

# System House

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

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## SCS Indices have further to fall

Exactly a year ago the LSE put its techMARK Index into action. And we, at Richard Holway Limited, launched techmarkresearch.com. It's probably true to say that it has been the most unbelievable year for both organisations!

How you view the year might depend on your answer to the question "Is my glass half empty or is my glass half full?".

The good news is that every technology index is still showing a gain...that compares with a mere 2% gain in the FTSE100 since 1st Nov. 99. But NASDAQ is only showing an 8% growth. Your best bet would have been the very broadly based, and unweighted, Holway SCS index which is still showing a healthy

75% gain. Whereas the FTSE IT SCS Index - heavily weighted towards the largest stocks - is only up 21%. If you had been selective (and very lucky), you could have done much better with **Staffware** (up 590%) and **SurfControl** (was JSB) (up 466%) leading the pack.

But that's the "glass half full" view. All the IT Indices are showing major declines since their highs in early Mar. 00 with NASDAQ off 37%, techMARK off 42% and FTSE IT SCS off 50%. Previous high flyer, games developer **Eidos**, was the real dog - down 79% in the period.

Given that our survey (see p7) indicates that the vast majority of our readers file their copies of *System House*, you can easily read/verify our views and predictions throughout the period. We set the alarm bells ringing in Nov. 99 and were positively scared by Feb. 00. In Jan. 00 we very publicly predicted a major fall when being interviewed by Jeremy Paxman. Predicting that "NASDAQ will start with a 2 in Q2" (when it was over 5000) is still the bravest public forecast we have ever made. It fell to 3100 in Q2 and we claim a moral, if not absolute, victory! We repeated this on ITV to Sir Trevor MacDonald in Feb. We would like to think that we were extremely clever. But, a crash seemed pretty obvious.

A few years back, a new employee was astonished that we held statistics (and company data) going back to 1985. You

can see from this that P/E's had fluctuated between a low of 13 and a high of 37 in every year. Indeed these highs and lows had been tested on several occasions.

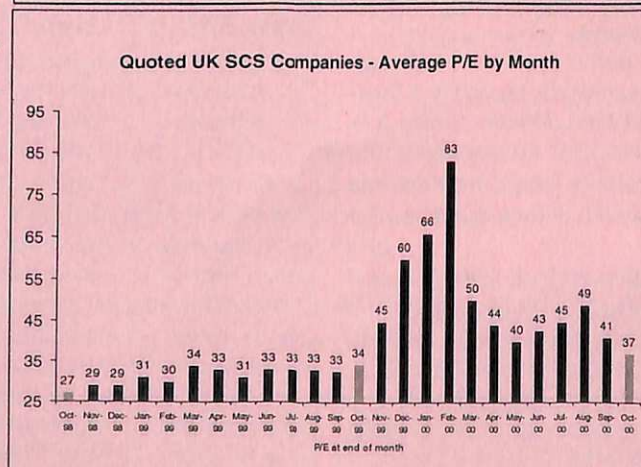
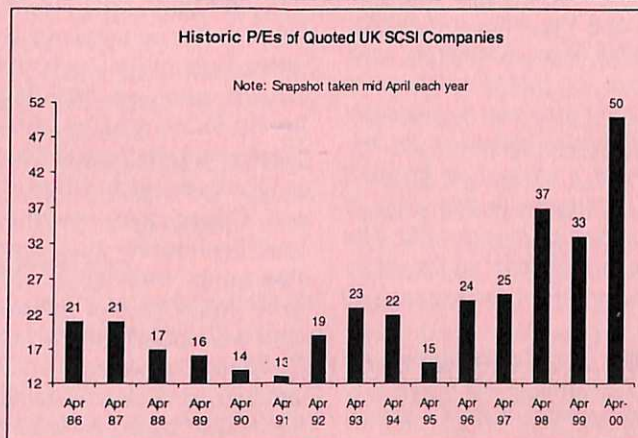
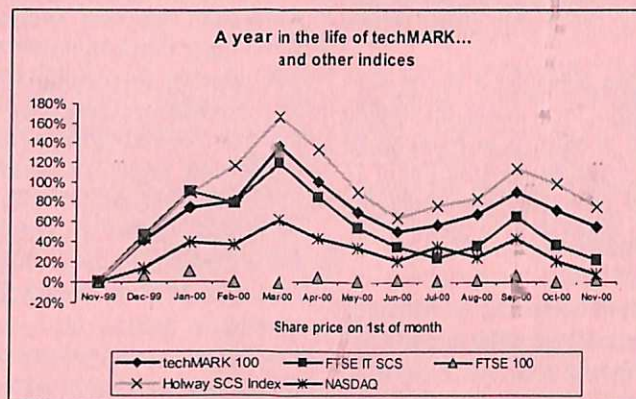
So when in Nov. 99, our P/E chart hit a record 45 it was not THAT difficult to press the alarm bell. When it continued to defy logic and reached 83 at the end of Feb. 00, you can understand that it really didn't take a genius to predict a major decline.

**That's the past. What now?** Regardless of the recent falls, history would indicate that there is still a further 10-20% fall in our Holway SCS Index to bring it back within historically accepted ranges. But even that is perhaps being optimistic.

Last month we reported the massive 39% reduction in profits at the interim stage. We have no reason at present to think that this will not be repeated for the full year. Lower earnings result in higher P/E's - *unless the share price falls still further*

So, the short term outlook is negative. **What of the medium term - say for 2001 to 2003?**

By the way, anyone who looks further forward than that is clearly both braver or more foolish than us! Our own forecasts indicate growth rates of around 10% p.a. - under half of that achieved in 1998 and 60% less than that achieved in 1999. More-and-more analysts now believe that IT will be a lower growth market and not therefore justify its previous sky high ratings. Lower revenue growth always translates into EVEN lower profits and earnings growth. So the outlook doesn't even support the 30+ P/E's of 1998. All-in-all, history would indicate further pretty substantial share price falls in the next period. We wouldn't be over surprised with a further 50% fall. Of course there will still be the "Staffwares and SurfControls" which will buck the trends. Indeed, spotting the winners in the e-services world will be very lucrative. But the general outlook is not good. If you hold SCS shares, IT tracker funds - or share options - take care. In the words of our introductory music to our CSSA session in July 00 "There may be troubles ahead...."



## From Private to Public Company



**Argonaut Games**, the UK-based computer games developer, has announced results for the year ending 31st Jul. 00. Turnover was £4.36m compared to £2.29m for 99, an increase of 90.4%. LBT on ordinary activities was £1.02m, compared to a PBT of £13K in 99, and Loss per Share was 0.83p, improved from a Loss per Share of 4.01p in 99.

Julian Paul, Chairman, commented, "*The last year has seen major changes in the industry, with the move towards the next generation consoles, and within Argonaut as we made the transition from a private to a public company. With a strong capital base and our reputation as a developer of quality games that are commercially successful, we are in a position to take profitable advantage of the advances in games technology in the year ahead.*"

## IS Solutions

**IS Solutions** provides internet and ERP support services and FM. They were a new entrant on AIM in Sep. 97 at 134p.

Results for the six months to 30th Jun. 00 show revenues up 53% to £6.53m, PBT up 33% to £482K and EPS up 30% to 1.35p. Chairman, Barrie Clark, commented on the outlook saying: "*The US is now a strong contributor to the bottom line and has a full order book to the end of this year with the necessary resources in place...the Board views the future with optimism.*"

**Comment:** Continuing operations achieved a strong 47% growth, with the acquisition of AXL, back in Apr. 00, adding £229K. The AXL business will enable IS to broaden its internet services offering, alongside its traditional IT Services division (facilities and enterprise management). The share price ended October down 20% at 223p.

## Streaming solutions...

**Geo Interactive's** results for the six months to 30th Jun. 00 showed turnover increased a massive 4000% to \$12.7m (with an additional \$3.3m in deferred revenue), income for the period was \$3.9m from a loss of \$7.4m, and EPS was 0.03c against the previous Loss Per Share of 0.06c. Commenting on the outlook, Naftali Shani, Chairman, said: "*The business continues to grow. The Board continues to maintain that GEO has a 12-18 month lead over any potential competition in streaming audio/video solutions for the wireless and telecom markets and to the Board's knowledge, GEO is the only company in this area to achieve commercial implementation of its products. The Company continues to be in talks with most of the major wireless and telecom industry manufacturers and operators.*"

The company also announced that it has signed an agreement with CommTouch, an integrated email and messaging outsourcing service provider that will enable CommTouch to provide audio and video messaging over standard email and cellular networks.

But Geo's shares were later hammered when **Malam Systems**, an Israeli IT services company, launched a legal case in a bid to take control of Geo. Malam claims it is entitled to 50.1% of Geo for c£278K, having taken the decision to divest its stake in Jul. 95, which it claims was based on "*misrepresentation*" by Geo and its founders. The stake is worth £794m today.

Geo ends the month with its share price at 932p.

**Scient**, the US e-business systems company results for Q2 ending 30th Sep. 00 show revenues of \$102m, an increase of over 230% over revenues for the same period a year ago, and a sequential increase of approx. 12% over Q1. EPS was \$0.07, up from a net loss per share of \$0.02, in the same period a year ago.

## Deferred Revenue up 1900%

**SurfControl** (was JSB) announced record **SurfControl** results for Q1 (ended 31st Aug. 00). Revenues are up 194% to \$6.7m, incorporating an increase in Internet filtering product revenues up 641% to \$5.8m. EBITDA for the quarter (excluding the provision for tax on share options) was a loss of \$3.1m. SurfControl stated that deferred revenue (billings to customers not yet recognized as revenue but guaranteed to be recognised in future periods) is up 1900% to \$13.9m.

The company has also announced a partnership agreement with **Comprise Technologies**, a US-based provider of enterprise solution and Internet resource software products and services for the schools and libraries markets. Comprise Technologies will integrate SurfControl content management solutions into the company's SchoolLinx Network for schools and Smart Access Manager for Public libraries.

## Un-metered access is unsustainable

**Freeserve** has announced its first quarter results for the period ended 19th Aug. 00, showing a four fold increase in revenue to £14.6m, losses more than doubled to £18.8m and Loss Per Share went from 1.6p to 1.3p as the number of shares issued has more than doubled. A buoyant John Plutheroe, Chief Exec, said: "*Our leadership of the UK Internet market has been extended by the popularity of our un-metered access offers. Our customers have already increased their use of the Internet by nearly one half on last year. As we extend the availability of un-metered access we will drive more users to our portals, reduce our churn, increase time on-line and generate higher e-commerce and advertising revenues.*"

**Comment:** Freeserve says its un-metered access offer is having a profound effect upon the amount of time spent on-line by users, and is "*proving instrumental*" in further consolidating its leadership in the UK internet market. Users are spending on average 43% more time on-line compared with last year and the churn of users has improved from 9.5% in Q1 last year to 6.9% now. That's not so surprising given that others who had launched similar un-metered access, such as AltaVista, have since pulled the service having found it to be unsustainable. Indeed, Freeserve has already cut off its 700 heaviest users and issued new T&Cs to all other users. Churn continues to fall since the quarter end. Connectivity revenue of £9.2m grew by more than five fold. Freeserve also reports that, according to Fletcher Research, their share of the UK internet market is now 37%, twice that of its nearest competitor. Freeserve also took the opportunity to announce the roll-out of its internet TV portal and content and platform agreements with Ondigital and Bush Internet TV. Freeserve's share price ends the month down 34% at 155p.

## Beginning to bear fruit

**Netvest.com** has announced results for the period from incorporation on 9th Jun. 99 to the year-end of 31st May 00. Netvest.com reports a PBT of £234K and EPS of 2.88p. As at 31st May quoted investments were valued at £4.9m (cost was £1.7m) and unquoted were believed to exceed the cost (£2.8m). The cash balance stood at £1.6m. Commenting on the results, Andrew Balcombe, Chairman, said: "*Our policy of investing primarily at an early stage in quality companies and helping these companies to obtain more value is beginning to bear fruit. We are seeing opportunities to realise certain investments and to increase the value of others by flotation, merging or sale. There are more opportunities to capitalise on our portfolio of unquoted investments...*" Share price is down 12% at 100p.

## Another nail in the coffin of the mainframe?

Long-time IBM-compatible mainframe manufacturer **Amdahl** (for some time a stablemate of ICL in the Fujitsu family) has announced it is to cease mainframe production. The news came just a couple of weeks after Amdahl CEO David Wright resigned "for personal reasons" after 14 years with the company. Amdahl has been gradually turning itself into a SCSI company - it acquired Canadian consultancy DMR some years ago - and also offers a range of systems management software products.

The news came as IBM announced pretty dismal Q3 results...a depressing picture if you are a follower of the SCSI sector. Although overall profits of \$2b were as expected, revenues were up just 3% at \$21.8b. However, software revenues declined by 3% to \$2.9b and IBM Global Services grew by just 4% to \$8.2b. Here it was "continued strength in Asia/Pacific, particularly strategic outsourcing" which rescued the day. Elsewhere "the year-over-year decline in Y2K services" was amongst issues blamed. At the same time as the results announcement, Knight Ridder carried a news story headlined "IBM bans British staff from non-essential overseas travel" in "a concerted effort to achieve 4th quarter profit targets". The report also said that the recruitment of "essential support staff in the UK had been put on hold".

This means that we have had warnings from all the UK's largest SCSI players in the last period.

...In stark contrast, 'open systems' vendor **Sun Microsystems** reported a blistering first quarter (to 1st Oct. 00) with revenue up 60% to \$5b and net income up 85% to \$510m. By the way, Sun has a pretty impressive services business too (mainly based around its hardware) which we reckon brought them over £200m in the UK last year.



## Chicken, Beef or Vegetable?!

**Stockcube's** (investment research company that floated on AIM in May 00) interim results to 30th Jun. 00 show revenues up 84% to £765K, PBT reduced dramatically from £153K to just £4K (but was ahead of budget), and EPS slipped from 0.25p to 0.01p. Julian Burney, Stockcube's Chief Exec. commented: "The second half has started well and we expect this trend to continue to the end of this year and beyond".

Stockcube is to acquire **Investors Intelligence Chartcraft Inc.** (a New York firm of financial analysts) for a nominal consideration. Share price is down 27% at 18p.

## Looking forward with optimism...

**nanoUniverse**, another AIM-listed internet investment company, announced losses of £464K for the seven months to 30th Jun. 00 and Loss Per Share 2.77p. nanoUniverse reports net assets were £25.2m and the cash balance was £25.5m.

Alan Buggy, Chief Executive, commenting on the maiden results said: "I believe the prospects for nanoUniverse are excellent, and look forward to relaying the company's continued progress at the end of the year".

