,000	-£333,000	£137,000	Loss to profit
EPS	-0.17p	-2.40p	0.37p	Loss to profit

Vocalis Group plc

	Interim - Sep 98	Final - Mar 99	Interim - Sep 99	Comparision
REV	£1,342,000	£4,820,000	£1,318,000	-1.8%
PBT	-£1,050,000	-£1,098,000	-£1,963,000	Loss both
EPS	-3.22p	-3.36p	-4.84p	Loss both

XKO Group plc. Pro-forma only

	Interim - Sep 98	Final - Mar 99	Interim - Sep 99	Comparision
REV	£13,217,000	£28,428,000	£13,485,000	+2.0%
OP	£1,195,000	£2,667,000	£1,313,000	+9.9%
EPS	3.50p	8.20p	3.90p	+11.4%

Gameplay.com has acquired **Nordic Games** for £5.96m.

Revenue slips as members rise

Online auctioneer **QXL.com** has announced results for Q3 to Dec. 99 showing revenues down to £1.55m from £1.93m in the previous quarter, but up from £0.86m in Q3 1998/99. A change in the revenue model, whereby commissions are only paid for a successful transaction, was blamed. Member numbers were up 130% quarter-on-quarter to 300,000, although some of those will have come from acquisitions and start-ups in Europe. Registered users increased 84% to £453,000 and gross auction value improved 43% to £5.2m in the quarter. QXL also announced that it will be auctioning a further 20,000 British Midland tickets.

Autonomy Upbeat

Autonomy prelims show revenue up 212% to £16.5, with a loss of £678K in year to 31st Dec. 99. Q4 revenue was up 19% over Q3. Gross margins stood at 89%. US revenues now account for 54% of the total. 'Capex' was nearly £5m with £4m going on sales and marketing - building global territorial coverage. Mike Lynch said "*Autonomy's business has seen dramatic growth over the last year. We continued to develop our core technology, expand our sales and marketing operations and move into new markets such as mobile commerce*".

Comment: Mike Lynch was very bullish ("*taking off in an amazing way*") on the prospects for Autonomy for their "*intelligent WAP*", making the point that WAP would not be a vehicle for standing on rainy street corners and surfing the net, it needs to be more predictive and accurate. The analogy he used was that whilst mobiles would not be a clever medium for looking at the classified football results, they would be very good at telling you how Arsenal (nailing his colours firmly to their mast) had done. After only a few internet page hits, Autonomy's products can not only work out that the person in question is a football fan, but knows they are an Arsenal fan, and predicts that they might also be interested in reading the text of today's interview with Arsene Wenger.

Autonomy Corporation
Four Year Loss before Tax and Revenue Record Relative to 1996

Autonomy, if listed on the London Stock Exchange, would be a FTSE100 company, with revenues even less than **ARM**'s profits. This is without doubt a "punchy" valuation. But Autonomy has qualities that few can match. The barriers to entry in this field are very high, in fact Mike Lynch can only think of one competitor that "*does some interesting work*", namely **EHNC** of the US. Most of the companies that are often quoted as competing with them do not, and those that did have largely thrown in the towel. The real competition is from the traditional paper based search. As the internet and modern living make the quantities of paper one has to search through prohibitive, it increases the value of Autonomy's ability to sort this "*unstructured information*". With new products and the NASDAQ listing, to raise up to $140m to come, the news flow will remain strong over the coming months.

Three's no crowd for Parity

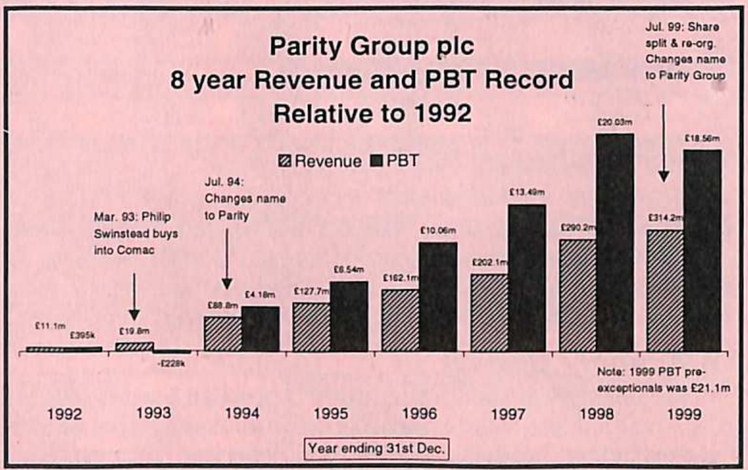
PARITY

It was not only 'a year of two halves' but also 'a company of three halves' for **Parity Group**. Turnover for the year to 31st Dec. 99 rose 8% to £314m with PBT after exceptionals down 7% to £18.6m. But the figures are actually better than they might at first look. They have now reorganised into three lines of business – e-services (**Parity Solutions**), '*international software services*' (**Eurosoft** and **TelTech**) and UK-only ITSA **Parity Resources**. Parity Solutions, under the leadership of MD Keith Jennings, is on the way to becoming an e-services all-rounder – from consulting through to ASP – and turned in the best results in the Group, growing turnover by 20% (to £60m) and PBT by 30% (to £9m). Results from the international arena was not quite as bright, with revenue up 15% to £118m. But the resources/ITSA business was particularly badly hit by Y2K (like almost every other staff agency) as Swinstead had previously warned in Dec. 99. Parity Resources ended up with essentially flat revenue (£137m) and profits down 21% – but at least it remained profitable. Swinstead confirmed that they nearly sold the ITSA business late 1999 but decided to hang on now that the worst seems to be over – a plan we agree with. Indeed, they are going to add recruitment services too. Swinstead also announced a tie-up with US internet billing and CRM software supplier **edocs**. Parity Solutions will offer edocs' *BillDirect* product as an ASP service, both in-house or hosted. Initially the service will be targeted at utilities companies (no surprises there) with the intention to hit telcos, retailers and financial services companies further down the line.

Parity Group plc	Turnover		PBT*	
	1999	% Change	1999	% Change
E-BUSINESS/SOLUTIONS Parity Solutions	£59.7m	20.3%	£9.0m	30.8%
SOFTWARE SERVICES				
Parity EuroSoft (Cont. Europe)	£74.0m	13.6%	£4.9m	13.5%
TelTech (US)	£43.9m	8.9%	£4.3m	21.5%
Parity Resources (UK)	£136.6m	1.1%	£7.4m	-20.5%
Central costs			-£4.1m	
Interest (net)			-£0.2m	
TOTAL	£314.2m	8.3%	£21.3m	6.4%

* Before goodwill amortisation & exceptional items

Looking forward, Swinstead said *"The migration of all the Group's businesses into the e-business arena will continue through 2000 and Parity will maintain its strategy of growing a strong, balanced international Group with end-to-end e-business capabilities. The Group will continue to invest to support this strategy through internal evolution and acquisitions. The Board intends to concentrate on achieving a good short-term performance for shareholders while investing in e-business skills and services to deliver superior long-term growth"*. He also signalled that further acquisitions and alliances are on the agenda. When Parity announced their year-end results the market marked them down 6% to 633p on the day. Their share price fell further to 451p at the end of the month (down 33%), but 20% up on the year.



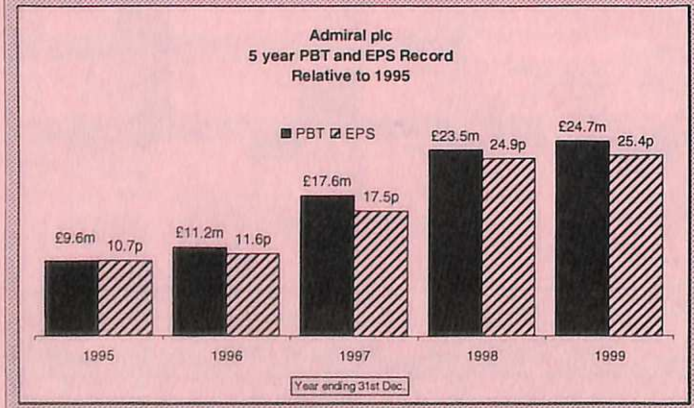
Comment

We have tremendous admiration for exec. chairman Philip Swinstead, a man who invariably delivers the goods. That's not to say that it's a straight road ahead for Parity. They are still wrestling with their organisational structure as they move towards a three-tiered business model - with sale of the ITSA business now on hold. And the move to turn the Parity Solutions into an 'end-to-end' e-business consultancy will see them competing with all the other 'quality' solutions firms like Admiral, Logica, CMG, Sema etc., especially in the CRM space. But let's not forget you could have bought their shares for just a few pence when Swinstead took over in 1993 - and just look at where they are today. We would be surprised if Parity does not follow precisely the trajectory Swinstead has now set for them.

