ovum HOLWAY

April 2003

Volume 14 Number 6
Available by Subscription Only

ISSN 0967-2583

SYSTEMHOUSE

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

HOW LOW CAN YOU GO?

On 22nd Sep. 93 we met Martin Read at Logica's Stephenson House HQ for the very first time. Having followed Logica for many years, we had got to know founder Philip Hughes and then David Mann well. As analysts, our reviews had been far from positive for a number of years. We had rather famously described Logica as a six-cylinder motorcar that never quite managed to fire on all cylinders. We had also described them as the worst of both worlds i.e. a HIGH risk but LOW margin business.

Read was fresh from Weinstock's GEC. *He was impressive.* The **SYSTEM**HOUSE review in Oct. 93 read: *"Everything we heard from Read was music to our, and one hopes all shareholders', ears. It really is about time!".* Indeed it was headlined **"Logica – *at last* getting its act together"**.

We have talked with Read dozens of times since – mostly one-on-one. He always calls early on the days when both the full and interim results are announced. We have great respect for the man. Respect for what he's done at Logica and "respect" in that street cred meaning of the word…*ie we wouldn't want to mess with him either!*

We last spoke at 8am on 5th Mar. 03 on the "maiden" announcement of LogicaCMG's results. We wrote a fair, but not very optimistic, review for Hotnews (see full Logica results review on p4) and watched as yet another 15% was written off the share price on the day.

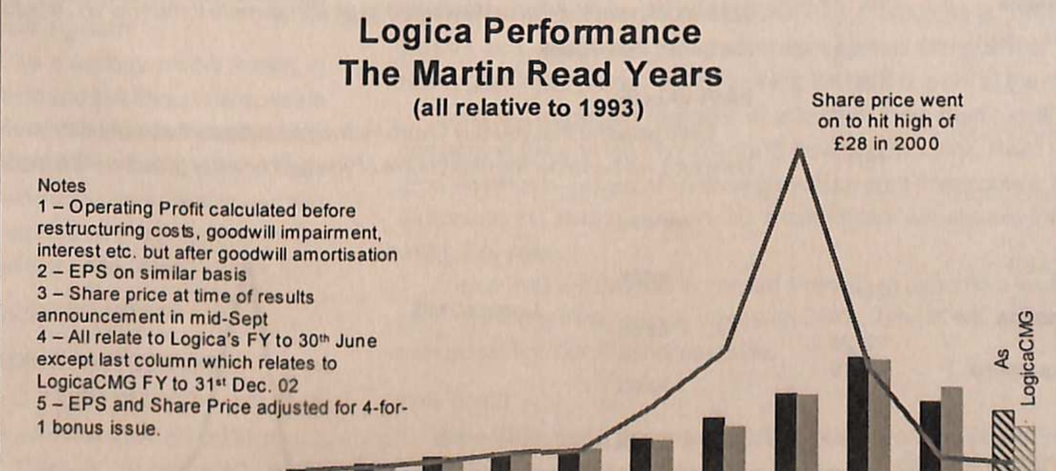
A "REMARKABLE" TEN YEARS

What has happened to Logica in the last ten years under Read is truly remarkable. Maybe what has happened to the IT industry in those ten years is equally remarkable.

But the investment returns for long term shareholders have been pretty meagre. Indeed, rather than backing Read, Logica shareholders would have done better investing in a building society as the chart on page two shows.

But don't think this is something peculiar to Logica. Our S/ITS index was 1723 at the end of Sept. 93 – it is just 37% higher at 2365 at the end of Mar. 03 (see page 2). That's a pretty minimal 3% annual average growth rate (AAGR) too.