## Wanting to remain at the forefront of future technologies

**Gameplay.com** in a sign of the times, is to drop the .com bit from their name. That doesn't make the results for year to 31st July 00 look any better though! Turnover for the period (made up almost completely of acquisitions) is £23.2m, losses are £33.4m and Loss Per Share is reported to be 68.3p.

Mark Strachan, Chairman, commented, "Key acquisitions throughout the year have given us a presence in the main European games markets, Germany, Scandinavia and Spain, in addition to our UK and French presence. Our task now is to integrate our acquisitions and to drive turnover growth through all of our channels, whilst using our technological expertise to remain at the forefront of future developments in the games market".

Gameplay also announced the acquisition of **Pixel Broadband Studios** from Take Two Interactive Software for a total consideration of £34.1m. The technology that Pixel has to offer will allow Gameplay to offer one set of unified games services from PC, TV and mobile devices. The news left the share price down 13% at 191p at the end of the month.

e-district.net plc

e-district.net,  
provider of  
g l o b a l

interactive entertainment services, has announced results for the six month period to 30th Jun. 00. Turnover at £1.04m increased almost fourfold on the period to 30th Jun. 99. However, a profit for the comparative period in 99 of £25.1K has been converted into a loss of £67.7K. EPS is now showing a loss of 0.062p.

Commenting on the results, Steve Laitman, Chief Executive, said, "We remain on target to achieve our strategic goals, in terms of developing our service offering, signing up delivery partners, and recruiting users. We are delighted by the enthusiastic reaction of new and potential partners, and we are confident of our ability to deliver a range of new multi-platform service offerings, and exploit the commercial opportunities they present".

**Comment** - e-district.net's loss appears to be for two reasons. Firstly, they have reported administrative expenses relating to share options and secondly, there has been an increase in the amount spent on both sales/marketing expenses and platform and development costs. e-district.net believes that its major competitive advantage lies in its LeisureDistrict Network. The platform and development cost have therefore been used to investigate emerging technologies with a view to incorporating them into the LeisureDistrict Network. Also in this period, the company launched a range of next generation advertising tools aimed directly at interactive television, cable and broadband internet services. We may soon see e-district.net reaping a return on their investments as they continue to show that they are willing to respond and adapt to the changing technologies in the market. e-district.net also announced traffic figures. Active users increased from 0.81m in September 99 to 2.16m in September 00. The share price has increased 10% to 124p.

## Clinical - still a suitable case for treatment

**Clinical Computing** provide information systems to the medical community. They have had an awful record for the whole of the last ten years and the latest, for the six months to 30th Jun. 00, is no exception. Turnover has decreased 15% to £1.33m, PBT was also down 38% to £157K and EPS reduced 40% to 0.6p. The Chairman stated, "During the second half of the year the Group will focus on closing orders for beta sites in the UK, Eire, New Zealand and the US, as well as the expansion of the Clinical Vision product line into other specialities".

**Comment:** We wrote in the Holway Report that Clinical were going nowhere, and slowly! Not much has changed! OK, cost of sales has decreased 6%, but revenues have remained virtually unchanged since 1997. Clinical IPO'd in Feb. 94 at 124p and the shares have remained well below the float price ever since. Is it any consolation to the long-suffering shareholders that there is £3m in the bank?

The shares ended Oct. 00 at 37p, down 3%.

## Two quite different sets of results from the ITSAs...

**MSB**

### **Badly affected by downturn in the marketplace**

**MSB**, an IT recruitment agency, has announced results for the six months ended 31<sup>st</sup> Jul. 00. Turnover is down 25% to £75m, PBT has fallen dramatically from £4.2m to just £25K as has EPS from 15.35p to 0.1p. Commenting on the outlook, John Bateman, Chairman, said: "An active and meaningful first half has seen us significantly increase our sophistication and diversity in full service provision, while expanding our location bases. MSB's reputation for delivering' has enabled us to make a strong start in our move up the value chain. We look forward to reporting further progress for the full year".

**Comment:** MSB has made a lot of changes in the past six months, but the benefits will take a while to filter through, as can be seen by the profit figure. The cost base has been reduced (MSB was caught with a sales compensation plan in 99 that didn't take account of the drop in business in H2 99 and the post Y2K hangover), new services have been introduced (such as the permanent recruitment offering in Sep. 99) and new offices opened in Glasgow, Dublin and Utrecht. This year has also seen the creation of a Consulting Services Division. MSB is intent on changing itself from a pure IT contractor placement agency into a higher-margin, value-add recruitment services company.

We wrote in last year's IT Staff Agency Report that IT recruitment companies had to move up the value chain if they were to prosper, as the UK contractor market place had become "commoditised". MSB were one of the worst effected by the downturn in the marketplace, without an established permanent recruitment practice or an overseas operation. We also predicted that further consolidation would take place as the "mega" agencies snapped up the smaller players. MSB, very much the success story of the late 90s, has not looked immune to an approach. In fact MSB's shares are still trading below the float price of 190p in May 96 – currently at 131p.

MSB reports that the contractor market is expanding but "competition has become even more intense, as evidenced by the margins at which business is undertaken". In our recent rounds of interviews with the Chief Execs of the leading UK ITSAs we have heard that comment over and over again... The market is fiercely competitive, with continual pressure on margins leading some to do deals at perilously low levels just to maintain market share.

**Harvey Nash**

### **Moving close to our model for the industry...**

**Harvey Nash**, a "leading global resource solutions organisation", has announced interim results for the six months to 31<sup>st</sup> Jul. 00. Turnover is up 30% to £93.2m (continuing ops grew 17%), PBT is up 8% to £5.7m and EPS up from 11.81p to 12.25p. Commenting on the results, Ian Kirkpatrick, Chairman, said: "Harvey Nash continues to gain market share in existing markets and we look forward to further growth in Europe, the USA and Asia Pacific. We are accelerating our investment in new regions and developing new services, which will better position the Group to meet the increasingly global service requirements of our clients. Activity levels in the second half of this year continue to be strong, as expected. The growing global skills shortages in technology and the rapid pace of change driven by globalisation and E-commerce provides a robust platform for future growth".

Harvey Nash has also announced the acquisition of **Impact Executives**, an interim management business, from PA Consulting, for a maximum consideration of £10m, payable in cash. Impact will "make Harvey Nash a leading provider of senior interim management in the UK, Germany and Hong Kong".

**Comment:** A super set of results from Harvey Nash, who has made great strides in the last six months to develop its range of services and expand its geographical coverage. All parts of the business are reported to be doing well, with the Resourcing Services division (supply of contractors, database-search for permanent candidates and resource management) growing 24% to £78.5m. In common with other IT staff agencies, Harvey Nash has been affected by a "slower UK contracts market throughout the first half", but, despite this, contractor numbers have grown. Overseas revenues now make up 45% of this division's turnover, up from 37%.

Following a chat with David Higgins, Chief Exec., we can say that Harvey Nash really is in a "higher league" than many of the other ITSAs and its acquisition of Impact Executive helps it consolidate its position further up the food chain. It's this spread - both by activity and geography which will be an important differentiator in future.

Harvey Nash already makes 54% of its revenues from consulting - rather than resourcing. Harvey Nash, like many other ITSAs, reports a two speed market. Vanilla-flavoured contracting in the UK is still tough and (whatever anyone might tell you) is still affected by the Y2K hangover. As we said in **System House** last month we believe that this market will not recover. However, "telecomms, new media and e-business services" are growing apace. The same applies to geographic growth rates with Germany doing particularly well for Harvey Nash at the moment. Indeed 45% of Harvey Nash's resourcing services (by contractor number) are now undertaken outside the UK.

Harvey Nash's FirstPersonGlobal.com E-cruitment operation was launched in Mar 00. Although we believe that the internet will play a vital role in the ITSA market - just like our views in other sectors - it will be those companies which accept that the internet is just another way of interfacing with the clients/contractors that will win. I.e. it's "clicks AND mortar" in ITSAs too. Here Harvey Nash seems to agree also!

So as we said above "a super set of results". But, even more importantly, Harvey Nash is becoming close to our "model" for the industry. The share price is up 12% to 775p.

### **Holway ITSA report now available**

We are delighted to report that the latest/2nd edition of our highly regarded report on the UK ITSA sector - the market and its companies - is now available for immediate despatch.

Analysis shows that market growth slumped from 27% in 1997, 25% in 1998 to just 7% in 1999 with a minimal 5% growth forecast for 2000. The effect on profits (or, in many cases, losses) is even greater. In an effort to reverse their fortunes, many ITSAs are desperately trying to embrace the internet but few are, so far anyway, reaping any rewards. Indeed the report is pretty sceptical about these so called 'e-cruitment' services.

The report is over 220 pages and costs just £1750. Full description and contents on [www.holway.com](http://www.holway.com) or call Heather Small on 01252 740900.

**Quoted Companies - Results Service**

Note: Highlighted Names indicate results announced this month.