Admiral's retains Boring Award...*but only just!*

admiral

Admiral's results for year ended 31st Dec. 99. show turnover up 16% to £170.2m, operating profit up 6% to £23.9m, but EPS up a minute 2% to 25.4p. At least that was enough to retain their treasured **Boring Award** (10 year unbroken EPS growth, with the average EPS growth over 20%) - the first we ever awarded. Staff numbers were also up at the year end to 2,483. Clay Brendish said "*Going forward we believe Admiral is well placed to reap the rewards of this technology revolution....So far this year we have seen a gradual recovery in levels of market activity and we remain positive on the future outlook.*"

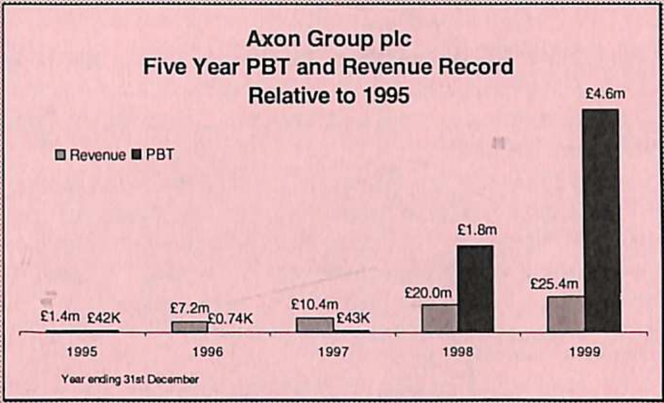


Comment: Well we were expecting 1999 to have been bad, but probably not this bad. The figures were below even the most bearish of city analyst's forecasts. The training division even made a loss, and it would take a very robust presentation to convince us that Admiral are best suited by holding onto this division in the future. Admiral's rising margins are a thing of the past, and may even decline in 2000. Any future profits growth now has to come via the top line. Although the slowdown has had a radical effect on the company, the disappointments have been cathartic, providing the impetus for Admiral to re-invent itself. The old divisional structure is gone, and they have made some useful partnerships with Baltimore and Autonomy (whose products will be integrated into Admiral's e-commerce solutions). Staff are to be re-skilled in e-commerce solutions, they have done this sort of enterprise wide job before and the staff are apparently very enthusiastic. There are moves to grow in web consultancy, and a new CEO is signed up but nameless (at his/her request) at present. 2000 has been slow so far but the "*pipeline looks good for the rest of the year*", it is going to be better, but still another year of transition.

STOP PRESS - On 3rd Apr. 00, **CMG** announced an agreed £1.4b bid for Admiral - representing a 46% premium on the previous close. *More on Hotnews.*

Exemplary Results from Axon

Axon Group's maiden results for the year ended 31 Dec. 99, showed revenue up 27% to £25.4m, EBIT up 65% to £4.1m and PBT up 150% to £4.6m. Diluted EPS up double to 5.7p. Set against the harsh trading conditions in the ERP market throughout 1999 these results are exemplary. But, as Mark Hunter would be the first to say *"1999: been there, done that, so what's next?"*.



What's next was Axon entering into a joint venture arrangement with **WHSmith**, one of its largest clients, for a B2B trading hub for newsagents. WHSmith already delivers around 40% of newsprint in the UK and newsprint accounts for a high proportion of newsagent profitability. The portal will enable newsagents to do their ordering through the website, initially for newspapers and magazines, but the portal aims to attract other suppliers. There are around 45,000 newsagents in the UK, of which 16,000 are supplies by WHSmith and the initial roll out of the portal will be to 8,000. Axon will be a significant minority shareholder in the joint venture and will invest 'a few million' in the company this year, the vast majority of which will be capex rather than P&L spend.

Comment: This is what e-commerce is all about - bricks and mortar companies partnering with technology businesses to create clicks and mortar companies that leverage off brand and critical mass but are light on their toes. The most high profile of these deals must be the recent tie up between **GM**, **Ford** and **Daimler Chrysler** and **Oracle** and **CommerceOne** for a B2B car manufacturing supplies vortal. Axon has surely now proved without doubt that its it one of the most exciting e-services companies the UK and is rewarding those investors that saw it as more than just a SAP specialist when it floated last year. We expect to see more of these deals over the next months and years.*"2000 has started strongly. We are particularly pleased to announce, at the beginning of March, a joint venture with WH Smith to offer a business to business trading portal for retailers. We expect it to be a good year for Axon and its shareholders"*.

Share price up 41% at £14.75p at the end of the month.

Hemscott.net assembles high power team

Hemscott.net, which provides company information to both corporate and private investors, has appointed Michael Grade as non exec. Chairman ahead of a much rumoured IPO. Grade joins an increasingly high-powered team. Ros Wilton joined as CEO in Oct. 99 from Reuters where she headed up their derivatives operations. Kevin O'Bryne has joined from Quaker Oats as CFO and the highly respected Emma Griffin, who headed IT research at HSBC, has joined as Strategic Dev. Director. NM Rothschild has been appointed as advisers.

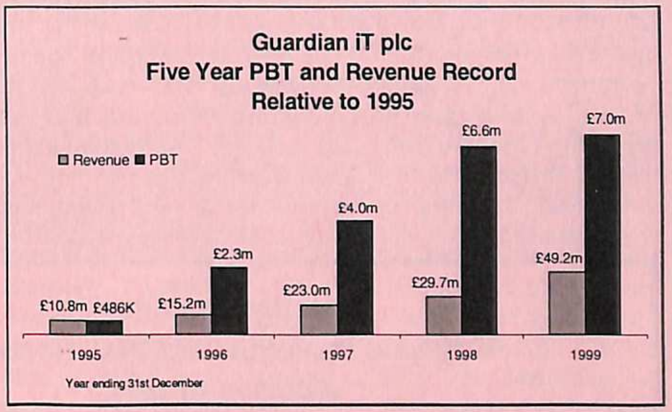
Syan unlikely to float before 2001

Privately owned **Syan Holdings** have come out with Y2K microclimate affected figures to 31st Dec. 99. Turnover was down 26% to £13m after the IBM reseller business suffered a freeze, and PBT was down nearly 40% to £1.5m. The group is *"still planning on a London listing [but]..it is now unlikely that such a flotation will occur before 2001"*.

Guardian of Good Results

Guardian iT has announced *"another year of excellent growth"* for the year ended 31st Dec. 99 with revenue up 66% at £49.2m, PBT (before goodwill) up 26% at £8.3m (an excellent 17% margin), EPS up 21% at 11.0p.

The order book - at £103.2m - is strong and represents more than twice annual revenue. With five acquisitions under their belt in 1999, Chairman Richard Raworth is justified in claiming 1999 as *"an exceptionally good year for the company both in terms of organic trading development and acquisition activity in Europe". "We look forward to making excellent progress in both turnover and earnings in 2000"*.



Guardian also raised £34m in a placing at 1370p.

Comment - Guardian iT's IPO two years back in Mar. 98 was at 255p. The shares now stand at £13.40p. That's a very tasty 425% gain. But, of course, your average investor would think disaster recovery was about the most ***Boring*** activity around. But e-commerce and internet actually ***increases*** the demand for these types of IT services. One subscriber e-mailed us recently saying that if we kept plugging away at this message it might get across. *Not so sure.*

Terence Chapman issues profits warning

Terence Chapman Associates (TCA) has issued a profits warning and the shares have fallen 10% to 360p at the end of the month. The consulting bit will fall short of expectations for year to 31st Aug. 00 and H1 will show only a small operating profit. However, Synergo has enjoyed a successful first half. Terence Chapman says he believes the group's prospects for the full year remain excellent.

Comment - This is the old Y2K microclimate bit again. How many times have we warned that this problem for the people-based businesses would NOT end with the Alka Selzers on 1st Jan. 00? It will affect most of H1.

NetBenefit - positive maiden six months

NetBenefit had been a particular favourite of ours until they let us down so badly when out **www.holway.com** site was down for 18 hours this month. Perhaps they should team up with **Guardian IT** (see this page) to avoid these problems in the future?

Maiden results for the six months to 31st Dec. 99 show revenue up 110% at £1.7m but a Loss before Tax of £473K (PBT £146K last time). But that's a bit irrelevant as this does not include **Netnames** acquired in Jan. 00. Revenues of £1.1m were reported in Feb. 00 - up 824% on Feb. 99. *"We are very positive in our outlook for the next six month period"*. An IPO in Jun. 99 at 200p - NetBenefit shares ended the month up 7% at 1050p!

Vislink losses escalate...but..

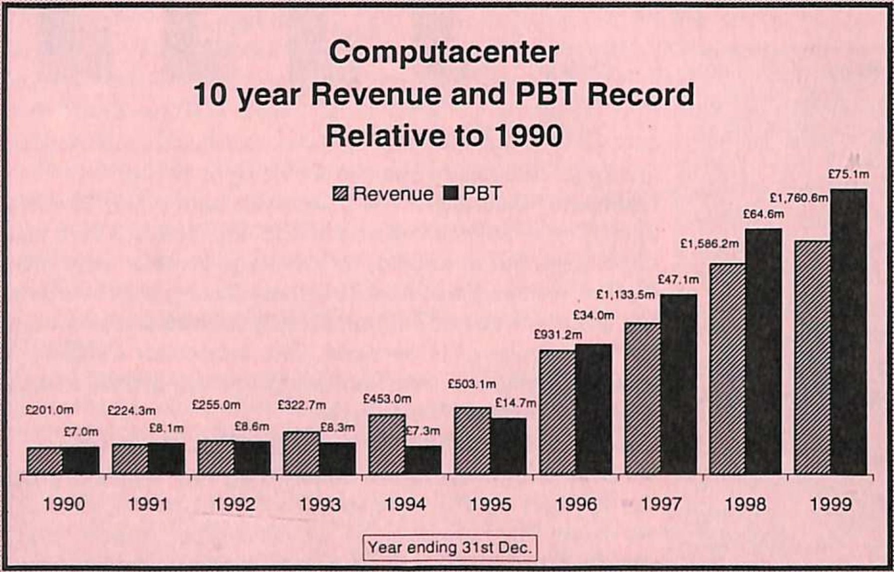
Vislink (formerly **Silvermines**) has announced results for year ended 31st Dec. 99. Revenue was £82m (£114m in 98), LBT of £21m (LBT of £726K in 98), and LPS of 23.81p (LPS of 1.63p in 98). They acquired **Advent Communications** during the year. Chairman Bob Morton said *"The enlarged group will be able to benefit from the growth in telecommunications and broadcasting markets arising from the development of internet data and broadcast quality digital video"*

Services bring a smile to Computacenter

Leading reseller **Computacenter** managed to tough out 1999 – especially H2 - and still turn in fairly respectable results. Turnover for the year to 31st Dec. 99 was up 12% to £1.76bn, PBT rose 16.3% to £75.1m and EPS grew 19.6% to 28.1p. But these numbers belie the yawning gap between hardware sales and services revenues. While product growth was a mere 3%, far more impressive was the growth in Computacenter's services businesses – Professional Services up 31% and Managed Services up 43%. As usual, they are not putting numbers to these, but we reckon that takes their total services revenues to around £310m. CEO Mike Norris said Computacenter *"had made significant progress in developing our service portfolio and delivering value added services to both existing and new customers. We fully expect this to continue in 2000 across all our businesses".*

Net margins grew from 4.1% to 4.3%, mostly from the UK, which saw return on sales rise from 4.7% to 5.1%. On the downside, losses in Germany more than doubled to £2.9m against a near doubling of revenues to £72.3m. France (with satellite Belgium) put in a good show with revenue up 37% to £228m and OP up 62% to 4.45m – but this is still a c2% margin. Computacenter now gets 83% of revenue from UK (was 87%) and 98% of operating profits (unchanged).

Comment: When we spoke with Mike Norris he was pretty upbeat about Computacenter's prospects, particularly on the services side. Just as well given the *"long term decline in hardware prices"*. He reckons *"we could have made Germany better"* last year by pulling back investment (e.g. staff up 67%) but they want to become a Top 5 player over time *("will take several years to get there")*. This year they 'invested' (i.e. lost) nearly £3m on some £1.4m revenue in their e-business division, **iGroup** – a sort of e-product incubator. We hope this unit is a focused entrepreneurial approach to developing future products and services for their core business rather than 'just another' internet incubator. In any event, no payback is expected from iGroup *"for a couple of years"*.



But all eyes will be on Computacenter's dot.com play, **Biomni**, which is *"on course for IPO well within the first six months of the year"*. Goldman Sachs were appointed last month as advisors. Biomni is a JV between Computacenter and e-procurement software supplier **Computasoft**, which itself was spun out from Computacenter back in '85. Computasoft supplies Computacenter's OnTrac e-procurement software through which they already take c47% of all their orders. Biomni is the vehicle through which they will commercialise OnTrac and pitch it to the e-procurement market. Computacenter's principal shareholders Philip Hulme and Peter Ogden also each have a 28% stake in Computasoft ... so it's potentially another barrowful of dosh for them yet again! We're glad that Biomni is being spun out, as application software product development is not exactly 'sticking to the knitting' for an increasingly services-dependent desktop supplier. Indeed, we think it will be important for Computacenter to keep well focused on developing services related to its core business. It is too easy nowadays to get bedazzled by the lure of 'dot.com' and end up taking your eye off the ball. Computacenter was a new IPO in May 98 at 670p. After a brief 'honeymoon' spurt, their shares had a torrid time for the next year falling below the IPO price. They have since recovered to £10.80 although they suffered a 22% fall this month.

No more Dial-a-Dog..it's All Things Bright Stations and Beautiful from now on

For what they are worth the figures for the year to 31st Dec. 99 show Dialog falling into losses (loss after tax of £5.4m). Turnover was up slightly at £174.4m.

Comment: Well our prediction of the actual **Dialog** result was not too shoddy, we wrote this on 20th Mar. - "*Well not mentioning the cash sum, but equating it to paying off the debt implies circa £160m for the disposal proceeds.....The cash injections could be any amount, but it would be a surprise if (combined) they came to more than £20m - £30m*". As it turned out the proceeds did match the debt, but the debt was higher than we stated at £176m, and the cash injection was £27.9m. We also said "*the market capitalisation (@230p) (an EV/Sales ratio of 16 times), [is] expensive by any standards".* The share price has fallen by 30% since then. The buyer was Thomson, but the other investor was JIYU holdings.

Has anyone else noted the irony that Dan Wagner has shown himself more adept at "Old economy" style management than "New economy". Two features of the figures catch the eye. Firstly in an ex-growth business Dan has been very successful at stripping out cost, turnover was up 2% but cost of sales were down nearly 5%. Secondly, the reason profits were impacted is that Dialog had to write off £4.7m of their investments in e-commerce and internet activities. Never mind internet incubators, Dan Wagner for CE of ICI!

Cedar Group has acquired a majority stake in **Sword** for £4.4m and 100% of **SBA UK** and **Ansaback** for £17.0m (£7.0m initial). Both extend Cedar's reach in the call centre services marketplace.

M&A

The rumours continue to grow concerning a possible bid by **Computacenter** for **GE Capital IT Solutions** (GECITS).

Totally plc has launched **Totallyjewish.com** - a *"comprehensive on-line Jewish virtual community"*.

Media@Invest has completed a placing and open offer of 31.4m new shares at 35p raising £10m. Funds are to be used to purchase **Software Creations** and **Andromeda**.

365 Corp. has acquired **FenFones Communications** and **Datacom Networks** for £4.5m (in shares) and £2m (cash) respectively.

CMG has acquired **EPL Group**, an Information Systems company based in Paris; specialising in systems and networks operations management. Their customers are particularly strong in France's Finance and Industry sectors, including AXA, ABN Amro, BNP, Credit Lyonnais, France Telecom, GEFCO and Societe Generale. Figures for 1999 include a turnover of FFr58m and an operating income of FFr6.4 million. At the end of 1999 the company employed 90 people. The total consideration to be paid in cash is FFr53m. The company is expected to make a positive contribution to CMG's earnings before goodwill amortisation in 2000. **CMG** also acquired **Software Resource Ltd (SRL)**, a specialist IT solutions company. SRL is *"market leader in the provision of packaged system solutions for meter-reading to the de-regulated utility sector. Its products are complementary to those of CMG which has been building a successful niche in utilities over the last few years and has already integrated the two companies' systems in some customer applications"*. SRL was formed in 1991 and currently employs 18 people and 12 freelancers. In the financial year to end Aug. 99 the company had a turnover of £1.5m, up 136% on the previous year. The maximum consideration to be paid in cash is £7m and the company is expected to make a positive contribution to CMG's earnings before goodwill amortisation in 2000.

Oxygen has raised £6m by placing 40m shares at 15p and is to lead a £1m investment, in conjunction with a number of investors, in **nGame**, *"a leading provider for the mobile Internet and interactive television sectors"*. Of the total investment of £1m, £540K is being provided by Oxygen, representing approximately 7 percent of nGame's total issued share capital.