| Actinic plc                         |                  |                  |            | Diagonal plc                       |                   |                   |            | Keystone Software plc               |                  |                  |            |
|-------------------------------------|------------------|------------------|------------|------------------------------------|-------------------|-------------------|------------|-------------------------------------|------------------|------------------|------------|
| REV                                 | Final - Sep 99   | Final - Jun 00   | Comparison | REV                                | Final - May 99    | Final - Mar 00    | Comparison | REV                                 | Final - Mar 99   | Final - Mar 00   | Comparison |
| PBT                                 | £355,000         | £571,000         | +62.3%     | PBT                                | £37,141,000       | £73,376,000       | +96.5%     | PBT                                 | £1,585,217       | £4,799,000       | +202.7%    |
| FPS                                 | -£477,000        | -£775,000        | -22.5%     | FPS                                | £4,358,000        | £8,184,000        | +86.9%     | FPS                                 | £2,400,057       | £1,655,000       | +45.0%     |
|                                     | -0.53p           | -0.81p           | -2.25p     |                                    | 3.66p             | 7.52p             | -1.32p     |                                     | -18.90p          | -0.60p           | -18.30p    |
| AFA Systems plc                     |                  |                  |            | Easyscreen plc                     |                   |                   |            | Knowledge Management Software plc   |                  |                  |            |
| REV                                 | Final - Jun 99   | Final - Dec 99   | Comparison | REV                                | Final - Mar 99    | Final - Mar 00    | Comparison | REV                                 | Final - Dec 98   | Final - Jun 00   | Comparison |
| PBT                                 | £386,000         | £1,779,000       | +354.7%    | PBT                                | £1,109,915        | £1,059,519        | -4.5%      | PBT                                 | £713,010         | £2,091,986       | +193.4%    |
| FPS                                 | -£716,000        | -£581,000        | +21.9%     | FPS                                | £637,143          | £3,425,999        | +436.8%    | FPS                                 | £58,987          | £3,078,772       | +5202.7%   |
|                                     | -4.70p           | -3.40p           | +1.30p     |                                    | -1.90p            | -9.96p            | +8.06p     |                                     | 0.35p            | -5.40p           | -5.75p     |
| AIT Group plc                       |                  |                  |            | ECsoft Group plc                   |                   |                   |            | Knowledge Support Systems Group plc |                  |                  |            |
| REV                                 | Final - Mar 99   | Final - Mar 00   | Comparison | REV                                | Interim - Jun 99  | Final - Dec 99    | Comparison | REV                                 | Interim - Jun 99 | Final - Dec 99   | Comparison |
| PBT                                 | £17,460,000      | £21,693,000      | +24.2%     | PBT                                | £34,186,000       | £67,304,000       | +96.8%     | PBT                                 | £1,235,699       | £1,838,025       | +48.3%     |
| FPS                                 | £2,764,000       | £3,651,000       | +32.1%     | FPS                                | £2,840,000        | £3,416,000        | +20.3%     | FPS                                 | £317,812         | £83,497          | -73.7%     |
|                                     | 9.08p            | 11.81p           | +3.73p     |                                    | 15.20p            | 17.30p            | +2.10p     |                                     | 0.60p            | -0.10p           | -0.70p     |
| Alphameric plc                      |                  |                  |            | Eidos plc                          |                   |                   |            | Logica plc                          |                  |                  |            |
| REV                                 | Interim - May 99 | Final - Nov 99   | Comparison | REV                                | Final - Mar 99    | Final - Mar 00    | Comparison | REV                                 | Final - Jun 99   | Final - Jun 00   | Comparison |
| PBT                                 | £11,161,000      | £25,330,000      | +128.2%    | PBT                                | £226,284,000      | £203,265,000      | -10.2%     | PBT                                 | £659,468,000     | £847,400,000     | +28.6%     |
| FPS                                 | £1,010,000       | £3,050,000       | +202.9%    | FPS                                | £37,920,000       | £49,275,000       | +29.9%     | FPS                                 | £58,604,000      | £98,100,000      | +67.4%     |
|                                     | 1.20p            | 3.62p            | +2.42p     |                                    | 25.00p            | 23.80p            | -1.20p     |                                     | 10.80p           | 17.50p           | +6.70p     |
| Alterian plc                        |                  |                  |            | Electronic Data Processing plc     |                   |                   |            | London Bridge Software Holdings plc |                  |                  |            |
| REV                                 | Final - Mar 99   | Final - Mar 00   | Comparison | REV                                | Interim - Mar 99  | Final - Sep 99    | Comparison | REV                                 | Interim - Jun 99 | Final - Dec 99   | Comparison |
| PBT                                 | £425,958         | £1,011,140       | +137.4%    | PBT                                | £5,469,000        | £10,492,000       | +90.7%     | PBT                                 | £19,454,000      | £42,165,000      | +116.7%    |
| FPS                                 | -£254,658        | £3,905           | +417.4%    | FPS                                | £1,225,000        | £2,377,000        | +94.6%     | FPS                                 | £3,533,000       | £7,092,000       | +98.0%     |
|                                     | -25.28p          | 0.38p            | +27.66p    |                                    | 3.24p             | 6.85p             | +3.61p     |                                     | 1.30p            | 3.18p            | +1.88p     |
| Anite Group plc                     |                  |                  |            | Epic Group plc                     |                   |                   |            | Lorien plc                          |                  |                  |            |
| REV                                 | Final - Apr 99   | Final - Apr 00   | Comparison | REV                                | Interim - Nov 98  | Final - May 99    | Comparison | REV                                 | Interim - May 99 | Final - Nov 99   | Comparison |
| PBT                                 | £180,829,000     | £158,976,000     | -12.1%     | PBT                                | £1,362,900        | £3,084,000        | +123.3%    | PBT                                 | £70,941,000      | £138,817,000     | +95.3%     |
| FPS                                 | £6,788,000       | £7,171,000       | +5.6%      | FPS                                | £114,000          | £479,000          | +319.3%    | FPS                                 | £1,572,000       | £1,649,000       | +4.9%      |
|                                     | 1.50p            | 1.30p            | -0.20p     |                                    | 0.45p             | 1.65p             | +1.20p     |                                     | 8.00p            | 8.50p            | +0.50p     |
| Axon Group plc                      |                  |                  |            | Eurolink Managed Services plc      |                   |                   |            | Lynx Group plc                      |                  |                  |            |
| REV                                 | Interim - Jun 99 | Final - Dec 99   | Comparison | REV                                | Final - Mar 99    | Final - Mar 00    | Comparison | REV                                 | Interim - Mar 99 | Final - Sep 99   | Comparison |
| PBT                                 | £11,744,000      | £25,378,000      | +115.3%    | PBT                                | £8,323,171        | £7,596,000        | -8.7%      | PBT                                 | £103,844,000     | £212,541,000     | +104.8%    |
| FPS                                 | £1,686,000       | £4,560,000       | +168.3%    | PBT                                | £844,762          | £340,000          | -59.1%     | PBT                                 | £6,370,000       | £11,017,000      | +73.9%     |
|                                     | 2.20p            | 5.70p            | +3.50p     |                                    | 5.35p             | 2.19p             | -3.16p     |                                     | 3.92p            | 6.65p            | +2.73p     |
| Azlan Group plc                     |                  |                  |            | F.I. Group plc                     |                   |                   |            | MMT Computing plc                   |                  |                  |            |
| REV                                 | Final - Mar 99   | Final - Mar 00   | Comparison | REV                                | Final - Apr 99    | Final - Apr 00    | Comparison | REV                                 | Interim - Feb 99 | Final - Aug 99   | Comparison |
| PBT                                 | £342,861,000     | £410,604,000     | +19.8%     | PBT                                | £228,353,000      | £307,696,000      | +34.7%     | PBT                                 | £21,100,000      | £41,024,210      | +94.6%     |
| FPS                                 | £3,835,000       | £9,258,000       | +141.4%    | PBT                                | £17,025,000       | £17,391,000       | +2.1%      | PBT                                 | £5,100,000       | £9,710,952       | +88.4%     |
|                                     | 7.20p            | 6.10p            | -1.10p     |                                    | 5.80p             | 3.91p             | -1.89p     |                                     | 26.60p           | 52.20p           | +25.60p    |
| Baltimore Technologies plc          |                  |                  |            | Financial Objects plc              |                   |                   |            | Macro 4 plc                         |                  |                  |            |
| REV                                 | Interim - Jun 99 | Final - Dec 99   | Comparison | REV                                | Interim - Jun 99  | Final - Dec 99    | Comparison | REV                                 | Final - Jun 99   | Final - Jun 00   | Comparison |
| PBT                                 | £9,807,000       | £23,272,000      | +135.2%    | PBT                                | £10,690,000       | £22,301,000       | +107.7%    | PBT                                 | £31,025,000      | £38,671,000      | +24.6%     |
| FPS                                 | £15,991,000      | £31,351,000      | +95.6%     | PBT                                | £2,649,000        | £4,656,000        | +75.7%     | PBT                                 | £10,400,000      | £10,611,000      | +2.0%      |
|                                     | -5.70p           | -10.27p          | -4.57p     |                                    | 5.20p             | 8.77p             | +3.57p     |                                     | 34.80p           | 33.20p           | -1.60p     |
| Baron Corporation plc               |                  |                  |            | Flomerics Group plc                |                   |                   |            | Manpower Software                   |                  |                  |            |
| REV                                 | Final - Aug 99   | Interim - Feb 00 | Comparison | REV                                | Interim - Jun 99  | Final - Dec 99    | Comparison | REV                                 | Final - May 99   | Final - May 00   | Comparison |
| PBT                                 | £122,774         | £1,392,585       | +1022.8%   | PBT                                | £3,443,000        | £8,713,000        | +151.0%    | PBT                                 | £1,896,518       | £1,611,619       | -15.0%     |
| FPS                                 | -£59,749         | -£127,831        | -21.4%     | PBT                                | £149,000          | £807,000          | +438.2%    | PBT                                 | £1,641,522       | £2,790,867       | +69.4%     |
|                                     | -5.75p           | -3.70p           | +2.05p     |                                    | -5.80p            | 18.60p            | +24.40p    |                                     | -20.86p          | -27.73p          | -6.87p     |
| Bond International Software plc     |                  |                  |            | Focus Solutions Group plc          |                   |                   |            | MERANT plc                          |                  |                  |            |
| REV                                 | Interim - Jun 99 | Final - Dec 99   | Comparison | REV                                | Final - Mar 99    | Final - Mar 00    | Comparison | REV                                 | Final - Apr 99   | Period to Apr 99 | Comparison |
| PBT                                 | £4,567,000       | £8,457,169       | +85.4%     | PBT                                | £360,000          | £721,000          | +100.3%    | PBT                                 | £186,104,000     | £215,473,000     | +22.2%     |
| FPS                                 | £327,000         | £789,085         | +140.1%    | PBT                                | £368,000          | £1,039,000        | +181.8%    | PBT                                 | £16,655,000      | £11,572,000      | -30.5%     |
|                                     | 1.58p            | 4.81p            | +3.23p     |                                    | 2.60p             | 5.60p             | +3.00p     |                                     | -16.30p          | -14.30p          | -2.00p     |
| Bright Station plc                  |                  |                  |            | Freemove plc                       |                   |                   |            | Microgen plc                        |                  |                  |            |
| REV                                 | Interim - Jun 99 | Final - Dec 99   | Comparison | REV                                | Final - Apr 99    | Final - Apr 00    | Comparison | REV                                 | Interim - Jun 99 | Final - Dec 99   | Comparison |
| PBT                                 | £87,243,000      | £174,452,000     | +98.7%     | PBT                                | £2,732,000        | £19,557,000       | +615.8%    | PBT                                 | £15,472,000      | £31,324,000      | +102.2%    |
| FPS                                 | £1,693,000       | £3,857,000       | +127.6%    | PBT                                | £1,511,000        | £22,932,000       | +1450.7%   | PBT                                 | £1,516,000       | £1,834,000       | +20.9%     |
|                                     | 0.70p            | 3.50p            | +2.80p     |                                    | -5.20p            | -2.20p            | +3.00p     |                                     | 2.10p            | 5.70p            | +3.60p     |
| Business Systems Group Holdings plc |                  |                  |            | Glow Communications                |                   |                   |            | Misys plc                           |                  |                  |            |
| REV                                 | Final - Jun 98   | Period to Mar 00 | Comparison | REV                                | Interim - May 99  | Final - Nov 99    | Comparison | REV                                 | Final - May 99   | Final - May 00   | Comparison |
| PBT                                 | £37,260,000      | £24,993,000      | -33.7%     | PBT                                | £4,806,000        | £9,194,799        | +91.3%     | PBT                                 | £671,100,000     | £708,800,000     | +5.6%      |
| FPS                                 | £1,494,000       | £979,000         | -34.8%     | PBT                                | £611,000          | £861,861          | +40.9%     | PBT                                 | £91,400,000      | £113,600,000     | +24.3%     |
|                                     | 1.34p            | 0.96p            | -0.38p     |                                    | -0.89p            | -0.69p            | +0.20p     |                                     | 10.60p           | 14.20p           | +3.60p     |
| Cadcentre Group plc                 |                  |                  |            | Gresham Computing plc              |                   |                   |            | Mondas plc                          |                  |                  |            |
| REV                                 | Final - Mar 99   | Final - Mar 00   | Comparison | REV                                | Interim - Apr 99  | Final - Oct 99    | Comparison | REV                                 | Final - Apr 99   | Final - Apr 00   | Comparison |
| PBT                                 | £17,861,000      | £23,889,000      | +33.7%     | PBT                                | £16,301,000       | £30,350,000       | +86.2%     | PBT                                 | £955,301         | £1,358,811       | +42.2%     |
| FPS                                 | £3,001,000       | £4,338,000       | +44.6%     | PBT                                | £1,483,000        | £864,000          | -41.1%     | PBT                                 | £520,770         | £857,573         | +63.1%     |
|                                     | 11.21p           | 17.40p           | +6.19p     |                                    | 2.35p             | -2.23p            | -4.58p     |                                     | -5.70p           | -6.80p           | -1.10p     |
| Capita Group plc                    |                  |                  |            | Guardian IT plc                    |                   |                   |            | Morse Holdings plc                  |                  |                  |            |
| REV                                 | Interim - Jun 99 | Final - Dec 99   | Comparison | REV                                | Interim - Jun 99  | Final - Dec 99    | Comparison | REV                                 | Final - Jun 99   | Final - Jun 00   | Comparison |
| PBT                                 | £150,000,000     | £327,199,000     | +118.1%    | PBT                                | £19,647,000       | £49,245,000       | +148.6%    | PBT                                 | £283,943,000     | £506,316,000     | +78.3%     |
| FPS                                 | £12,600,000      | £32,200,000      | +153.2%    | PBT                                | £3,614,000        | £7,048,000        | +94.1%     | PBT                                 | £18,853,000      | £22,919,000      | +21.6%     |
|                                     | 1.32p            | 3.30p            | +1.98p     |                                    | 4.79p             | 10.90p            | +6.11p     |                                     | 22.70p           | 10.10p           | -12.60p    |
| Cedar Group plc                     |                  |                  |            | Harvey Nash Group plc              |                   |                   |            | MSB International plc               |                  |                  |            |
| REV                                 | Final - Mar 99   | Final - Mar 00   | Comparison | REV                                | Interim - Jul 99  | Final - Jan 00    | Comparison | REV                                 | Interim - Jul 99 | Final - Jan 00   | Comparison |
| PBT                                 | £23,046,000      | £36,314,000      | +57.6%     | PBT                                | £71,900,000       | £150,998,000      | +109.9%    | PBT                                 | £75,040,000      | £184,936,000     | +146.5%    |
| FPS                                 | £2,807,000       | £4,829,000       | +72.0%     | PBT                                | £5,326,000        | £11,974,000       | +122.5%    | PBT                                 | £4,185,000       | £9,958,000       | +139.1%    |
|                                     | 5.50p            | 5.20p            | -0.30p     |                                    | 11.81p            | 27.64p            | +15.83p    |                                     | 15.35p           | 17.30p           | +1.95p     |
| CFS Group plc                       |                  |                  |            | Highams Systems Services Group plc |                   |                   |            | NetBenefit plc                      |                  |                  |            |
| REV                                 | Interim - Jun 99 | Final - Dec 99   | Comparison | REV                                | Final - Mar 99    | Final - Mar 00    | Comparison | REV                                 | Final - Jun 99   | Final - Jun 00   | Comparison |
| PBT                                 | £5,088,000       | £13,614,000      | +168.3%    | PBT                                | £34,069,900       | £26,863,817       | -24.1%     | PBT                                 | £1,969,751       | £7,520,100       | +280.8%    |
| FPS                                 | £262,000         | £1,125,000       | +324.8%    | PBT                                | £1,524,855        | £308,504          | -79.7%     | PBT                                 | £279,862         | £4,591,500       | +1534.8%   |
|                                     | 1.28p            | 6.11p            | +4.83p     |                                    | 5.40p             | 1.58p             | -3.82p     |                                     | 0.02p            | 0.32p            | +0.30p     |
| Clinical Computing plc              |                  |                  |            | ICM Computer Group plc             |                   |                   |            | Netstore plc                        |                  |                  |            |
| REV                                 | Interim - Jun 99 | Final - Dec 99   | Comparison | REV                                | Final - Jun 99    | Final - Jun 00    | Comparison | REV                                 | Final - Jun 99   | Final - Jun 00   | Comparison |
| PBT                                 | £1,561,000       | £3,112,623       | +99.5%     | PBT                                | £40,047,000       | £49,535,000       | +23.7%     | PBT                                 | £757,911         | £1,372,632       | +81.1%     |
| FPS                                 | £253,000         | £382,336         | +50.9%     | PBT                                | £4,335,000        | £4,513,000        | +4.1%      | PBT                                 | £1,129,675       | £4,894,738       | +332.1%    |
|                                     | 1.00p            | 1.50p            | +0.50p     |                                    | 14.90p            | 15.40p            | +0.50p     |                                     | 2.22p            | 7.57p            | +5.35p     |
| CMG plc                             |                  |                  |            | Intelligent Environments Group plc |                   |                   |            | Nettec plc                          |                  |                  |            |
| REV                                 | Interim - Jun 99 | Final - Dec 99   | Comparison | REV                                | Interim - Jun 99  | Final - Dec 99    | Comparison | REV                                 | Interim - Jun 99 | Final - Dec 99   | Comparison |
| PBT                                 | £290,496,000     | £608,588,000     | +109.5%    | PBT                                | £4,090,000        | £7,218,738        | +76.2%     | PBT                                 | £2,004,000       | £4,798,000       | +139.7%    |
| FPS                                 | £35,758,000      | £83,629,000      | +132.9%    | PBT                                | £370,000          | £3,020,988        | +711.1%    | PBT                                 | £363,000         | £2,334,000       | +538.3%    |
|                                     | 4.60p            | 10.70p           | +6.10p     |                                    | -1.20p            | 8.16p             | +9.36p     |                                     | -0.70p           | 19.60p           | +20.30p    |
| Comino Group plc                    |                  |                  |            | Innovation Group plc (The)         |                   |                   |            | Northgate Information Solutions plc |                  |                  |            |
| REV                                 | Final - Mar 99   | Final - Mar 00   | Comparison | REV                                | Final - Sep 99    | Final - Mar 00    | Comparison | REV                                 | Final - Dec 98   | Final - Apr 00   | Comparison |
| PBT                                 | £18,595,000      | £20,452,000      | +10.2%     | PBT                                | £20,800           | £4,195,000        | +19,782.2% | PBT                                 | £133,014,000     | £165,419,000     | +24.4%     |
| FPS                                 | £2,718,000       | £6,020,000       | +121.5%    | PBT                                | £92,811           | £1,530,092        | +1552.1%   | PBT                                 | £3,966,000       | £47,450,000      | +1095.3%   |
|                                     | 14.83p           | 29.90p           | +15.07p    |                                    | -173.50p          | 1.50p             | +173.00p   |                                     | 2.93p            | 18.88p           | +15.95p    |
| Compass Software Group plc          |                  |                  |            | iSOFT Group plc                    |                   |                   |            | NSB Retail Systems plc              |                  |                  |            |
| REV                                 | Interim - May 99 | Final - Nov 99   | Comparison | REV                                | PF Final - Apr 99 | PF Final - Apr 00 | Comparison | REV                                 | Interim - Jun 99 | Final - Dec 99   | Comparison |