Girovend Cashless Systems is raising £19.4m in an AIM placing at 100p giving it a market value of £37.5m. It has launched its B2B internet strategy and acquired **Round** (a CRM consultancy), **FMC** (publisher of dental mags) and **Mirage** (distributor of dental products). We suspect the first "vortal" might have something to do with teeth.

NatWest has invested £23m for a 13% stake in **WorldPay** to develop e-commerce, internet-based, multi-currency payment and clearing systems.

Diagonal have made a small placing raising £10.3m net to *"fund acquisitions"*. Directors have sold a chunk of shares as well.

BSkyB has bought **Tottenham Hotspur's** internet site for an undisclosed sum. **News International** has sold its ISP - **Bun.com** - to Dutch **World Online.**

Cisco has acquired the 91.5% stake it did not previously own in Glasgow-based software company **Atlantech** for £111m.

A change of name to **Netb2b2** denotes *"a new business strategy based on business-to-business services over the internet"* for the **Parallel Pictures Group**. The company is also looking to raise £3m via a placing at 2p by Shore Capital, their new nominated advisors.

Knowledge Support Systems Group, which *"develops systems enabling organisations to make pricing decisions"*, has undertaken its IPO this month. The group employs 45

Mergers and acquisitions - continued

staff and has strong links with UMIST. Their product range includes solutions for the banking, telecommunications, petroleum retail, and pub trade sectors.

Kewill announced that it has taken 19% of the equity of **NetConnect Ltd**, a *"UK Internet infrastructure, services and consultancy company"* based in Cambridge. The combined businesses have nearly 60 staff and forecast revenues for the coming year of approx. £10m. Kewill will transfer its own web and managed security services business to NetConnect for approx. £2.4m valuing the enlarged business at approx. £12.6m. This is NetConnect's third acquisition in eighteen months and another step towards their ambition to become *"the leading E-commerce infrastructure provider in the UK"*.

Softtechnet.com's placing at 20p enjoyed a 3x oversubscription, raising £25m. The money will allow the company to *"exploit the investment potential in Indian technology"* with the remaining 50% of the fund being invested in the UK and US.

Pace Micro Technology has acquired **Vegastream** *"the specialist in Voice over Internet Protocol"* products enabling *"low-cost, high-quality voice communications for the business market"*. The acquisition is for an initial consideration £19.7m. Total consideration is capped at £40m. The acquisition will provide Pace with the expertise to *"strengthen its VoIP offering for its core set-top box 'home gateway' products, to meet the growing demand from broadcast customers for set-top box 'voice integration"*. It also gives Pace a foothold in the important B2B market.

Baltimore Technologies has acquired a 72.5% stake in **NSJ Corporation**. NSJ, a privately held company, is Baltimore's *"exclusive reseller in Japan specialising in providing information security solutions for major organisations, banks and government bodies"*. The stake cost $24.9m.

Anite, through its *"newly formed subsidiary"* **Anite Public Sector Ltd**, has acquired **Sheridan Systems** for £1.5m, with an earn-out not exceeding £4.1m. Sheridan provides solutions to local authority social services departments.

Jellyworks has acquired a £2.5m stake in **Sportal.com** *"a provider of global sports content for consumers and builds, operates, markets, distributes and commercialises websites in partnership with leading sports franchises or under its own brand name"*.

VirtualInternet.net is to raise £27m for the Company and approximately £6m for existing shareholders in a placing.

RM *"the leading supplier of Information and Communications Technology software, services and systems to UK education"*, is to acquire **3T Productions**, a web site design and development company for a total consideration of up to £5.2m (to be satisfied in RM shares, loan notes and cash). In the year ended 30 Sep. 99, 3T made a PBT of £329K on a turnover of £1.6m. Richard Girling (RM's CE), said: *"This is a really exciting acquisition for RM. It builds on our position in the educational market place and enables us to develop complete Internet solutions for schools and education authorities. With the growing focus on broadband and web content, our ability to offer the best content creation and management services is vital and in line with our long-term Internet strategy. We will continue to look at ways in which we can strengthen our business, particularly in offering innovative and exciting internet related products and services to the educational market"*.

Interregnum (a *"specialist IT venture marketing company"*) has placed c20m shares at 140p on AIM. The placing gives the company a capitalisation of approximately £90.2m.

Kazoo3D, a UK based 3D specialist, is to raise £12-15m to build *"the world's largest collection of 3D models and to make them available to business and consumer PC users worldwide through the development of a dedicated e-commerce website"*.

Mergers and acquisitions - continued

Geo Interactive has announced that the FTSE Equity Indices Committee has admitted it to the UK indices *"after a nationality rule was announced earlier this month"*.

365 Corporation has added British Gardening On-line to its expanding Lifestyle portfolio by acquiring **Oxalis** costing £225K.

Misys have acquired for an undisclosed amount the US stockbroking systems business of **EDS Securities Industry Group** to be integrated into its securities subsidiary **ACT Financial Systems**. The acquisition will position ACT FS as *"the principal bureau and facilities management services provider regulated by the FSA for CREST instruction transmission"*. ACT FS will take over the operations, development and support staff, systems infrastructure and the intellectual property rights to the Brokermax, Clarion and Arrow products.

Misys also announced the takeover of **i.e. group** for £20.9m (i.e .group are a network of registered IFAs, and tax consultants, not to be confused with Intelligent Environments who trade as iE!!) Kevin Lomax, Chairman of Misys, said: *"The acquisition of i.e. group further demonstrates Misys' commitment to the IFA distribution channel... together with the imminent launch of our new IFA portal we are well on our way to our goal of establishing a pivotal position for Misys in retail financial services"*.

Schroder Ventures have injected (along with the headline grabbing **George Soros**) £70m in **Speed Ventures** (a European incubator). *"The largest private equity funding of a European incubator to date"* apparently.

Cedar announced a placing of 2.9m shares at 1410p to raise £40.2m to fund further UK and US growth.

Autonomy founder and CE Mike Lynch has spun another company out of **Neurodynamics**. This time its **Ncorp**, which develops software that offers e-shoppers *"intelligent alternatives to products which they cannot find an exact match for on the web"*. Ncorp is backed by Apax to the tune of £5m.

Ambient, the *"media and business services provider"*, have announced plans to spin off its B2B internet subsidiary **WMRC.com** during the next four months. The move *"is likely to value the business at more than £100m"*.

Infobank (see also p14) has announced that it is to take a 20% stake in **Osmere**, an Australian company which is to acquire the distributor of Infobank's products in Australasia, **Online Advantage**. The stake is costing £6.7m.

Harrier Group– an *"integrator of internet and network security, and enterprise data management"*- has announced the purchase of **ReNet** for £130K. ReNet are an IT consultancy and support services company.

Freeserve has acquired **Intracus**, trading as **SmartGroups.com**, for a maximum consideration of £60m. Freeserve also announced Q3 results to 5 Feb. 00 with a 54% increase in e-commerce and advertising revenue, now representing 55% of total turnover (£5.1m). 1.8m active registered accounts (up 16% on the previous quarter end) which have increased at an average rate of 21,000 per week.

Sage has agreed to acquire **Ubiquis SA** of France, *"a provider of sophisticated e-business solutions for small to medium sized businesses"* (SME's). The consideration of £20.6m will be met by the issue of 2.53m Sage shares. Paul Walker (CEO) said: *"The combination of Ubiquis' Internet technology and Sage's market-leading accounting products gives us a comprehensive e-business offer for our 2 million customers around the world. Our value added reseller community will be instrumental in delivering and implementing these e-business solutions."*

Rednet, the B2B ISP, has been acquired by **RSL Communications** the *"global carrier headquartered in Bermuda"* for an undisclosed amount.

Mergers and acquisitions - continued

Patsystems, who *"develop, distribute and support fully scalable software which enables the electronic trading of derivatives"*, joined the market this month after placing of 53.5m shares at 107p raising £50m. Patsystems was capitalised at approximately £135m. The placing was more than six times over-subscribed.

Financial Objects, who announced earlier this month that they were to place 3.1m shares, have said that *"due to market conditions the Directors believe it is inappropriate to proceed with the intended placing........at this time"*..

Inflexion, a *"pan-European technology investor"*, has announced its intention to float on AIM raising £40m.

ASAP International Group (*"international services group providing training, recruitment and consultancy support")* has raised £5.4m at 80p.

ITNET has signed a £5m/5 year outsourcing deal with **Marconi.** It has also acquired business assets from **Easams** (the name, IT contracts, fixed assets etc.) for an initial £3.7m + £11m deferred based on revenue performance over the next 3 years. 240 staff will transfer. Peter Wharf will stay with Marconi initially to assist the transition and may work with ITNET as a consultant for a short time subsequent to this. The Easams bit had revenue of £11m to 31st Mar. 99 and made margins of 11%.

getmapping.com (they are taking aerial photos of the whole of the UK) will raise £7m in its float which hopes to value the company at £40m. The interest here is that The Queen invested £100K for a 1.5% stake in Nov. 99 - now worth £600K.

Computer games developer - **Argonaut** - has raised £22m in its float - valuing them at c£80m. Pathfinder prospectus shows losses of £2.45m on revenue of £2.29m in year to 31st July 99. However profits of £55K in the five months to 31st Dec. 99.

EDefined.com (used car sales) is hoping to raise £10m in an AIM placing in April.

VoyagerIT.com has placed 3.3m shares at 15p to raise £500K.

VirtualInternet.net, a *"leading European domain-based internet services company offering solutions that enable businesses to communicate, sell products and protect their brands and trade marks on the internet"*, have raised £27m at 900p and will move to the Official List and change of name to **Virtual Internet plc**.

e-xentric has announced a placing of 80m shares at 50p raising £40m.

Valoris, France's *"largest independent e-customer management company"*, has acquired **Abram, Hawkes** a UK *"strategic marketing and customer management consultancy"*. The new company – Valoris Abram Hawkes - will employ c60 people in the UK and have a turnover of c£7m this year.

Alphameric has acquired **Microskill** for £3.4m (£1.1m in cash + 650K Alphameric shares).

Bob Morton's **Freecom.Net** (last month they acquired Pegasus) has bought **Oneview.net** for £135.9m - all in shares though. It values Oneview at 567p per share - 10% higher than the previous day's closing price. Another good fit with Pegasus and the growing Freecom offerings via the internet for SMEs.

Eidos has issued another warning of *"continued downturn in the entertainment software market"*. Results to 31st Mar. 00 *"will be substantially below those of the previous year"*. It has also announced the sale of 1.14m of its 1.48m shares in **Opticom** raising £94m.

Brainspark (the investment vehicle formed by Stewart Dodd of WestLB) will raise £18.4m and be capitalised at £153.0m in its AIM placing in April.

Skillvest.com, (on-line market for corporate training) has raised £8m in a second round financing. **NewMediaSpark** is one of new investors.

Vianet (data monitoring) is to raise £4.4m in an AIM placing valuing them at £24.4m.

QXL is to buy **Bidlet AB** (Swedish auction house) for £347m.

Mergers and acquisitions - continued

Bidlet (of course) posted losses of £3.8m on revenue of £2.5m in 1999. QXL has also acquired **Idefi S.A.**, *"a developer of live auction technology"* based in Luxembourg. The consideration will be 130K QXL.com shares and a further conditional payment of £1.4m based on performance to be paid in shares over the next six months. Also announced that founder Tim Jackson has resigned - *not unexpected.*

Nettec, *"one of the UK's leading integrated e-business solutions providers"*, has announced that it expects to be valued between £245m and £305m when it floats on LSE next month.

Cedar has announced that the £40.2m raised earlier in the month via a placing to fund *"strategic acquisitions and to provide funding for the further development of existing projects"* will *"have a positive benefit in current financial year to 31 March 2000, which will be reported in June 2000 and that the Company remains confident that the out turn for the year will be in line with current market expectations"*.

Baltimore has announced its intention to execute a 10 for 1 share split *"in order to enhance liquidity in its shares"*.

eVestment has undertaken a strategic investment of £1m in **IT Outpost** Limited *"a software and Internet application house that develops technical solutions for a wide range of blue chip and medium sized companies"*.

Eyretel, *"a leading provider of multimedia recording and analysis solutions that enable companies to enhance their customer interactions"*, has announced a placing of 54m shares. Indicative price range of 195p to 240p per share, valuing Eyretel at £314.1 m based on the mid-point of 217.5p. Eyretel intends to use funds raised to invest in its sales and marketing organisation, for product development, for working capital, and possibly for acquisitions *"complementary to its activities"*.

Generics – a UK high tech. consultancy – is planning an IPO this year which will value the group at c£200m. They expect revenue of £30m and PBT of c£2.5m *"this year"*.

Just2clicks has bought **Tradezone** International for £1m guaranteed loan stock and the allotment of up to 5.2m new ordinary shares. *"Tradezone is a developer and supplier of e-commerce solutions, its product being similar in nature to those offered by Commerce One and Infobank"*....

e-capital investments (investment fund) has announced a placing of 157m shares at 20p to raise £30.5m. It has also announced the acquisition of **Virtual European Office Ltd**, an *"internet business development consultancy"* for a consideration of 44m shares. Share price is 20p a premium to (diluted) NAV of 1.97p.

Medi@Invest has completed a 55 %age stake buy of **KZN Media** in an all share deal. It has agreed to issue 20m new shares to KZN shareholders, a further 10m new shares may be issued to the KZN shareholders if further conditions are met by 30th June.

NewMedia SPARK has had a busy month announcing:

* £5m joint investment with **The Carphone Warehouse**'s Wireless Internet Portfolio in **DATAROAM**, *"to create Europe's first B2B Wireless ASP"*.

*a £1m investment for a 6% stake in **ADVFM.com**, a UK Financial Portal shortly to list on AIM. ADVFM.com intends to use *"advanced gaming technology"* (developed by its parent company **On-Line**) to enhance the viewing experience of its users.

* £1m for a 15% stake in **B-Plan Information Systems**, a Manchester-based *"supplier of financial and information management software to over 200 NHS hospitals"*. They may invest further to take up to 22% in the next few months.

* £2m stake in **Netwalla.com**, an Asian portal.

* £2m for a 21.1 % stake in **ASP Technology International**, *"a fabless semiconductor company designing integrated circuit devices for the digital image processing market"*.

And some really mega deals..

Cap Gemini and Cisco

Cap Gemini and **Cisco** have joined forces in a strategic alliance. The newly formed company will be a subsidiary in which Cap Gemini will hold a 95.1% stake and Cisco will hold the remainder. Cisco will invest £870m in the Cap Gemini Group: an investment of £170m in the new company, which reflects a 20% discount for Cisco's minority shareholder position, and a capital investment in Cap Gemini of £700m. Cisco will receive 2.6 million shares of Cap Gemini. Cap Gemini will contribute 4,600 people *"mostly specialists from its international division that heads the Telecom & Media sector, experts in transport data and network design and implementation from the Group's various divisions, and management consultants from its Gemini Consulting organization"*. Cisco will also make available a virtual team of its network specialists to the new company.

Comment: This transaction follows the announcement made earlier this year by Cisco that it plans to make several strategic investments in consulting firms. They invested £1bn in **KPMG** in August last year. Well there are no flies on Cap Gemini this year, no-one would have expected them to act so quickly after the Ernst & Young deal. Incidentally, does a *"virtual team"* earn virtual money?

Sema and LHS

Sema has announced a *merger* with **LHS Group** creating *"a global powerhouse in mobile communications software"*. The enlarged group will be listed in London, Paris and on NASDAQ. LHS, based in Atlanta, is *"a leading global provider of billing and operations support systems software"* with offices worldwide.

LHS has a global market share of around 10% in GSM, and was known as one of the few "pure play" telecoms software companies. It had a mixed 1999, with strong results (turnover up nearly 60% to $263m and PBT up by the same margin to $62m) marred by management changes and various sector concerns. Its share price had started 1999 at over $50 but had drifted to around $25 this January. So, does that make the take out price of $69.7 per share look expensive? Well, no. Firstly LHS was not exactly mega-rated. An exit multiple of 18 times sales is (relatively) inexpensive considering the margins that products companies can achieve, and the market for this billing software should grow at more than 30% for the next five years. Sema is issuing paper to fund the deal, and says the deal is *"earnings accretive immediately"*. *"In addition the combination is expected to generate substantial opportunities for revenue enhancement within the next two to three years"*.

The two questions most asked of Sema concerned the lack of a US presence and the low margins. The LHS "merger" could go some way to answering both. It looks as if Pierre Bonelli's patience has been virtuous indeed!

Sema's share price fell 8% by the end of the month ending on £12.52p.

Deutsche Telekom, debis and Unisys?

Deutsche Telekom's acquisition of the 50.1% stake in **debis** was made at a cost of around $5.3bn, which values the whole at over $11bn.

The operations will be merged with DeTeCSM to produce an IT services company with annualised revenue of over $6 billion. They would be No 1 in Germany (overtaking IBM) with combined revenues of cDM5.5billion. On our reckoning they would be No 4 in Europe after IBM, EDS and Cap Gemini. There are also unconfirmed rumours that Deutsche Telekom is considering a bid for **Unisys**. That would make a lot of sense given Unisys's strong IT services presence and their main geographic locations which fit well with DT/debis' weak areas (US and UK in particular).