**Quoted Companies - Results Service**

**Note: Highlighted Names indicate results announced this month.**

| Protherics plc                |                  |                  |                | SDL plc                            |                |                  |                | Telework                       |                |                  |                |
|-------------------------------|------------------|------------------|----------------|------------------------------------|----------------|------------------|----------------|--------------------------------|----------------|------------------|----------------|
| Final - Mar 99                | Final - Mar 00   | Comparison       |                | Interim - Jun 99                   | Final - Dec 99 | Interim - Jun 00 | Comparison     | Final - Mar 99                 | Final - Mar 00 | Comparison       |                |
| REV £2,847,000                | £1,598,000       | -43.9%           |                | REV £5,984,000                     | £12,960,000    | £11,578,000      | +93.5%         | REV £11,907,000                | £17,363,000    | +45.8%           |                |
| PBT £13,017,000               | £15,454,000      | Loss both        |                | PBT £163,000                       | £796,000       | £269,000         | Loss to profit | PBT £1,108,000                 | £2,705,000     | +144.1%          |                |
| EPS 9.88p                     | -10.49p          | Loss both        |                | EPS -0.53p                         | -2.63p         | 0.09p            | Loss to profit | EPS 0.44p                      | 1.04p          | +136.4%          |                |
| PSD Group plc                 |                  |                  |                | Sema Group plc                     |                |                  |                | TelMe.com plc                  |                |                  |                |
| Interim - Jun 99              | Final - Nov 99   | Interim - Jun 00 | Comparison     | Interim - Jun 99                   | Final - Dec 99 | Interim - Jun 00 | Comparison     | Final - Mar 99                 | Final - Mar 00 | Comparison       |                |
| REV £29,568,000               | £18,153,000      | £41,132,000      | +39.1%         | REV £668,600,000                   | £1,410,000,000 | £720,400,000     | +7.7%          | REV £10,014,000                | £13,974,000    | +39.5%           |                |
| PBT £6,831,000                | £3,224,000       | £10,111,000      | +48.0%         | PBT £37,900,000                    | £93,800,000    | £42,200,000      | +11.3%         | PBT £3,381,000                 | £2,105,000     | Loss both        |                |
| EPS 18.30p                    | 6.02p            | 27.30p           | +44.4%         | EPS 5.80p                          | 14.70p         | 6.50p            | +12.1%         | EPS -5.40p                     | -3.00p         | Loss both        |                |
| QSP plc                       |                  |                  |                | ServicePower Technologies plc      |                |                  |                | Terence Chapman Group plc      |                |                  |                |
| Interim - Jun 99              | Final - Dec 99   | Interim - Jun 00 | Comparison     | Interim - Jun 99                   | Final - Dec 99 | Interim - Jun 00 | Comparison     | Interim - Feb 99               | Final - Aug 99 | Interim - Feb 00 | Comparison     |
| REV £19,961,000               | £50,538,000      | £21,010,000      | +5.3%          | REV £1,854,000                     | £3,760,910     | £1,151,000       | -37.9%         | REV £15,750,000                | £30,641,000    | £12,220,000      | +22.4%         |
| PBT £783,000                  | £4,212,000       | £1,022,000       | Loss both      | PBT £1,279,000                     | £2,541,087     | £2,697,000       | Loss both      | PBT £2,720,000                 | £4,464,000     | £4,600,000       | -83.1%         |
| EPS -1.11p                    | -1.13p           | -1.13p           | Loss both      | EPS -3.22p                         | -6.37p         | -5.88p           | Loss both      | EPS 3.62p                      | 5.45p          | 0.52p            | -85.6%         |
| Quantica plc                  |                  |                  |                | Sherwood International plc         |                |                  |                | Torex plc                      |                |                  |                |
| Interim - May 99              | Final - Nov 99   | Interim - May 00 | Comparison     | Interim - Jun 99                   | Final - Dec 99 | Interim - Jun 00 | Comparison     | Interim - Jun 99               | Final - Dec 99 | Interim - Jun 00 | Comparison     |
| REV £8,286,000                | £18,153,000      | £9,278,000       | +12.0%         | REV £22,493,000                    | £47,186,000    | £24,097,000      | +7.1%          | REV £18,532,000                | £46,762,000    | £34,905,000      | +88.3%         |
| PBT £1,593,000                | £3,224,000       | £1,463,000       | -8.2%          | PBT £2,881,000                     | £7,345,000     | £2,548,000       | -11.6%         | PBT £1,775,000                 | £4,039,000     | £1,791,000       | -0.9%          |
| EPS 2.64p                     | 6.02p            | 2.71p            | +2.7%          | EPS 4.30p                          | 11.40p         | 5.10p            | +18.6%         | EPS 3.90p                      | 14.50p         | 3.70p            | -5.1%          |
| RM plc                        |                  |                  |                | Skillsgroup plc                    |                |                  |                | Total Systems plc              |                |                  |                |
| Interim - Mar 99              | Final - Sep 99   | Interim - Mar 00 | Comparison     | Interim - May 99                   | Final - Nov 99 | Interim - May 00 | Comparison     | Final - Mar 99                 | Final - Mar 00 | Comparison       |                |
| REV £71,116,000               | £162,210,000     | £78,074,000      | +9.8%          | REV £96,400,000                    | £198,700,000   | £78,000,000      | -19.1%         | REV £3,247,157                 | £1,958,040     | -39.7%           |                |
| PBT £2,493,000                | £12,262,000      | £1,432,000       | -42.6%         | PBT £6,400,000                     | £11,400,000    | £5,000,000       | Profit to loss | PBT £629,873                   | £579,589       | Profit to loss   |                |
| EPS 1.90p                     | 9.80p            | 1.10p            | -42.1%         | EPS 6.50p                          | 10.70p         | 0.10p            | -98.5%         | EPS 4.29p                      | -3.97p         | Profit to loss   |                |
| Rage Software plc             |                  |                  |                | Sophoen plc                        |                |                  |                | Touchstone Group plc           |                |                  |                |
| Final - Jun 99                | Final - Jun 00   | Comparison       |                | Interim - Jun 99                   | Final - Dec 99 | Interim - Jun 00 | Comparison     | Final - Mar 99                 | Final - Mar 00 | Comparison       |                |
| REV £8,845,000                | £4,218,000       | -52.3%           |                | REV £506,000                       | £1,510,000     | £3,098,000       | +512.3%        | REV £7,663,000                 | £10,511,000    | +37.2%           |                |
| PBT £3,121,000                | £2,641,000       | Profit to loss   |                | PBT £657,000                       | £2,072,000     | £3,387,000       | Loss both      | PBT £1,048,000                 | £1,196,000     | +14.1%           |                |
| EPS 1.03p                     | -0.94p           | Profit to loss   |                | EPS -3.40p                         | -10.10p        | -9.90p           | Loss both      | EPS 7.60p                      | 9.50p          | +25.0%           |                |
| RDL Group plc                 |                  |                  |                | Spring Group plc                   |                |                  |                | Trace Computers plc            |                |                  |                |
| Final - Sep 98                | Final - Sep 99   | Comparison       |                | Final - Apr 99                     | Final - Apr 00 | Comparison       |                | Interim - Nov 98               | Final - May 99 | Interim - Nov 99 | Comparison     |
| REV £15,692,000               | £18,172,000      | +15.8%           |                | REV £403,154,000                   | £396,106,000   | -1.7%            |                | REV £8,684,000                 | £17,072,781    | £8,693,000       | +0.1%          |
| PBT £1,154,000                | £1,335,000       | +15.7%           |                | PBT £14,180,000                    | £6,420,000     | Profit to loss   |                | PBT £928,000                   | £4,367,036     | £973,000         | +4.8%          |
| EPS 6.75p                     | 8.05p            | +19.3%           |                | EPS 6.09p                          | 5.09p          | Profit to loss   |                | EPS 4.47p                      | 25.93p         | 4.74p            | -6.0%          |
| Recognition Systems Group plc |                  |                  |                | Staffware plc                      |                |                  |                | Triad Group plc                |                |                  |                |
| Interim - Mar 99              | Final - Sep 99   | Interim - Mar 00 | Comparison     | Interim - Jun 99                   | Final - Dec 99 | Interim - Jun 00 | Comparison     | Final - Mar 99                 | Final - Mar 00 | Comparison       |                |
| REV £955,000                  | £2,315,000       | £3,021,000       | +216.3%        | REV £11,223,000                    | £25,262,000    | £17,047,000      | +51.9%         | REV £49,306,000                | £48,366,000    | -1.9%            |                |
| PBT £733,000                  | £1,609,000       | £2,258,000       | Loss both      | PBT £716,000                       | £2,953,000     | £1,473,000       | +105.7%        | PBT £8,629,000                 | £1,905,000     | -77.9%           |                |
| EPS -1.30p                    | -2.30p           | -2.70p           | Loss both      | EPS 3.50p                          | 17.20p         | 7.30p            | +108.6%        | EPS 22.74p                     | 5.66p          | -77.7%           |                |
| Retail Decisions plc          |                  |                  |                | StatPro Group plc                  |                |                  |                | Ultima Networks plc            |                |                  |                |
| P Interim - Jun 99            | P Final - Dec 99 | Interim - Jun 00 | Comparison     | Interim - Jun 99                   | Final - Dec 99 | Interim - Jun 00 | Comparison     | Interim - Jun 99               | Final - Dec 99 | Interim - Jun 00 | Comparison     |
| REV £5,875,000                | £11,937,000      | £7,198,000       | +22.5%         | REV £1,772,000                     | £3,144,000     | £1,278,000       | -27.5%         | REV £6,476,000                 | £12,541,000    | £3,889,000       | +39.9%         |
| PBT £1,166,000                | £2,438,000       | £1,671,000       | Profit to loss | PBT £360,000                       | £1,833,000     | £1,985,000       | Loss both      | PBT £610,000                   | £783,000       | £496,000         | Loss both      |
| EPS 0.99p                     | 1.11p            | -1.20p           | Profit to loss | EPS 2.50p                          | -2.88p         | -8.30p           | Loss both      | EPS -0.36p                     | 0.44p          | -0.26p           | Loss both      |
| RexOnline plc                 |                  |                  |                | Superscape VR plc                  |                |                  |                | Ultrasys Group plc             |                |                  |                |
| Final - Apr 99                | Final - Apr 00   | Comparison       |                | Interim - Jan 99                   | Final - Jul 99 | Interim - Jan 00 | Comparison     | Interim - Jan 99               | Final - Jul 99 | Interim - Jan 00 | Comparison     |
| REV £273,670                  | £658,000         | +140.5%          |                | REV £2,122,000                     | £3,071,000     | £7,080,000       | +66.6%         | REV £1,099,000                 | £2,520,000     | £1,055,000       | +4.0%          |
| PBT £94,303                   | £326,000         | Loss both        |                | PBT £87,000                        | £2,765,000     | £2,897,000       | Loss both      | REV £1,499,000                 | £2,316,000     | £1,839,000       | Loss both      |
| EPS -2.60p                    | -4.50p           | Loss both        |                | EPS -0.71p                         | -22.50p        | -16.30p          | Loss both      | EPS -0.10p                     | -1.60p         | -0.90p           | Loss both      |
| Rofe & Nolan plc              |                  |                  |                | SurfControl plc (was JSB Software) |                |                  |                | Vega Group plc                 |                |                  |                |
| Final - Feb 99                | Final - Feb 00   | Comparison       |                | Final - May 99                     | Final - May 00 | Comparison       |                | Final - Apr 99                 | Final - Apr 00 | Comparison       |                |
| REV £20,988,000               | £22,856,000      | +8.9%            |                | REV £4,003,000                     | £8,706,707     | +117.5%          |                | REV £28,993,000                | £40,201,000    | +38.7%           |                |
| PBT £1,606,000                | £1,838,000       | +14.4%           |                | PBT £1,314,000                     | £1,487,341     | Loss both        |                | PBT £4,292,000                 | £4,843,000     | +12.8%           |                |
| EPS 7.90p                     | 9.30p            | +17.7%           |                | EPS -12.78p                        | -70.36p        | Loss both        |                | EPS 17.42p                     | 17.17p         | -1.4%            |                |
| Royalblue Group plc           |                  |                  |                | Synstar plc                        |                |                  |                | VI Group plc                   |                |                  |                |
| Interim - Jun 99              | Final - Dec 99   | Interim - Jun 00 | Comparison     | Interim - Mar 99                   | Final - Sep 99 | Interim - Mar 00 | Comparison     | Interim - Jun 99               | Final - Dec 99 | Interim - Jun 00 | Comparison     |
| REV £17,905,000               | £39,693,000      | £25,500,000      | +42.4%         | REV £104,034,000                   | £214,289,000   | £119,253,000     | +14.6%         | REV £2,201,000                 | £4,545,000     | £2,699,000       | +22.6%         |
| PBT £2,744,000                | £6,511,000       | £3,037,000       | +10.7%         | PBT £420,000                       | £8,094,000     | £5,191,000       | +1136.0%       | PBT £137,000                   | £438,000       | £259,000         | +89.1%         |
| EPS 5.50p                     | 13.10p           | 6.00p            | +9.1%          | EPS 0.30p                          | 3.60p          | 1.70p            | +466.7%        | EPS 0.37p                      | 1.24p          | 0.68p            | +83.8%         |
| Sage Group plc                |                  |                  |                | Systems Integrated Research plc    |                |                  |                | Vocalis Group plc              |                |                  |                |
| Interim - Mar 99              | Final - Sep 99   | Interim - Mar 00 | Comparison     | Final - May 99                     | Final - May 00 | Comparison       |                | Final - Mar 99                 | Final - Mar 00 | Comparison       |                |
| REV £132,545,000              | £307,041,000     | £202,528,000     | +52.8%         | REV £1,405,000                     | £1,536,000     | +9.3%            |                | REV £4,820,000                 | £2,694,000     | -44.1%           |                |
| PBT £35,479,000               | £74,313,000      | £53,992,000      | -62.2%         | PBT £140,000                       | £215,000       | -63.6%           |                | PBT £1,098,000                 | £4,507,000     | Loss both        |                |
| EPS 2.06p                     | 4.17p            | 2.94p            | -42.9%         | EPS 0.71p                          | 1.25p          | -76.1%           |                | EPS 3.36p                      | -10.57p        | Loss both        |                |
| SBS Group plc                 |                  |                  |                | Systems International Group plc    |                |                  |                | Wealth Management Software plc |                |                  |                |
| Interim - Feb 99              | Final - Aug 99   | Interim - Feb 00 | Comparison     | Interim - Dec 98                   | Final - Jun 99 | Interim - Dec 99 | Comparison     | Interim - Jun 99               | Final - Dec 99 | Interim - Jun 00 | Comparison     |
| REV £28,300,000               | £53,305,000      | £22,900,000      | -19.1%         | REV £8,457,000                     | £17,053,427    | £8,368,000       | -1.1%          | REV £5,829,000                 | £12,818,000    | £7,320,000       | +25.6%         |
| PBT £1,400,000                | £2,219,000       | £1,240,000       | -91.1%         | PBT £1,093,000                     | £2,313,053     | £33,000          | -97.0%         | PBT £328,000                   | £1,105,000     | £215,000         | Loss both      |
| EPS 9.60p                     | 16.10p           | 0.90p            | -90.6%         | EPS 7.21p                          | 4.77p          | 0.07p            | -96.8%         | EPS 1.06p                      | 0.90p          | -0.97p           | Loss both      |
| Science Systems plc           |                  |                  |                | Systems Union plc (was freecom)    |                |                  |                | XKO Group plc                  |                |                  |                |
| Interim - Jun 99              | Final - Dec 99   | Interim - Jun 00 | Comparison     | Interim - Jun 99                   | Final - Dec 99 | Interim - Jun 00 | Comparison     | P Final - Mar 99               | Final - Mar 00 | Comparison       |                |
| REV £16,615,000               | £30,966,000      | £21,298,000      | +28.2%         | REV £287,000                       | £600,000       | £15,586,000      | +5330.7%       | REV £28,428,000                | £29,628,000    | +4.2%            |                |
| PBT £1,511,000                | £2,833,000       | £1,251,000       | -17.2%         | PBT £448,000                       | £1,993,000     | £96,400,000      | +21421.4%      | PBT £2,667,000                 | £6,263,000     | Profit to loss   |                |
| EPS 6.30p                     | 11.40p           | 3.40p            | -46.0%         | EPS 2.90p                          | -9.80p         | 165.20p          | +5596.6%       | EPS 8.20p                      | 27.20p         | Profit to loss   |                |
|                               |                  |                  |                |                                    |                |                  |                | Xpertise Group plc             |                |                  |                |
|                               |                  |                  |                |                                    |                |                  |                | Interim - Jun 99               | Final - Dec 99 | Interim - Jun 00 | Comparison     |
|                               |                  |                  |                |                                    |                |                  |                | REV £2,048,000                 | £3,707,000     | £2,919,000       | +42.5%         |
|                               |                  |                  |                |                                    |                |                  |                | PBT £172,000                   | £1,710,000     | £228,000         | Profit to loss |
|                               |                  |                  |                |                                    |                |                  |                | EPS 0.45p                      | -0.84p         | -0.76p           | Profit to loss |