SCS index falls 12.2%

Our Page One feature deals with the slump in technology stocks, so we won't recover the ground here.

It was not all bad news. **Flomerics** (p5) nearly doubled in price and **Jasmin** really did bloom with a 52% increase. **Axon** (p9 - up 41%), **Guardian** (p9 - up 30%) were amongst a small band of SCS companies registering price increases.

Fallers outnumbered the risers by 3-to-1. There wasn't any real pattern to it although resellers (like **Ultima** - down 34%, **Compel** - down 28% and **Computacenter** - down 22%) were particularly badly affected as PC manufacturers reported poorer than expected sales in Q1. We have few "pure" internet stocks in our SCS Index, but **Freeserve** (down 34%) was hit hard as weakness of the telecomms charges revenue model was exposed by the new, low fixed charge internet connection deals.

Eidos fell 46% on yet another profits warning (p12) concerning poor computer game sales.

Of course our index was computed before the **Admiral/CMG** deal (see p8) which has put Admiral up 29% (@1842p) but CMG down 9% (@4908p) at 11.00 a.m. on 3rd Apr.

31-Mar-00		
	SCSI Index	**14115.17**
	FTSE IT (SCS) Index	**4154.23**
	techMARK 100	**4330.80**
	FTSE 100	6540.20
	FTSE AIM	2256.90
SCSI Index =1000 on 15th April 1989	FTSE SmallCap	3350.09

Changes in Indices	SCSI Index	FTSE 100	techMARK 100	FTSE IT SCS Index	FTSE AIM Index	FTSE Small Cap
Month (29/2/00 to 31/3/00)	-12.20%	+4.94%	-15.62%	-16.09%	-17.81%	+0.42%
From 15th Apr 89	+1311.52%	+218.47%				
From 1st Jan 90	+1434.09%	+176.89%				
From 1st Jan 91	+1894.03%	+202.73%				
From 1st Jan 92	+1250.91%	+162.33%				
From 1st Jan 93	+785.75%	+129.76%				+141.47%
From 1st Jan 94	+745.43%	+91.32%				+79.28%
From 1st Jan 95	+841.53%	+113.35%				+91.83%
From 1st Jan 96	+524.98%	+77.27%	+448.72%		+136.72%	+72.55%
From 1st Jan 97	+427.19%	+58.80%	+373.48%		+131.21%	+53.45%
From 1st Jan 98	+365.08%	+27.35%	+353.95%	+315.42%	+127.51%	+44.82%
From 1st Jan 99	+258.12%	+11.18%	+197.44%	+187.29%	+181.55%	+61.77%
From 1st Jan 00	+23.05%	-5.63%	+14.59%	+11.73%	+16.77%	+8.14%

End Mar 00	Move since 1st Jan 98	Move since 1st Jan 99	Move since 1st Jan 00	Move in Mar 00
System Houses	363.6%	200.1%	16.9%	-12.8%
IT Staff Agencies	-1.0%	18.5%	3.2%	-11.8%
Resellers	89.9%	102.0%	-2.7%	-22.9%
Software Products	551.6%	456.9%	33.9%	-10.6%
Holway Internet Index		1232.2%	62.1%	-20.0%
Holway SCS Index	365.1%	258.2%	23.0%	-12.2%

Infobank - Major Fund-raising

Infobank has announced results for year to 31st Dec. 99. After the sale of their reseller business, revenue was only £330K, with losses of £7.7m. The long awaited cash raising exercise has arrived, but opposed to the £50m Graham Sadd had originally flagged as the amount needed, they are now looking at £130m. They are also looking for an admission to the full LSE list and to be included in techMARK index. *"We start 2000 with a focused e-commerce business, clear strategic direction, an excellent management team and a highly motivated and passionate team of employees. We look forward to the rest of 2000 with great confidence".*

Comment: This placing raises more money than the entire company was worth less than six months ago. On 22nd Feb. 99 Graham Sadd was quoted saying that the company planned a "major" fund-raising of £50m. *We wonder what phrase he used to describe the £130m he then asked for?*

Interestingly the most recent "B2B supply platform" deals have shown that the software/technology supplier is increasingly the junior partner in the relationship; the manufacturing firms are holding onto the value of the exchanges they set up. This may have implications for the business model of Infobank. If the ownership of the asset is largely in the hands of those that are conducting the trade across these exchanges, is it sensible to expect a premium (in the form of a percentage of revenue/usage) to go to the platform supplier? It may well be that the platforms become increasingly "commoditised" leaving a shrinking licence stream as the only revenue for the supplier. Share price ended the month on £25.75p, down 31%.

Excellent Progress at QSP

Quality Software Products (QSP) results for the year ended 31 Dec. 99 showed operating profit increased by 94% to £5.1m, PBT up by 106% to £4.2m, turnover increased by 37% to £50.5m, and basic EPS increased by 93% to 28.2p. Ian Stewart (Chmn) *"The past 12 months have seen the continued strategic development of our company resulting in the introduction of web-based e- Finance solutions, extending our core capabilities under the umbrella of Financial Process Optimisation. This direction has increased our competitiveness and attractiveness to existing and potential customers. Further opportunities have been identified in the larger mid-market for our Application Service Provision offerings. We will continue to build upon our current capabilities both organically and, as appropriate, through a targeted acquisition programme. It is the Group's aim to become the vendor of choice for organisations that demand the efficient automation of their financial processes. To this end QSP has made excellent progress and is very well positioned for the future. The year 2000 promises to be another year of excellent progress".*

Comment: The company is making strides towards it's ASP ambitions. They are focusing on the "M" in SME (small to medium sized enterprises) and even the larger (turnover over £500m) companies and, in common with the rest of the industry, have experienced strong interest in the product potential. As with virtually all "ASPers" this interest has only soaked through to limited demand so far, but at QSP they are confident that they should start to see the fruits of their investment showing through towards the end of this year.

The US operation *"still has a lot of ground to cover"* but the local headcount has been increased to 90 and again confidence is high. The large cash outflow of over £9m caught the eye, but the company is expecting fast progress towards a cash neutral position. Certainly there are no plans for further fund raising. Acquisitions (of the "infill" rather than "strategic" variety) remain on the cards but are, again, not imminent.

The accounting practices have been brought back into line with the rest of the industry, they now expense R&D and recognise revenue only on *"a delivery basis"*. Whilst this is not before time, it is a positive step. Today's figures are flattered by the restatement of accounts as a result of the change in accounting policy, but they are good nonetheless. We also like the look of their *"Financial process Optimisation"* ASP strategy. QSP has re-positioned itself so as to be able to take advantage of the potential demand for ASP offerings, we think this is sound, but will only be able to report on it's success later this year.

Share price up 3% at the end of the month at £10.48p.