**We're coming home...**

Delighted that, after much badgering on our part, Mike Lynch has decided to seek a London listing for **Autonomy** (It originally went to EASDAQ and then, earlier this year, to NASDAQ). The offer, priced at £32.76, was six-times oversubscribed. No new money was raised with original VC backer APAX halving its 12% stake. Dealings commence 3rd Nov. Autonomy will have a market value of c£4.6b – which puts it just above Misys and would secure its admission to the FTSE100 in early Dec. 00. This really is great news. Autonomy is a great UK company and, as readers know, we strongly believe that UK companies should be listed in the UK. That's why an LSE/NASDAQ link is our favoured option.

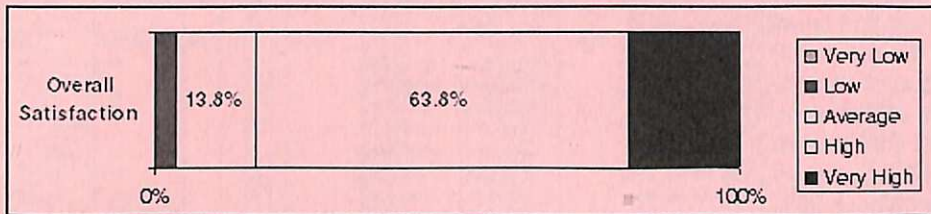
**UNISYS** Unisys' Q3 results show just how badly it too has suffered from the slowdown in traditional systems development and integration activities in H1. Net income is down 69% from \$138.4m to \$42.9m. Q3 revenue declined 9% to \$1.7b from \$1.9b in the year-ago period - 6% down without the negative impact of foreign currency translation. The results were in line with the company's previously announced outlook for the quarter. Unisys also said that it has completed its strategic business review aimed at focusing the company on e-business. As a result of this review, Unisys plans to implement a series of actions during Q4 to build its revenue base in new high-growth markets; focus its research and development resources on high-potential new markets; de-emphasize non-strategic, low-growth and low-margin businesses and products; and reduce its cost structure in line with its new, more focused, business model. Chairman and CEO Larry Weinbach commented: "As expected, this was a transitional quarter as we continued to evolve our portfolio and skills mix to meet the new requirements of the e-business market...Continued weakness in services revenue, primarily in systems integration and repeatable solutions, is reflective of the slow order activity in the first half of the year. Our technology business also declined in the quarter... these factors, in addition to the impact of unfavourable currency translation in our European business, affected the results for the quarter". There are some encouraging signs: "In services, we experienced strong double-digit revenue growth in network services, and we saw a sharp pick-up in orders for outsourcing and network services projects". From now on Unisys (along with all the other services providers!) is to focus on "value-added, high-potential opportunities to help clients design, build, and manage their e-business infrastructures for conducting secure, reliable, high-volume e-business transactions, and tie those systems into their legacy environments. This is the core competency of Unisys, and an area of high growth and attractive margins."

See also IBM p3.

## So what do you really think of System House?

We would like to say a big **THANK YOU** to everyone who responded to our *System House* Customer Survey.

Some of the trends began to emerge right from the start. The good news is that over 80% of you are very highly or highly satisfied with *System House* overall, and 65.5% of you believe that our monthly publication is either high or very high value for money, with the majority of other readers giving

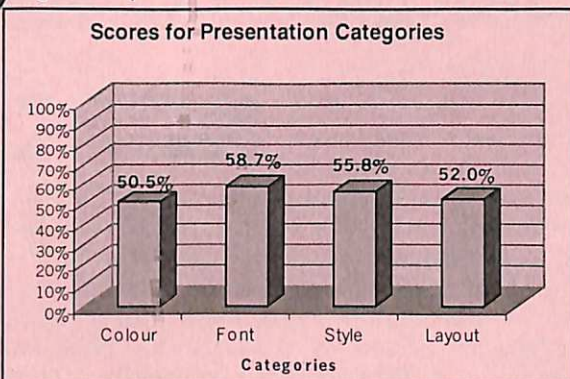


the publication an average rating on the value for money front – perhaps that's because you don't want us to put the price up!

Obviously we would like all our readers to be 100% satisfied so we will be looking more closely into areas that may warrant

improvement. Your answers to our questions on content were varied in places, so pleasing everyone will be very hard to achieve. However, some overriding themes have emerged. "More comment", we hear you scream... "More in depth analysis"... "More analysis of market/industry areas and trends"...more, more, more of everything we do, it appears! But in addition to wanting more, you also find the current set of content useful, with c96% of you always/sometimes reading the front-page article and the other news articles, and all other areas of the newsletter being read always/sometimes by more than 70% of readers in each case.

We did not rank so favourably when it came to presentation and layout. Although we do hasten to add that about half our readers stressed that they love our monthly review just the way it is... "don't worry about the presentation, concentrate on the content...keep it simple". Most of you are happy with the balance of graphs, tables and text, but when it comes to general presentation, we didn't score too well on font, colour, style or layout; you want more space, simpler font and



more legible tables and graphs (perhaps aided by colour). The most called for change was the inclusion of an index of companies.

To those of you who wanted *System House* to be printed on two sides, we would like to point out that it is printed on two sides and you're obviously receiving an illegal photocopy!! Apart from this, your opinions will not go unheeded. We will consider all your suggestions and look at improving *System House* while trying not to upset too many of the old school who love it just the way it is! The bonus for us is that you consider *System House* exceptionally good value for money and have stressed that you would not be averse to paying more to see the improvements made!!

All these points will be fully taken into account in the revamp of *System House* planned for next year.

And finally, what you have all been waiting for - the winner of the free place at the next CSSA Holway Presentation in July 2001 is **Andrew Scothern, MD of Ibcos Computers**.....we look forward to seeing him - and the rest of you - there.

### From Clicks to Bricks...

**How the pendulum has swung!** Just a year ago, investors thought you had to be a "pure play" B2C player to succeed. Egg would be a good example of the genre. Then we saw a torrent of traditional companies eager to jump on the internet bandwagon and dreaming up obscure new brand names such as If, Smile and Cahoot. Now all that is old hat too. What customers want apparently, is a branch network with real people they can talk to.

The internet banking sector is now moving towards a physical presence. Merrill Lynch and HSBC are to build a branch network for their new internet bank aimed at well-off investors and Cahoot has done a deal with the Post Office to allow customers to pay in cash and cheques. A survey by MMXI Europe revealed Barclays and Lloyds TSB - both of which have used their established brand name for their internet operations - beating Egg on numbers of users. First-e has abandoned its advertising programme and jobs will go.

And it is not only the banks. Also this month, rather amusingly, the gardening website, GreenFingers.com has launched a catalogue as evidence that it is "utilising its expertise to move into the mail order channel!"

As we have said many a time before, we firmly believe that it will be existing 'bricks' companies that embrace the 'clicks' that will be the ultimate winners. Treat the internet as just another channel to market - you cannot exist in cyberspace alone.

### A cocktail of trading updates

Several companies in our SCS index issued trading updates ahead of results this month and the result was a concoction of warnings and "in line with expectations" announcements from traditional IT services companies.

Amongst those issuing warnings were **RM**, who stated that although, on the whole, trading was in line with market expectations, the stalling of negotiations for the Classroom 2000 project (expected to have been completed end Sep. 00) would result in a £5.5m provision for costs incurred during the year. **RM** have been doing all the right things and we hope to see them expand overseas to take advantage of the huge opportunity in e-learning.

Also issuing a warning was **Computer Associates**, announcing an expected second quarter profit shortfall. This resulted in **IBM's** share price falling as **CA** is a major customer. **Vega Group** stated that trading conditions had been affected by delays in two major contracts in the defence industry although they stressed that the forward order cover remained strong.

On the upside, following a not so good financial year in 99, **Misys** assured shareholders that the outlook for the year remained in line with expectations and the future was faced with confidence. **Staffware** announced that turnover for the period was up 138% and that indications were that the trading profile was becoming more evenly spread through the year. **Diagonal** also confirmed trading in line with expectations.

## SCS Index dives again

It's been another volatile month with the Holway SCS Index down another 11.5% (that now equates to an 8% fall on the year to date) against a 2% increase in the FTSE100. The share price dives were across the board hitting large (Sema's 27% fall wiped around £1.9b off its market value) and small alike. But our internet index suffered the most with a 18% fall. That makes all the constituents "worth" just around £11b - compared with £28b at its height. There were a few rare gainers with **MMT Computing** up 20%, **Misys** up 16% and **Total** up 13%. But in all cases these companies have still lost about 30% in 2000 so far - the word "recovery" might be more relevant.

At the other end of the scale, there were some massive falls. **Sherwood** was down 40% and **Spring** 38%. **Freerise** (p2) fell another 34% to 155p - below the IPO price in July 99.

And the future? Our p1 feature makes it clear that the bottom of this market has still to be tested. We don't give share tips but the Abbey National's internet instant access account is currently paying 7.1%.....

| 30-Oct-00   | SCSI Index            |                       |                       |                       |                |                | 10587.17 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|----------------|----------------|----------|
|   | FTSE IT (SCS) Index   |                       |                       |                       |                |                | 2739.30  |
|   | techMARK 100          |                       |                       |                       |                |                | 3353.83  |
|   | FTSE 100              |                       |                       |                       |                |                | 6388.40  |
|   | FTSE AIM              |                       |                       |                       |                |                | 1626.10  |
|   | FTSE SmallCap         |                       |                       |                       |                |                | 3270.64  |
| <small>SCSI Index = 1000 on 15th April 1989</small> |                       |                       |                       |                       |                |                |          |
| Changes in Indices                                  | SCSI Index            | FTSE 100              | techMARK 100          | FTSE IT SCS Index     | FTSE AIM Index | FTSE Small Cap |          |
| Month (28/9/00 to 30/10/00)                         | -11.50%               | +1.98%                | -9.73%                | -11.01%               | -8.31%         | -4.06%         |          |
| From 15th Apr 89                                    | +958.72%              | +211.08%              |                       |                       |                |                |          |
| From 1st Jan 90                                     | +1050.65%             | +170.47%              |                       |                       |                |                |          |
| From 1st Jan 91                                     | +1395.64%             | +195.70%              |                       |                       |                |                |          |
| From 1st Jan 92                                     | +913.26%              | +156.24%              |                       |                       |                |                |          |
| From 1st Jan 93                                     | +564.36%              | +124.43%              |                       |                       |                |                | +135.75% |
| From 1st Jan 94                                     | +534.12%              | +86.88%               |                       |                       |                |                | +75.02%  |
| From 1st Jan 95                                     | +606.20%              | +108.40%              |                       |                       |                |                | +87.28%  |
| From 1st Jan 96                                     | +368.77%              | +73.16%               | +324.94%              |                       | +70.55%        |                | +68.46%  |
| From 1st Jan 97                                     | +295.42%              | +55.11%               | +266.67%              |                       | +66.59%        |                | +49.82%  |
| From 1st Jan 98                                     | +248.83%              | +24.40%               | +251.55%              | +173.93%              | +63.92%        |                | +41.39%  |
| From 1st Jan 99                                     | +168.61%              | +8.60%                | +130.34%              | +89.44%               | +102.86%       |                | +57.93%  |
| From 1st Jan 00                                     | -7.70%                | -7.82%                | -11.26%               | -26.32%               | -15.86%        |                | +5.58%   |
| End Oct 00  | Move since 1st Jan 98 | Move since 1st Jan 99 | Move since 1st Jan 00 | Move since 1st Jan 00 | Move in Oct 00 |                |          |
| System Houses                                       | 230.0%                | 113.6%                | -16.8%                | -12.5%                |                |                |          |
| IT Staff Agencies                                   | -32.5%                | -19.2%                | -29.7%                | -10.8%                |                |                |          |
| Resellers   | 54.6%                 | 64.5%                 | -20.8%                | -8.1%                 |                |                |          |
| Software Products                                   | 414.0%                | 339.3%                | 5.6%                  | -11.2%                |                |                |          |
| Holway Internet Index                               |                       | 553.2%                | -20.5%                | -17.7%                |                |                |          |
| Holway SCS Index                                    | 248.9%                | 168.7%                | -7.7%                 | -11.5%                |                |                |          |

## Systems Union

### "Different beasts" in 2000....

Systems Union's (or you might remember them as **freecom.net**) results for the six months to 30th Jun. 00 are pretty meaningless given the mega changes in the period. For the record, turnover is up from a mere £287K in 1999 to £15.7m (continuing operations grew 47% to £423K), LBT deepened dramatically to £96.4m. Commenting on the results Bob Morton, Chairman, said: "With the dramatic change in sentiment towards dot.coms companies, the management team has constantly reviewed its strategy and primarily through acquisitions, has built a platform with the aim of taking the Group to profitability in 2001".

**Comment:** Well the Systems Union of today (i.e. the freecom.net of yesterday) is a quite different beast to the operation that had revenues of just £600K and made losses of £1.95m in the year to 31st Dec. 99. The acquisitions of **Pegasus** (Feb. 00), **Oneview.net**, (Mar. 00) and of course **Systems Union** (May. 00), have given it a run rate of more than £70m. The acquisitions have not been without complications however - Oneview was extraordinarily expensive (£136m, a PSR of 1,360) and the subsequent "complications" well publicised. Systems Union states that the goodwill arising from the three acquisition was approx. £143m, but, in order to reflect the "dramatic change in sentiment towards dot.coms companies", it considers "the carrying value of goodwill has been written down by £83.3m".

**Footnote** Sage has always harboured an ambition to acquire Pegasus. "If only" most shareholders will no doubt now say! The whole bundle which is now Systems Union has a market capitalisation of just £51.1m which is less than the value of the bid for Pegasus alone in Feb. 00. But, of course, the real missed opportunity was back in Jul. 96. If Pegasus shareholders had said yes to Sage then, their shares in Sage would now be worth over £250m. Mind you, if Systems Union keeps on down its current road, Sage might well be able to pick it, or its customers, up for a veritable song. Share price is down 8% to 52p.

**InterX** has recently refocused to concentrate on being an Internet software business with the acquisition of **Cromwell Media** and the disposal of what used to be called **Ideal Hardware**. Its first set of final results (FY ending 5th Aug. 00) since altering the direction of the Group show continuing operations with turnover of £4.03m, compared to £3.18m for 1999, an increase of 26.7%. Clearly this excludes the £400m of Ideal Hardware revenues for the period! LBT on ordinary activities is £4.98m, compared to LBT of £20.62m (£15.64m of this loss is attributed to exceptional items and amortisation of goodwill). In 1999, the company reported PBT of £2.09m. A loss on continuing operations of £8.36m was reported. Richard Jewson, Chairman, said, "I am delighted with these, our first results, following a year of momentous change for the Group. We have performed ahead of our plan for the software business, whilst fundamentally refocusing the Group from an IT distributor to an Internet software business".

**Comment** - InterX is now a very different animal and there is now everything to play for in a much changed market too. BladeRunner is key to that future. Initial sales are with "connected parties" like Silicon.com, Digigenti and computerweekly.com. Although Royal & SunAlliance has recently also become a customer. Remember that the continuing bits of InterX have revenue of £5m, losses of £8m and a market capitalisation of £297.5m. At the end of October, the InterX shares price is down 19% at 855p.

## TEXT 100

**Text 100 Group**, PR to the technology industry, has announced results for the financial year to 31st July 2000. Turnover for the period has increased 60% to £36.4m and profits increased 59% to £2.7m (excluding flotation costs of £417K). The Group also announced that subject to shareholder approval, it is changing its name to **OneMonday Group** so as to remove confusion between the Group name and that of its primary brand, Text 100 International. Share price ends the month at 426.5p.