System House SCSI Share Prices and Capitalisation

	FTSE IT Index?	SCS Cat.	Share Price 31-Mar-00	Capitalisation 31-Mar-00	Historic P/E	PSR Ratio Cap./Rev.	SCSI Index 31-Mar-00	Share price move since 29-Feb-00	Share price % move in 2000	Capitalisation move since 29-Feb-00	Capitalisation move (£m) in 2000
Admiral	Yes	CS	£14.30	£915.20m	57.4	5.38	51685.22	-32.55%	-7.14%	-£444.80m	-£70.40m
AFA Systems		SP	£6.41	£121.70m	Loss	68.41	5337.50	-6.02%	140.34%	£0.00m	£73.20m
AIT Group		CS	£12.93	£262.40m	142.3	15.03	8616.67	-27.18%	-14.40%	-£90.80m	-£44.10m
Alphameric		SP	£3.88	£392.50m	106.9	15.50	1777.52	-25.27%	163.61%	-£15.00m	£279.30m
Anite Group	Yes	CS	£2.09	£519.40m	60.3	2.87	1219.30	-29.44%	53.87%	-£208.00m	£184.30m
Axon		SP	£14.75	£719.80m	526.8	28.36	8428.57	41.15%	148.95%	£212.30m	£430.70m
Azlan Group	Yes	R	£1.35	£144.20m	27.4	0.42	584.78	-6.27%	-6.60%	-£12.30m	-£10.20m
Baltimore Technologies		SP	£86.00	£3,440.00m	Loss	147.82	88205.13	-25.86%	67.80%	-£383.00m	£1,529.00m
Baron		SP	£4.78	£19.10m	n/a	8.09	4775.00	-12.79%	11.05%	-£3.70m	£5.30m
Bond International		SP	£0.59	£8.44m	12.4	0.96	907.69	-46.36%	-19.73%	-£7.36m	-£2.06m
Cadcentre Group		SP	£3.38	£56.00m	23.3	3.14	1687.50	-2.17%	4.49%	-£1.30m	£2.40m
Capita Group		CS	£16.03	£3,350.00m	161.9	10.24	144414.41	0.34%	41.86%	£151.00m	£991.00m
Cedar Group		SP	£9.35	£596.50m	170.0	25.88	8904.76	-3.11%	67.71%	-£43.10m	£250.90m
CFS Group		SP	£2.50	£51.50m	40.9	3.78	2777.78	-24.24%	-4.21%	-£7.30m	£10.00m
Clinical Computing		SP	£0.63	£15.80m	57.3	5.20	508.06	-14.86%	0.80%	-£3.40m	£0.10m
CMG	Yes	CS	£53.76	£6,881.00m	125.6	11.31	37075.86	-12.88%	17.97%	-£1,412.00m	£1,048.00m
Compel Group	Yes	R	£3.88	£119.00m	11.1	0.41	3100.00	-28.77%	-28.17%	-£59.10m	-£52.00m
Computacenter	Yes	R	£10.80	£1,937.00m	35.2	1.10	1611.94	-22.44%	6.14%	-£646.00m	£112.00m
Comino		CS	£5.04	£68.50m	31.5	3.68	3876.92	-33.47%	-17.04%	-£38.60m	-£14.10m
DCS Group	Yes	CS	£13.83	£334.60m	72.8	2.03	23041.67	-12.91%	31.04%	-£45.90m	£79.30m
Delcam		SP	£1.78	£10.50m	Loss	0.76	682.69	-14.46%	-13.41%	-£1.70m	-£1.60m
Diagonal	Yes	CS	£8.85	£738.10m	119.0	10.20	12866.78	0.28%	134.44%	£53.00m	£433.10m
Dialog Corporation		CS	£1.37	£212.30m	Loss	1.22	1245.45	-12.46%	50.55%	-£14.00m	£71.40m
DRS Data & Research		SP	£0.26	£9.00m	50.0	1.10	236.36	-7.96%	13.04%	-£1.60m	£1.04m
Druid Group	Yes	CS	£24.75	£581.60m	74.5	9.73	9000.00	-11.29%	28.57%	-£72.30m	£131.20m
Easynet		CS	£23.08	£567.60m	Loss	20.46	23075.00	-2.84%	32.42%	-£51.10m	£138.90m
ECSoft	Yes	CS	£11.00	£127.60m	63.6	1.90	608.74	-25.42%	-2.65%	-£40.60m	£4.40m
Electronic Data Proc		SP	£2.68	£70.10m	47.8	6.68	8190.45	-29.61%	-28.95%	-£19.60m	-£28.50m
Eidos		SP	£3.93	£404.00m	Loss	1.79	19641.37	-46.16%	-63.88%	-£358.30m	-£710.00m
Eurolink		CS	£1.40	£14.58m	n/a	1.75	1400.00	-16.67%	14.75%	-£2.92m	£1.98m
FI Group	Yes	CS	£6.18	£1,993.00m	106.4	8.73	15833.34	-13.03%	-19.54%	£318.00m	£232.00m
Financial Objects		SP	£5.40	£205.20m	60.9	9.20	2347.83	-23.94%	-20.88%	-£69.80m	-£37.80m
Flomerics Group		SP	£11.63	£31.40m	62.5	3.60	8942.31	97.03%	161.24%	£15.40m	£19.40m
Freeserve		CS	£4.97	£5,009.00m	n/a	n/a	3313.33	-33.98%	-15.76%	-£2,797.00m	-£934.00m
Gresham Computing		CS	£0.36	£16.10m	Loss	0.53	387.10	-21.74%	-41.46%	-£4.50m	-£10.90m
Guardian iT	Yes	CS	£13.40	£686.10m	122.9	13.93	5254.90	30.10%	39.80%	£170.30m	£195.30m
Harvey Nash Group		A	£8.38	£238.70m	32.3	2.28	4785.71	-8.72%	38.77%	-£20.70m	£66.70m
Highams Systems Servs		A	£0.58	£11.20m	18.4	0.33	1597.22	18.56%	1.77%	£2.98m	£0.50m
ICM Computer		CS	£8.25	£156.80m	54.4	3.92	4583.33	-29.34%	2.80%	-£52.20m	£4.30m
Intelligent Environments		SP	£1.60	£67.50m	Loss	10.18	1702.13	-44.92%	-42.55%	-£64.40m	-£50.00m
I S Solutions		CS	£9.45	£45.40m	70.7	5.19	7052.24	-7.35%	136.25%	-£1.40m	£26.20m
ITNET	Yes	CS	£7.88	£553.60m	77.6	4.23	2250.00	-30.46%	15.38%	-£140.60m	£73.80m
Jasmin		SP	£1.93	£9.05m	20.7	1.31	1283.33	52.17%	54.00%	£4.00m	£3.17m
JSB Software		SP	£20.50	£535.00m	Loss	133.75	10250.00	-33.60%	100.00%	-£354.60m	£276.70m
Kalamazoo Computer		CS	£0.65	£27.70m	Loss	0.42	1842.86	-31.02%	-44.16%	-£12.60m	-£21.80m
Kewill Systems	Yes	SP	£19.01	£1,418.00m	349.4	23.60	37569.17	-25.67%	21.47%	-£583.00m	£251.00m
Keystone		SP	£0.93	£35.70m	Loss	22.52	1033.34	-25.90%	-5.58%	-£5.90m	£4.90m
Laser-Scan		SP	£0.41	£13.40m	50.0	1.98	8200.00	17.14%	105.00%	£1.90m	£6.86m
Logica	Yes	CS	£21.01	£8,446.00m	194.5	12.81	28772.86	-22.24%	31.56%	-£2,286.00m	£2,090.00m
London Bridge Software	Yes	SP	£58.50	£1,842.00m	368.2	43.69	29250.00	-9.30%	38.46%	-£172.00m	£512.00m
Lorien		A	£0.96	£18.80m	Loss	0.14	960.00	6.67%	-24.11%	£1.20m	-£6.00m
Lynx Holdings	Yes	SP	£2.98	£324.60m	40.5	1.53	7437.50	-10.12%	80.30%	-£33.20m	£146.40m
Macro 4	Yes	SP	£10.05	£198.00m	28.8	6.38	4052.42	-1.47%	34.45%	-£5.90m	£50.70m
MDIS Group	Yes	CS	£0.55	£127.30m	17.9	0.97	210.58	6.31%	79.51%	£1.70m	£56.40m
MERANT	Yes	SP	£3.50	£516.60m	51.2	2.40	1690.43	-6.42%	-13.15%	-£48.70m	-£64.10m
Microgen Holdings		CS	£6.70	£341.00m	117.5	10.89	2863.25	5.10%	0.37%	-£16.60m	£1.20m
Misys	Yes	SP	£8.76	£5,028.00m	54.1	8.64	10898.47	-7.79%	-9.22%	-£511.00m	-£443.00m
MMT Computing	Yes	CS	£6.00	£72.60m	12.8	1.77	3571.43	-31.23%	-37.01%	-£[illegible]9.30m	-£42.70m
Mondas		SP	£0.99	£12.40m	Loss	12.98	1313.33	-15.45%	-9.22%	-£3.80m	-£1.30m
Morse		R	£5.68	£691.20m	33.1	2.43	2270.00	-22.79%	57.86%	-£213.80m	£251.50m
MSB International	Yes	A	£1.97	£40.10m	5.6	0.21	1034.21	-24.42%	-30.44%	-£15.20m	-£17.50m
MSW Technology		SP	£0.60	£7.38m	Loss	2.54	618.56	-7.69%	-47.60%	£0.31m	-£6.72m
NetBenefit		CS	£10.50	£168.00m	n/a	85.32	5250.00	6.87%	17.98%	£45.50m	£56.80m
NSB Retail Systems		SP	£24.12	£482.50m	301.5	22.67	20973.91	-28.00%	15.54%	-£232.50m	£65.00m
Oxford Molecular		SP	£0.34	£29.60m	Loss	1.38	425.00	4.62%	13.33%	£0.50m	£3.50m
Parity	Yes	A	£4.51	£685.50m	58.0	2.18	75166.39	-33.33%	20.59%	-£330.50m	£119.30m
Pegasus Group		SP	£6.93	£48.50m	40.3	3.24	1886.92	-23.06%	27.30%	£0.20m	£10.40m
PhoneLink		CS	£1.04	£74.70m	Loss	7.46	667.74	-38.21%	3.50%	-£60.70m	£2.50m
Planit		SP	£1.35	£109.60m	48.4	11.33	5625.00	-20.35%	-19.16%	-£35.30m	-£14.30m
Policymaster		SP	£9.43	£148.00m	161.0	13.05	6283.33	8.33%	89.45%	£10.60m	£77.90m
Primar-E (was Stordata)		CS	£0.15	£20.00m	28.2	1.77	1270.83	0.00%	74.29%	£0.00m	£8.50m
Protherics		SP	£0.38	£60.80m	Loss	87.36	446.43	10.29%	1.35%	£4.90m	£0.90m
QSP		SP	£10.48	£188.60m	35.7	3.73	2756.58	3.46%	38.01%	-£9.80m	£52.00m
Quantica		A	£0.69	£27.00m	11.2	1.49	556.45	16.95%	31.43%	£6.40m	£6.40m
Rage Software		SP	£0.56	£164.40m	52.9	18.59	2144.23	-1.33%	-4.29%	£2.30m	£3.90m
RDL		CS	£2.04	£22.80m	25.1	1.25	2266.67	-0.49%	113.61%	£0.40m	£12.10m
Real Time Control		SP	£10.35	£72.50m	22.7	4.32	21122.45	0.00%	6.15%	£0.00m	£4.30m
Recognition Systems		SP	£3.83	£347.70m	Loss	150.19	5464.29	-35.17%	9.60%	-£162.20m	£30.50m
RM Group	Yes	SP	£7.00	£648.20m	69.8	4.00	20000.00	-22.01%	-18.37%	-£194.50m	-£140.70m
Rolfe & Nolan		SP	£5.80	£81.80m	41.0	3.90	6904.76	-23.18%	50.65%	-£25.70m	£29.80m
Romtec		CS	£0.82	£4.35m	29.1	1.12	1312.00	-15.03%	-21.90%	-£0.76m	-£1.22m
Royalblue Group	Yes	SP	£17.73	£524.70m	135.3	13.22	10426.47	-22.09%	69.21%	-£185.80m	£217.80m
Sage Group	Yes	SP	£7.04	£8,913.00m	168.6	29.03	270576.92	-11.79%	-6.88%	-£1,249.00m	-£304.00m
Sanderson Group	Yes	CS	£2.45	£125.20m	16.1	1.70	4170.21	10.11%	10.86%	£11.50m	£12.30m
SBS Group		A	£1.80	£16.30m	10.6	0.31	1795.00	-40.95%	-12.44%	-£11.00m	-£1.70m
Science Systems		CS	£5.78	£99.30m	50.6	3.21	4476.74	-2.94%	58.87%	-£3.50m	£36.80m
SDL		CS	£4.15	£139.40m	Loss	10.76	2766.67	-26.22%	176.67%	-£83.20m	£94.60m
Sema Group	Yes	CS	£12.52	£5,796.00m	85.2	4.11	15748.43	-7.67%	12.39%	-£412.00m	£639.00m
Sherwood International	Yes	CS	£10.30	£419.20m	46.5	8.88	34314.43	-30.17%	-16.94%	-£223.60m	-£80.50m
Skillsgroup	Yes	CS	£2.26	£197.50m	14.8	0.99	1011.21	-27.02%	-25.08%	-£73.60m	-£66.20m
Sopheon		SP	£9.70	£341.40m	Loss	226.09	13956.84	-3.00%	196.18%	£29.10m	£236.30m
Spring		A	£2.13	£308.50m	39.0	0.77	2361.11	-29.17%	24.63%	-£168.50m	£61.80m
Staffware		SP	£24.75	£314.30m	143.9	12.44	11000.00	-25.00%	204.62%	-£157.20m	£211.10m
Superscape VR		SP	£3.95	£130.00m	Loss	42.35	1994.95	-23.97%	15.67%	-£38.00m	£17.60m
Synstar		CS	£1.87	£303.10m	41.5	1.41	1130.30	-10.98%	-18.38%	-£22.70m	-£68.20m
Systems Integrated		SP	£0.48	£6.37m	54.9	4.53	413.04	-13.64%	26.67%	-£1.74m	£1.34m
Systems International		CS	£0.42	£14.20m	15.7	0.83	721.74	10.67%	-43.92%	£0.30m	-£11.10m
Terence Chapman		CS	£3.60	£244.40m	61.8	7.98	2666.67	-10.00%	-43.08%	-£27.20m	-£185.10m
Torex Group		CS	£5.65	£196.10m	38.2	4.19	10970.87	-1.74%	-7.15%	-£3.70m	-£14.40m
Total Systems		CS	£1.06	£11.00m	24.7	3.39	2000.00	14.59%	-26.90%	£1.28m	-£4.10m
Touchstone		SP	£2.53	£24.70m	27.0	3.22	2404.76	-9.01%	-22.66%	-£2.70m	-£7.30m
Trace Computers		CS	£0.93	£13.60m	8.9	0.80	740.00	-20.60%	-35.99%	-£4.60m	-£7.60m
Triad Group	Yes	CS	£2.73	£69.50m	17.9	1.41	2018.52	-12.80%	-44.95%	-£13.10m	-£56.70m
Ultima		R	£0.07	£14.00m	34.5	0.97	176.83	-34.09%	-34.09%	-£9.10m	-£7.20m
Vega Group		CS	£8.40	£152.00m	40.7	5.24	6885.25	-6.93%	5.00%	-£10.40m	£7.20m
VI group		SP	£0.45	£8.90m	Loss	2.16	890.00	21.92%	25.35%	£1.60m	£1.80m
Vocalis		SP	£4.38	£192.10m	Loss	39.85	4605.26	-55.47%	12.32%	-£262.30m	£21.10m
XKO		CS	£4.48	£112.80m	54.5	3.97	2983.33	-13.11%	n/a	-£11.90m	£19.60m