**Footnote.** "OneMonday", "FirstTuesday"? We are thinking of changing our name to "AllWeekLong"!



## Holway/System House SCS Share Prices and Capitalisation

|                             | SCS<br>Cat. | Share<br>Price<br>31-Oct-00 | Capitalisation<br>31-Oct-00 | Historic<br>P/E | PSR<br>Ratio<br>Cap./Rev. | SCSI<br>Index<br>31-Oct-00 | Share price<br>move since<br>28-Sep-00 | Share price<br>% move<br>in 2000 | Capitalisation<br>move since<br>28-Sep-00 | Capitalisation<br>move in 2000 |
|-----------------------------|-------------|-----------------------------|-----------------------------|-----------------|---------------------------|----------------------------|--|----------------------------------|---|--------------------------------|
| Actinic                     | SP          | £1.57                       | £192.5m                     | Loss            | 337.13                    | 1932                       | -19.95%                                | 93.21%                           | -£47.93m                                  | £92.90m                        |
| AFA Systems                 | SP          | £4.15                       | £95.9m                      | Loss            | 53.91                     | 3458                       | -23.29%                                | 55.72%                           | -£29.04m                                  | £47.40m                        |
| AIT Group                   | CS          | £17.10                      | £347.1m                     | 144.8           | 16.00                     | 11400                      | 5.56%                                  | 13.25%                           | -£59.92m                                  | £40.60m                        |
| Alphameric                  | SP          | £2.91                       | £296.8m                     | 76.4            | 11.72                     | 1335                       | -2.68%                                 | 97.96%                           | -£8.13m                                   | £183.60m                       |
| Alterian                    | SP          | £2.57                       | £100.5m                     | 6.7             | 100.50                    | 1283                       | -22.62%                                | 28.25%                           | -£29.45m                                  | £22.10m                        |
| Anite Group                 | CS          | £1.81                       | £482.4m                     | 45.9            | 3.03                      | 1058                       | -10.84%                                | 33.58%                           | -£58.59m                                  | £147.27m                       |
| Axon                        | R           | £7.80                       | £389.2m                     | 136.8           | 15.34                     | 4457                       | -20.00%                                | 31.55%                           | -£86.59m                                  | £100.11m                       |
| Azlan Group                 | R           | £1.87                       | £200.3m                     | 30.7            | 0.49                      | 811                        | -14.65%                                | 29.51%                           | -£34.00m                                  | £45.86m                        |
| Baltimore Technologies      | SP          | £5.28                       | £267.6m                     | Loss            | 115.02                    | 54154                      | -24.36%                                | 3.02%                            | -£156.91m                                 | £765.75m                       |
| Baron                       | SP          | £1.28                       | £5.7m                       | Loss            | 2.05                      | 1275                       | -26.09%                                | -70.35%                          | -£2.03m                                   | -£8.06m                        |
| Bond International          | SP          | £0.65                       | £9.3m                       | Loss            | 1.10                      | 1000                       | -9.09%                                 | -11.56%                          | -£0.95m                                   | -£1.21m                        |
| Bright Station              | CS          | £0.58                       | £100.3m                     | Loss            | 0.58                      | 527                        | -36.26%                                | -36.26%                          | -£2.81m                                   | -£40.58m                       |
| Business Systems            | CS          | £1.22                       | £98.4m                      | 196.0           | 3.04                      | 1021                       | -5.45%                                 | 2.10%                            | -£5.65m                                   | -£1.60m                        |
| Cadcentre Group             | SP          | £4.91                       | £82.0m                      | 24.4            | 3.43                      | 2455                       | -3.05%                                 | 52.01%                           | -£2.55m                                   | £28.40m                        |
| Capita Group                | SP          | £1.37                       | £351.0m                     | 165.8           | 10.88                     | 147855                     | -7.83%                                 | 45.22%                           | -£302.59m                                 | £1,202.01m                     |
| Cedar Group                 | SP          | £5.47                       | £407.0m                     | 70.7            | 11.31                     | 5048                       | -25.09%                                | -4.93%                           | -£58.50m                                  | -£91.44m                       |
| CFS Group                   | SP          | £3.04                       | £62.5m                      | 33.7            | 4.59                      | 3372                       | 5.93%                                  | 16.28%                           | £3.46m                                    | £20.99m                        |
| Clinical Computing          | SP          | £0.37                       | £9.3m                       | 32.4            | 2.99                      | 298                        | -2.63%                                 | -40.80%                          | -£0.25m                                   | -£5.41m                        |
| CMG                         | CS          | £11.41                      | £6,879.7m                   | 105.6           | 11.30                     | 31476                      | -11.89%                                | 0.18%                            | -£850.81m                                 | £1,046.67m                     |
| Commo                       | CS          | £6.23                       | £94.6m                      | 34.8            | 4.14                      | 4788                       | 0.81%                                  | 2.47%                            | £0.70m                                    | £2.04m                         |
| Compass Software            | SP          | £1.88                       | £20.0m                      | 62.7            | 13.63                     | 1250                       | -3.85%                                 | 25.00%                           | -£0.87m                                   | £4.03m                         |
| Compel Group                | R           | £1.54                       | £47.9m                      | 4.4             | 0.17                      | 1232                       | -25.78%                                | -71.46%                          | -£16.66m                                  | -£123.10m                      |
| Computacenter               | R           | £3.85                       | £703.8m                     | 17.5            | 0.40                      | 575                        | 10.32%                                 | -62.16%                          | -£65.80m                                  | -£1,121.19m                    |
| DCS Group                   | CS          | £2.08                       | £50.2m                      | 13.1            | 0.30                      | 3458                       | -29.06%                                | -80.33%                          | -£20.64m                                  | -£205.11m                      |
| Decam                       | SP          | £2.00                       | £11.8m                      | 13.6            | 0.75                      | 769                        | -6.98%                                 | -2.44%                           | -£0.86m                                   | -£0.30m                        |
| Diagonal                    | CS          | £2.75                       | £231.3m                     | 44.8            | 3.20                      | 3998                       | -21.99%                                | -27.15%                          | -£65.10m                                  | -£73.69m                       |
| DRS Data & Research         | SP          | £0.18                       | £6.2m                       | 25.5            | 0.76                      | 164                        | -1.37%                                 | -21.74%                          | -£0.08m                                   | -£1.73m                        |
| Easyscreen                  | SP          | £1.83                       | £80.7m                      | Loss            | 75.42                     | 1074                       | -17.98%                                | -44.61%                          | -£17.66m                                  | -£64.90m                       |
| ECSoft                      | CS          | £6.93                       | £81.0m                      | 40.0            | 1.20                      | 383                        | -6.10%                                 | -38.72%                          | -£5.28m                                   | -£42.20m                       |
| Eidos                       | SP          | £2.75                       | £283.0m                     | Loss            | 1.39                      | 13756                      | -21.02%                                | -74.68%                          | -£75.28m                                  | -£831.04m                      |
| Electronic Data Proc        | SP          | £0.95                       | £24.8m                      | 19.2            | 2.36                      | 2893                       | -19.23%                                | -74.90%                          | -£5.86m                                   | -£73.80m                       |
| Epic                        | A           | £3.37                       | £82.1m                      | 202.7           | 26.66                     | 3205                       | -13.38%                                | 307.88%                          | -£12.70m                                  | £62.90m                        |
| EuroLink                    | CS          | £0.82                       | £8.7m                       | 37.4            | 1.14                      | 820                        | -7.87%                                 | -32.79%                          | -£0.74m                                   | -£3.95m                        |
| FI Group                    | CS          | £5.13                       | £1,634.1m                   | 63.3            | 5.31                      | 13141                      | -5.95%                                 | 33.22%                           | -£99.55m                                  | -£1,262.89m                    |
| Financial Objects           | SP          | £1.37                       | £51.9m                      | 37.1            | 2.33                      | 601                        | 1.11%                                  | -78.00%                          | -£0.00m                                   | -£91.14m                       |
| Flomerics Group             | SP          | £7.93                       | £23.0m                      | 29.3            | 2.64                      | 6095                       | -6.75%                                 | 73.09%                           | -£1.67m                                   | £10.97m                        |
| Focus                       | SP          | £2.15                       | £54.0m                      | Loss            | 74.90                     | 1103                       | -9.85%                                 | 10.26%                           | -£5.88m                                   | £5.10m                         |
| Freemove                    | CS          | £1.55                       | £1,568.4m                   | Loss            | 80.18                     | 1033                       | -34.04%                                | -73.73%                          | -£809.13m                                 | -£4,374.59m                    |
| GlowComms                   | CS          | £0.03                       | £11.3m                      | Loss            | 1.23                      | 229                        | -15.38%                                | -68.57%                          | £7.04m                                    | -£0.21m                        |
| Gresham Computing           | CS          | £0.29                       | £13.4m                      | Loss            | 0.44                      | 315                        | -13.97%                                | -52.44%                          | -£0.17m                                   | -£13.60m                       |
| Guardian IT                 | CS          | £9.30                       | £649.1m                     | 85.3            | 13.18                     | 3647                       | -24.70%                                | -2.97%                           | -£210.45m                                 | £158.29m                       |
| Harvey Nash Group           | A           | £7.75                       | £226.3m                     | 24.3            | 1.50                      | 4429                       | -11.93%                                | 28.42%                           | -£30.62m                                  | £54.30m                        |
| Highams Systems Servs       | A           | £0.34                       | £6.7m                       | Loss            | 0.25                      | 944                        | -6.85%                                 | -39.82%                          | -£0.49m                                   | -£4.04m                        |
| ICM Computer                | SP          | £2.95                       | £57.2m                      | 19.2            | 1.15                      | 1639                       | -22.88%                                | -63.24%                          | -£17.00m                                  | -£95.30m                       |
| IE Group                    | SP          | £1.14                       | £48.1m                      | Loss            | 6.66                      | 1207                       | -5.02%                                 | -59.25%                          | -£2.31m                                   | -£69.41m                       |
| Innovation Group            | SP          | £9.98                       | £1,051.0m                   | Loss            | 250.54                    | 4355                       | -8.49%                                 | 335.59%                          | -£97.88m                                  | £809.58m                       |
| ISOFT Group                 | SP          | £1.74                       | £195.1m                     | 229.9           | 10.98                     | 1582                       | -10.77%                                | 58.18%                           | -£23.53m                                  | £71.81m                        |
| IS Solutions                | CS          | £2.23                       | £55.6m                      | 58.0            | 4.70                      | 8292                       | -19.82%                                | 178.13%                          | -£13.78m                                  | £36.40m                        |
| ITNET                       | CS          | £3.35                       | £235.5m                     | 29.8            | 1.80                      | 957                        | -30.21%                                | -50.92%                          | -£101.87m                                 | -£244.27m                      |
| Jasmin                      | SP          | £1.46                       | £6.9m                       | Loss            | 1.63                      | 973                        | -17.75%                                | 16.80%                           | -£1.48m                                   | £0.98m                         |
| Kalamazoo Computer          | CS          | £0.29                       | £12.2m                      | Loss            | 0.19                      | 814                        | -17.39%                                | -75.32%                          | -£2.61m                                   | -£37.30m                       |
| Keewill Systems             | SP          | £7.04                       | £536.5m                     | Loss            | 7.13                      | 13913                      | -25.74%                                | -55.02%                          | -£185.98m                                 | -£630.55m                      |
| Keystone                    | SP          | £0.74                       | £31.3m                      | Loss            | 6.53                      | 820                        | -18.68%                                | -24.87%                          | -£7.18m                                   | -£0.56m                        |
| Knowledge Management        | SP          | £1.82                       | £188.2m                     | Loss            | 90.65                     | 1255                       | -4.10%                                 | 39.62%                           | -£3.34m                                   | £53.34m                        |
| Knowledge Support           | SP          | £4.89                       | £360.9m                     | Loss            | 196.35                    | 2223                       | 0.62%                                  | 122.27%                          | £2.96m                                    | £198.43m                       |
| Logica                      | CS          | £19.00                      | £8,397.5m                   | 175.9           | 9.91                      | 26020                      | -10.80%                                | 18.97%                           | -£164.51m                                 | £2,041.52m                     |
| London Bridge Software      | SP          | £6.20                       | £1,051.7m                   | 195.0           | 24.94                     | 15500                      | -15.35%                                | -26.63%                          | -£132.70m                                 | -£278.28m                      |
| Lorien                      | A           | £0.81                       | £15.9m                      | Loss            | 0.11                      | 810                        | -14.74%                                | -35.97%                          | -£2.71m                                   | -£8.90m                        |
| Lynx Holdings               | SP          | £1.15                       | £179.7m                     | 25.1            | 0.85                      | 2875                       | -16.36%                                | -30.30%                          | -£35.15m                                  | -£1.46m                        |
| Macro 4                     | SP          | £9.35                       | £194.5m                     | 24.6            | 5.03                      | 3770                       | -4.10%                                 | 25.08%                           | -£8.30m                                   | £47.20m                        |
| Manpower Software           | SP          | £0.39                       | £5.3m                       | Loss            | 3.27                      | 397                        | -2.53%                                 | -66.38%                          | -£0.14m                                   | -£8.83m                        |
| MERANT                      | SP          | £0.79                       | £117.2m                     | 13.4            | 0.52                      | 379                        | -21.11%                                | -80.52%                          | -£31.44m                                  | -£463.55m                      |
| Microgen Holdings           | CS          | £3.58                       | £182.0m                     | 62.6            | 5.81                      | 1528                       | -2.05%                                 | -46.44%                          | -£3.83m                                   | -£157.80m                      |
| Misys                       | SP          | £7.20                       | £4,139.5m                   | 47.9            | 5.84                      | 8958                       | 16.50%                                 | -25.39%                          | £586.90m                                  | -£1,331.48m                    |
| MMT Computing               | CS          | £6.43                       | £77.8m                      | 19.5            | 1.90                      | 3824                       | 20.09%                                 | -32.55%                          | £13.02m                                   | £37.51m                        |
| Mondas                      | SP          | £0.49                       | £9.7m                       | Loss            | 7.14                      | 647                        | -11.82%                                | -55.30%                          | -£2.77m                                   | -£4.00m                        |
| Morse                       | R           | £5.78                       | £729.4m                     | 32.0            | 0.14                      | 2310                       | 4.52%                                  | 60.64%                           | £31.56m                                   | £289.66m                       |
| MSB International           | A           | £1.31                       | £26.7m                      | 7.6             | 0.14                      | 689                        | -9.03%                                 | -53.63%                          | -£2.62m                                   | -£30.90m                       |
| NetBenefit                  | CS          | £3.80                       | £60.8m                      | Loss            | 8.09                      | 1900                       | -18.28%                                | -57.30%                          | -£13.50m                                  | -£50.40m                       |
| Netstore                    | CS          | £1.42                       | £125.1m                     | Loss            | 91.17                     | 943                        | -2.41%                                 | 5.67%                            | -£7.51m                                   | -£7.51m                        |
| Nettec                      | CS          | £1.15                       | £121.7m                     | Loss            | 25.36                     | 477                        | -17.63%                                | -52.29%                          | -£26.02m                                  | -£133.30m                      |
| Northgate                   | CS          | £0.76                       | £211.2m                     | Loss            | 1.28                      | 290                        | 5.95%                                  | 147.54%                          | £11.81m                                   | £140.31m                       |
| NSB Retail Systems          | CS          | £1.70                       | £359.4m                     | 472.2           | 16.89                     | 14783                      | -29.17%                                | -18.56%                          | -£147.82m                                 | -£58.10m                       |
| Orchestream                 | SP          | £5.35                       | £653.2m                     | Loss            | n/a                       | 2892                       | -20.92%                                | 189.19%                          | -£172.74m                                 | £439.04m                       |
| Parity                      | A           | £1.94                       | £297.6m                     | 29.8            | 0.95                      | 32333                      | 6.89%                                  | -48.13%                          | £19.79m                                   | -£268.56m                      |
| Palsystems                  | SP          | £1.06                       | £134.7m                     | 13.6            | 221.59                    | 991                        | -22.34%                                | -0.93%                           | -£37.08m                                  | -£0.27m                        |
| Plant                       | SP          | £1.17                       | £95.7m                      | 41.4            | 7.19                      | 4875                       | -10.34%                                | -29.94%                          | -£11.01m                                  | -£28.20m                       |
| Polymaster                  | SP          | £4.85                       | £76.1m                      | 59.7            | 4.65                      | 3233                       | -11.82%                                | -2.51%                           | -£10.29m                                  | £6.00m                         |
| Protherics                  | SP          | £0.37                       | £62.9m                      | Loss            | 39.36                     | 440                        | 12.12%                                 | 0.00%                            | £7.50m                                    | £3.00m                         |
| PSD                         | A           | £10.58                      | £265.4m                     | 18.6            | 4.18                      | 4807                       | -6.21%                                 | 44.86%                           | -£17.58m                                  | £88.70m                        |
| OSP                         | SP          | £0.67                       | £59.8m                      | 11.8            | 1.18                      | 874                        | -21.76%                                | -56.19%                          | -£16.75m                                  | -£76.80m                       |
| Quantica                    | A           | £0.83                       | £24.6m                      | 10.0            | 1.36                      | 504                        | 9.65%                                  | 19.05%                           | £2.25m                                    | £4.00m                         |
| Rage Software               | SP          | £0.18                       | £58.2m                      | Loss            | 13.80                     | 702                        | -18.89%                                | -68.67%                          | -£13.51m                                  | -£102.30m                      |
| RDL                         | A           | £2.04                       | £22.8m                      | 24.1            | 1.25                      | 2267                       | -4.67%                                 | 113.61%                          | -£1.12m                                   | £12.10m                        |
| Recognition Systems         | SP          | £2.92                       | £265.0m                     | Loss            | 114.47                    | 4164                       | -15.14%                                | -16.48%                          | -£47.24m                                  | -£52.21m                       |
| Retail Decisions            | SP          | £1.43                       | £195.9m                     | Loss            | 15.41                     | 1932                       | -0.35%                                 | 93.24%                           | -£0.59m                                   | £94.93m                        |
| ReXOnline                   | A           | £1.07                       | £7.0m                       | Loss            | 9.56                      | 1268                       | -19.01%                                | 4.93%                            | -£1.64m                                   | -£1.04m                        |
| RM Group                    | SP          | £7.25                       | £677.1m                     | 78.1            | 4.17                      | 20714                      | -19.67%                                | -15.45%                          | -£165.78m                                 | -£111.77m                      |
| Rolle & Nolan               | SP          | £4.08                       | £57.5m                      | 37.8            | 2.52                      | 4851                       | 1.24%                                  | 5.84%                            | £0.76m                                    | £5.50m                         |
| Royalblue Group             | SP          | £15.00                      | £445.5m                     | 114.5           | 11.22                     | 8824                       | -6.69%                                 | 43.20%                           | -£31.89m                                  | £138.61m                       |
| Sage Group                  | SP          | £4.94                       | £6,258.6m                   | 118.5           | 20.38                     | 190000                     | -2.18%                                 | -34.61%                          | -£139.01m                                 | -£2,958.36m                    |
| SBS Group                   | A           | £1.30                       | £11.8m                      | 15.0            | 0.22                      | 1300                       | -18.24%                                | -36.59%                          | -£2.70m                                   | -£6.20m                        |
| Science Systems             | CS          | £5.30                       | £133.6m                     | 47.3            | 4.31                      | 4109                       | -12.40%                                | 45.80%                           | -£18.86m                                  | £71.10m                        |
| SDL                         | CS          | £3.58                       | £141.6m                     | Loss            | 10.93                     | 2383                       | -6.54%                                 | -11.95%                          | -£9.91m                                   | £5.20m                         |
| Sema Group                  | CS          | £8.57                       | £5,150.4m                   | 61.5            | 3.65                      | 10780                      | -25.75%                                | -23.07%                          | -£1,880.86m                               | -£6.58m                        |
| ServicePower                | SP          | £0.85                       | £43.2m                      | Loss            | 11.49                     | 845                        | 3.68%                                  | -26.52%                          | -£1.52m                                   | -£15.51m                       |
| Sherwood International      | CS          | £4.55                       | £192.0m                     | 19.0            | 4.07                      | 15158                      | -40.91%                                | -63.31%                          | -£124.45m                                 | -£307.70m                      |
| Skillsgroup                 | SP          | £1.11                       | £98.0m                      | 10.8            | 0.49                      | 498                        | -18.08%                                | -63.12%                          | -£21.67m                                  | -£165.70m                      |
| Sopheon                     | CS          | £4.10                       | £162.8m                     | Loss            | 107.79                    | 5899                       | 0.61%                                  | 25.19%                           | £10.33m                                   | £57.67m                        |
| Spring                      | A           | £0.59                       | £97.9m                      | Loss            | 0.22                      | 650                        | -38.42%                                | -65.69%                          | -£54.75m                                  | -£158.80m                      |
| Staffware                   | SP          | £20.93                      | £284.5m                     | 121.6           | 11.25                     | 9300                       | -23.56%                                | 157.54%                          | -£87.78m                                  | £181.34m                       |
| StaffPro                    | SP          | £0.75                       | £20.1m                      | Loss            | 6.39                      | 931                        | -8.02%                                 | -4.88%                           | -£1.80m                                   | -£1.50m                        |
| Superscape VR               | SP          | £3.05                       | £111.0m                     | Loss            | 36.16                     | 1540                       | -8.68%                                 | -10.69%                          | -£0.76m                                   | -£1.40m                        |
| SurfControl (was JSB)       | R           | £18.13                      | £545.6m                     | Loss            | 62.67                     | 9053                       | -8.23%                                 | 76.83%                           | -£46.90m                                  | £287.30m                       |
| Synstar                     | CS          | £0.56                       | £91.0m                      | 11.5            | 0.42                      | 339                        | -25.32%                                | -75.49%                          | -£32.51m                                  | -£280.29m                      |
| Systems Integrated          | SP          | £0.41                       | £5.5m                       | 30.9            | 3.57                      | 357                        | -9.89%                                 | 9.33%                            | -£0.61m                                   | £0.46m                         |
| Systems International       | CS          | £0.41                       | £14.0m                      | 8.6             | 0.82                      | 713                        | -8.89%                                 | -44.59%                          | -£1.35m                                   | -£11.30m                       |
| Systems Union (was Freecom) | CS          | £0.52                       | £51.1m                      | Loss            | 85.30                     | 396                        | -84.15%                                | -84.15%                          | -£4.50m                                   | £0.70m                         |
| Telework                    | SP          | £2.54                       | £458.5m                     | 244.2           | 25.41                     | 0                          | -15.33%                                | 75.17%                           | -£82.99m                                  | £196.61m                       |
| Teime.com                   | CS          | £0.39                       | £30.2m                      | Loss            | 2.16                      | 248                        | -37.90%                                | -61.50%                          | -£14.61m                                  | -£42.03m                       |
| Terence Chapman             | CS          | £2.86                       | £194.2m                     | 52.5            | 6.34                      |                            |  |                                  |   |                                |

### A big step forward



**Logica** has announced the acquisition of German IT services company **pdv** for a cash consideration of up to c£370m, to be funded by a 1 for 10 rights issue at 1150p per share raising £458m. Logica expects pdv to enhance its EPS in the current FY.

Commenting on the developments, CEO Martin Read said: "Germany is the largest market for software and IT services in Europe and one for which I believe Logica's products, services and expertise are ideally suited. pdv is a successful company already operating in similar market sectors to Logica. The proposed acquisition will take Logica's workforce in Germany from approximately 100 to 1,300 and offers the critical mass we have been seeking to capitalise on the German market".

**Comment:** This is a big step forward for Logica, and looks like a good move. In acquiring pdv, Logica broadens its geographical operations and further develops its activities in its chosen vertical market sectors, specifically telecomms, energy and utilities, finance, industry and the public sector. The press release states that Logica attaches "great strategic importance" to gaining a significant presence in Germany, since the IT services market in Germany is forecast to grow faster than the UK and Europe as a whole, through to 2003 (forecasts from our very own European Software and IT Services Report!).

Also this month, **Logica** announced the acquisition of Australian company **MITS**, the "utilities focused IT services business unit of Utility Services Corporation" for approx. A\$85m (£31.9m). The consideration will be satisfied from the proceeds of the pdv rights issue. MITS employs c550 staff and is primarily active in systems integration, FM and technology maintenance. These operations generated revenues of approx. A\$65m for the FY ended 30th Jun. 00. Also forming part of the acquisition is the IT consulting arm of USC. The market has shaved 11% off the share price which currently stands at 1900p, but that still makes the 1150p rights issue price a bit of a 'no brainer'.

**Iomart**, a telecomms and internet services company, has acquired **NSL** - which provides web hosting, co-location and domain name registrations - for a "nominal consideration". **Patsystems**, a developer and distributor of derivatives trading software, has acquired **WinTrade**, a software house that develops "trading front ends in the derivatives arena". The consideration is £500K cash and 1.3m shares.