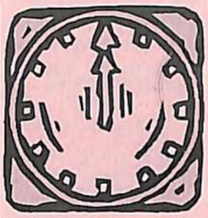
Note: Main *System House* SCSI Index set at 1000 on 15th April 1989. Any new entrants to the Stock Exchange are allocated an index of 1000 based on the issue price. The CSI Index is not weighted; a change in the share price of the largest company has the same effect as a similar change for the smallest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

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

ICL has announced that it is raising a net £141m by placing 16.8% of **ICL Data Oy** (ICL's operating company in Finland) with a group of investors led by **Enskilda Securities** AB. The funds raised will be invested in ICL's ever growing e-business activities. ICL generates c£480m of its £2.7b revenue from the Nordic region with ICL Data in Finland responsible for c£320m of this.

Comment: We have spoken to Nigel Hartnell. This fund raising is quite significant. We have reported before that ICL's e-business related services revenues have doubled in the last year to over £160m. This makes ICL one of the strongest players in this market.

It also affects our views on the viability of a LSE IPO. From being highly negative 18 months back, we think that if ICL can really get its e-business credentials across to the market it could be one of the better "picks and shovels" investments in the technology space. From a valuation of <£2b in early 1999, ICL could well be worth up to £5b now. Anyway, you might not have to wait too long for an announcement both of future plans and the eagerly awaited results for year to 31st Mar. 00.



"Y2K microclimate" still affecting market

We always said that the Y2K microclimate would not end with the alka selzers on 2nd Jan. 00.

In advance of its interim results announcement for the six months to 29th Feb. 00 **SBS Group**, the AIM-listed ITSA, has issued a trading update stating *"that in common with others in the IT industry"*, they have been effected by the *"short-term side-effects of the so-called Y2K microclimate"* (wonder where that turn of phrase originated from!!) *The consequences have turned out to be "more severe in the UK and Continental Europe than had been anticipated in budgets".* Expect PBT, before amortisation of goodwill, to be not less than £0.22m for the year (1999 £1.37m). SBS adds the situation was made worse by a *"significant bad debt when a client was placed in receivership"*.

Comment: Just how significant was the bad debt in the overall scheme of things. Surely credit-rating of clients wasn't overlooked in the pursuit of contractor numbers last year?

2000 Holway Report

On Thursday 13th July 2000, Richard Holway, the author of the Holway Report, is presenting the main findings of the report to an evening seminar on behalf of the Computing Services & Software Association at the Grosvenor House, Park Lane, London. Last year over 350 top CEOs attended what is now considered to be ***"the CSSA networking event of the year"***. The evening starts at 5.30pm (for 6.00pm) and includes drinks and a really special dinner.

A ***free place*** will be awarded to all 2000 Holway Report customers who purchase before that date. An advance order form is enclosed - or see panel below.

Normal price for the evening from the CSSA (Tel: 020 7395 6717 - e-mail:zoe.hemming@cssa.co.uk) is £180 + VAT for CSSA members and £230 + VAT for non-members.

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