In the continued, almost frenzied, consolidation of the quoted internet incubator/investment companies, **NewMedia Spark** is to acquire **Internet Indirect**. The offer is on the basis of 3.7 new Spark shares, 1 new warrant and 0.266 shares in **EO plc** (a Spark investee company) for every 10 Internet Indirect shares. The deal values Internet Indirect at 25p per share, i.e. £80m. The enlarged group will have over £90m cash to invest. Earlier in the month, **Internet Indirect** invested £1m in **QSA** for a 14.6% stake. QSA provides "knowledge management-based software for the development and communication of data through the food and drink sector supply chain". Internet Indirect's investment was part of a £2m financing, with the balance of the funds coming from private investors. Also announced was a £1.5m investment in **Mirago**, the UK-centric internet search service.

**Interregnum**, another AIM listed IT investment and advisory company, has announced a £2m investment in **Respond UK**, a CRM software and services vendor. 3i

has invested a further £2m. **Axiomlab**, yet another AIM-listed internet investment company, and **Internet Business Group**, also AIM-listed, have both made investments in **Casmir**, a knowledge management company. Axiomlab has acquired 10% for £200K and IBG has 2.5% for £50K.

**Sage Group** has announced the acquisition of the entire share capital of **Computer Resources Limited**, based in Eire, for a cash consideration of £5.3m. CRL is a player in the Irish Payroll Market with its Quickpay and Micropay products and a supplies business.

**The Innovation Group (TIG)**, has announced that it is to acquire:

- **Geniq Systems**, a developer and systems implementer of e-business based solutions, for a maximum consideration of £10m.

- a 26% stake in **InFront Solutions**, a consultancy specialising in subsidence management, personal injury claims management and fraud profiling solutions for the insurance sector, for a consideration of £2.8m.

- **Tamlura** ("Motorcare"), the "UK's leading provider of motor accident and breakdown management services to the insurance industry", for a maximum consideration of £37m, to be satisfied by approx. £18m cash, £15m by the issue of new TIG shares and deferred consideration of up to £4m. The placing of 7.4m shares at 900p per ordinary share will raise approx. £67m.

**Ingenta**, the global research company, has acquired **Dynamic Diagrams**, the on-line journal and website development operations of **Cadmus Communications Corporation**. Dynamic Diagrams provides data conversion, software, and on-line content development services to journal and reference publishers in the US. The consideration payable by Ingenta is equivalent to the net asset value of the assets acquired to a maximum of \$5.5m, subject to a completion audit.

**Baltimore Technologies** announced that it has signed a definitive agreement to acquire **Nevox Software Technologies**, an innovator in policy driven authorisation technology for secure e-business deployments. The total consideration of the acquisition is valued at 4.2m Baltimore ordinary shares. Based on the closing price in London on 3rd October, the transaction consideration is equivalent to approximately £29m.

**Torex**, the IT solutions provider for Health and Retail markets today announced the acquisition of **Scheduled Works Limited** for a maximum consideration of £7.1m. £3m of this is payable depending on the profitability of SWL in the period to 31st Dec. 00.

**Dimension Data Holdings**, has reached agreement to acquire 100% of **Timebridge Technologies**, a leading Maryland-based network services and e-business solutions provider, for \$35m in cash. A further cash injection of \$15m will be utilised to cover \$5m in debt with the balance required for working capital. The company has also announced a strategic acquisition by its Swiss Subsidiary, Dimension Data Switzerland, of **Netpartner**, a Zurich-based network integration company.

**CFS**, following shareholder approval at its AGM, will be pressing ahead with the acquisition of **Decisions Systems Inc.**, and will also change its name to **IDS Group**. **NSB** is said to be planning to acquire Canadian rival **STS Systems** for up to £300m. But NSB also issued a statement saying it was delaying a rights issue to help fund a "substantial acquisition". The acquisition would have to be partially funded by equity fund-raising and, as the stock market at the moment is so volatile, going forward with fund-raising will only happen when conditions improve.

## Forthcoming IPOs

| Name         | Activity                             | SCS or Dotcom Index | Index Class | Market | Issue Price | Est Market Cap. | IPO Date  |
|--------------|--------------------------------------|---------------------|-------------|--------|-------------|-----------------|-----------|
| Charteris    | Business & IT management consultancy | SCS                 | SS          | AIM    | 90p         | £31.3m          | 01-Nov-00 |
| Autonomy     | Personalised system technology       | SCS                 | SP          | MAIN   | 3276p       |                 | 03-Nov-00 |
| XEurope      | Internet Server Accomodation         | Dotcom              | S&S         | MAIN   | tbc         | £300.0m         | 06-Nov-00 |
| Totalise     | Internet Services                    | Dotcom              | SS          | AIM    | 21p         | £17.9m          | 12-Nov-00 |
| EBF Finance  | Technology Investment                | Dotcom              | E-I         | AIM    | tbc         | £25.0m          | tbc       |
| eDefined.com | Online Financial Services            | Dotcom              | C&M         | AIM    | tbc         | £50m            | tbc       |
| Phase8       | Internet Services                    | Dotcom              | SS          | AIM    | tbc         | £20.0m          | tbc       |
| Realcall     | Internet Solutions                   | Dotcom              | S&S         | MAIN   | tbc         |                 | tbc       |
| e-go systems | Enterprise Service Provider          | SCS                 | SS          | MAIN   | 2p          | £76.3m          | tbc       |
| STG Holdings | Hi-tech investment                   | SCS                 | O           | AIM    | 200p        | £61.2m          | tbc       |

## Recent IPOs

| Name               | Activity                    | SCS or Dotcom | Index Class | Market   | Issue Price | Market Cap. | IPO Date  | Price end Oct 00 | Premium/Discount |
|--------------------|-----------------------------|---------------|-------------|----------|-------------|-------------|-----------|------------------|------------------|
| Cyberchina         | Chinese Investment Company  | SCS           | O           | AIM      | 2p          | £23.1m      | 07-Oct-00 | 2p               | 13%              |
| Internet Incubator | Internet Incubator          | Dotcom        | E-I         | MAIN     | 50p         | £40.7m      | 18-Oct-00 | 52p              | 3%               |
| IT IS              | Vehicle tracking software   | SCS           | SS          | AIM      | 186p        | £180.0m     | 16-Oct-00 | 169p             | -9%              |
| nCipher            | Internet Security Products  | Dotcom        | SS          | MAIN     | 275p        | £389.5m     | 19-Oct-00 | 393p             | 43%              |
| Orbital Software   | Internet Software           | Dotcom        | SP          | AIM      | 145p        | £65.1m      | 11-Oct-00 | 154p             | 6%               |
| Raft International | Banking software            | SCS           | SS          | AIM      | 64p         | £42.0m      | 11-Oct-00 | 63p              | -2%              |
| Synigence          | SW & Multimedia Distributor | SCS           | R           | AIM      | 52p         | £22.1m      | 06-Oct-00 | 55p              | 5%               |
| WMRC.com           | B2B Information Provider    | Dotcom        | B2B         | techMARK | 86p         | £100.0m     | 05-Oct-00 | 100p             | 16%              |

### IPO or Trade Sale?

A couple of articles on the subject of IPOs grabbed our attention this month. The first in Investor's Week carried the headline "IT shuns IPOs in favour of private funding". Leeds-based venture capitalist, Philip Cammerman said he has seen IT entrepreneurs dismiss IPOs in favour of further rounds of private funding due to the stock market's "technology stock jitters". Well, that's of course if even the VCs want to speak to them any more! The second article appeared in the FT at the beginning of October entitled "IPO investors turn choosy but companies still line up". The article focused on the US market where a raft of IPOs in late summer has been followed by a period of caution.

Obviously, the result of both viewpoints is the same: **fewer IPOs**. During our investigation into the e-business services market for a report due later this year, we have heard a variety of views from companies. **Halogen**, the Scandinavian e-business services company with a strong European presence, has decided against flotation on the Swedish stock market until the beginning of 2001 due to stock market conditions. On the other hand, **Szygy**, another pan-European pure-play Internet services company is going ahead with its IPO and has recently issued its prospectus.

Once companies have IPO'd, we have seen a range of premiums/discounts, ranging last month from **Web Sharesop**, an on-line investment company, seeing a 67% discount for the period from IPO to the end of the month and those like **TransEDA**, provider of circuit testing software, showing a 72% premium. As stated in our front-page article, the next period could well see more falls in share prices coupled with the volatility we have seen recently.

The other side of all this is 'trade sales'. Here our M&A research customers like **Regent** and **Broadview** report record business. But here too, company owners must be realistic and accept that the quite unsustainable prices of early 2000 are just that! But, if you are realistic, there are a lot of buyers out there looking to acquire critical mass. Many of them have decent sized war chests raised when the market was at its height but awaiting just the kind of 'correction' we now see.

### Mergers and acquisitions - continued

**Nettec**, the "integrated e-business solutions provider", has announced its third acquisition in France in four months, this time of **ByTheWay**, a marketing communications group, for FF85m. **Argonaut Games** has acquired **Just Add Monsters**, a new game development company based in Cambridge. The consideration is £200K cash and £400K in shares plus a deferred consideration of up to £210K in Loan Notes payable upon the achievement of certain revenue targets by mid 2001. **Protocol Venture Capital**, a division of **Dimension Data**, is set to take a 20% stake in **Shift Interactive Communication**, a company specialising in the development of media-rich, intuitive applications for e-commerce to complement the groups interactive commerce applications.

**Michael Bailey Associates (MBA)**, the EASDAQ-listed IT staffing agency, has acquired IT and telecomms staff agency **Intelligent Solutions**, from the receiver. MBA has paid £60K in cash and is undertaking to finance current contractor wages bills of approx. £1.125m. Intelligent Solutions (there is an irony there surely!) had a turnover of £21.5m to the year to 31st Apr. 00. and had c400 contractors on assignment in the UK and overseas. The acquisition "effectively doubles" the size of MBA's operations, and will provide impetus for international expansion, according to MBA's CEO, Michael Garlick.

### To be or not to be acquired...that is the question!...

On 1st Jun. 00, **Computacenter** made of an offer for **Compel** at 275p per share. Since then Computacenter share price has fallen from 700p to 385p with Compel falling to 154p. Computacenter says it is now no longer interested in acquiring Compel.

We, however, were more interested in the c11% stake Peter Rigby's **Specialist Computer Holdings (SCH)** had been building. Just for once we thought this might be for 'strategic' rather than Rigby's usual canny 'investment' reasons.

Given that consolidation in the reseller market was inevitable, a Compel/SCH link up made a lot of sense. But now Rigby too has declared that he ain't interested in making a bid.

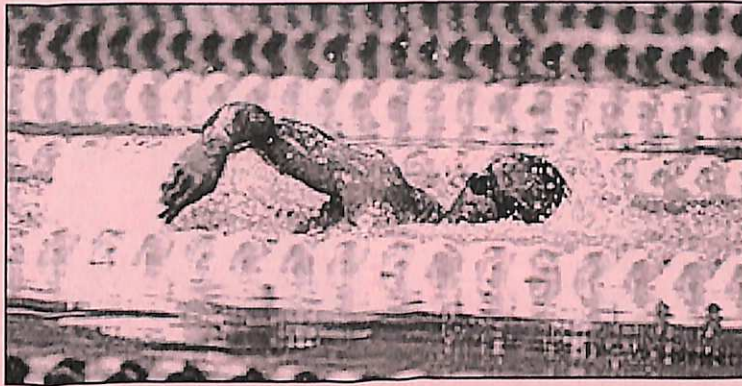
But, 'what will now become of Compel?' The PC reseller marketplace is clearly in the doldrums leading to immense competitive pressure for the business that remains. *Expect more blood on the floor.*

### And another "non-acquisition":

On 20th Jun. 00, **Eidos** stated that they were in talks which could lead to the acquisition of the company. This month, the company announced that the discussions have been terminated and Eidos' share price has crashed to 275p this month. *That's a pretty far cry from the 1320p high hit earlier this year when Lara Croft was everyone's hero(ine).*

Once upon a time...

Eric Moussambani was happily living in his village in Equatorial Guinea (Africa) where life had remained unchanged for centuries. Just like his forefathers before him, he worked on growing trees which were felled and sold as timber. He was surrounded by his friends and relations and, as we all know, his Mum really loved him. Everyone called him **e-ric the e-el**. There were others in the village just like him. Indeed, they too, just like e-el, had TLAs like **IBM, ICL, EDS, CSC** etc.



e-ric then decided that he really ought to compete in the New World. Indeed, if he wasn't to sink he better learn to swim. *And what better place than a crocodile infested river to do just that!* He then found himself outside his cosy and traditional environment in a high tech. Olympic swimming pool in Sydney competing in the 100m against competitors he had never heard of...*indeed from countries he had never heard of.* They had names like **Pixelpark, Framfab, Adcore** and they came from strange countries which no one anywhere had ever heard of - like **Sweden!** But, after his earlier river swimming experiences, the competitor he was really scared of was called **Razorfish**. Mind you, he was quite surprised to find that one of the competitors was from his old village and had actually changed his name by deed pole to **Vibe**, *can you believe*, so they would appear trendy in the New World (Afterwards, e-ric was pleased to see that they had reverted to the old family name of **CSC**). What really worried e-ric was that these competitors had different objectives. e-ric had learnt to swim to stop himself from sinking. Indeed, he wanted to make some money from his new activity to help support his rather large and extended family back home in his village. But his competitors couldn't care less about making money...they just wanted to swim faster and faster at whatever cost.

Well, can you guess what happened children?

e-ric won his particular race, of course! But only because the other people in that heat went broke..*sorry, did something really wicked and were disqualified!* But, even so, poor e-ric came nowhere when the 2000 Olympic medals were awarded. He had been truly beaten by all the new competitors.

So what's happening to e-ric now?

e-ric the e-el is still swimming...possibly slower than the others but he ain't sank yet. And he's still got a home and family. Indeed his Mum still loves him. This is largely because e-ric is still earning *some* money - albeit a bit less than he expected. But, even more importantly, e-ric is looking forward to the 2004 Olympics in Athens with some relish!

e-ric reckons that he could still be a winner, just like he was at home in his safe village, in the New World once he gets his act together and learns to swim in some very different waters than those he has been used to.

There is a lesson here for you children...

- just as in *The Tale of the Tortoise and the Hare* we told you last week, those that are initially fastest often fall by the wayside.

- short term, there may be more remunerative ways of earning a fast buck than growing a tree. Longer term, everyone will still need timber.

- if you remain loyal to your brothers, sisters, friends and (most importantly) your Mum...they will still love you when others momentarily desert you.

- if you learn to swim (and don't in the process drown) in today's environment you might, indeed, go forward to win a Gold Medal in 2004.

Goodnight and Sweet Dreams

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