Indeed, **any cursory comparison between these two charts might lead you to think they were the same.** Although the "shape" is similar, Logica reached a peak in March 00 when it was 5600% up on 1993 whereas our S/ITS index was "only" some 800% higher. Also worth pointing



	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002 (to 30th June	2002 (to 31st Dec
Operating Profit	£8.1m	£12.8m	£19.4m	£23.6m	£27.7m	£39.6m	£60.3m	£83.4m	£120.7	£75.2m	£65.8m
EPS at Operating Level	1.7p	2.8p	4.3p	5.4p	6.2p	8.1p	11.8p	16.9p	25.4p	19.1p	10.9p
Share price	50p	62p	97p	144p	168p	440p	800p	2130p	675p	120p	Current 91p

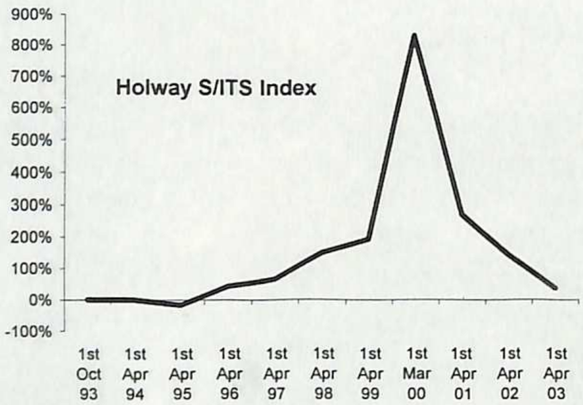
[continued on page two]

[continued from page one]

out that LogicaCMG has still outperformed the S/ITS market as a whole – *although that might be small comfort!*

Since 1993, Logica's revenues have grown 8-fold from £217m to £1.8bn. Operating profit is up 8-fold and EPS (at the operating level) is up 6-fold. But the share price is currently up only 82%.

Of course, it was all so different just three years back in 2000 when Logica was in the FTSE100 with a market valuation >£10b and a share price over £28. The share price is off a remarkable 97% from that high. When we first met Read back in 1993 Logica was valued at 70% annual revenues and a P/E of 30. Today Logica is valued at roughly a third annual revenues and, at the very best interpretation of EPS, a P/E of 8.



TOO LOW?

This month has been one of record lows. Seven year lows on the FTSE - 20 year lows in Tokyo. The third anniversary of the March 6th 2000 record highs in the IT sector have resulted in many articles showing precipitous falls on share price charts, personal fortune loss lists that make you shudder and valuation declines measured in series of zeros which make your brain ache. *OK, it's bad.*

The real questions are *"Where to from here?"* and *"Can it really get any worse?".*

The problem is that when Read took the helm at Logica it was a mightily different world than we face today.

- The UK (and the world) was climbing out of recession *rather than entering one*

- Conflict with Iraq was over *rather than just beginning.*

- There were more "Next Big things" in technology than types of candy in a sweet shop. The internet, e-mail, mobile phones, texting, home computing, Windows, digital media of all kinds and so on.

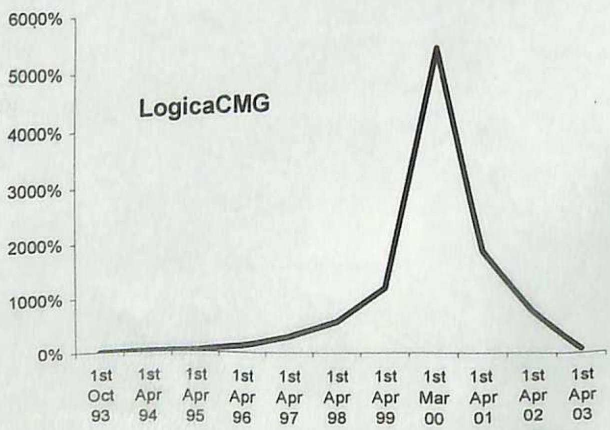
- In "serious" IT services, the boom in outsourcing was just gathering pace, as was the move to ERP, CRM etc.

- Skill shortages were appearing - *rather than disappearing* - and staff retention was a major issue. Indeed inflation busting salary increases were taken for granted.

We could go on. But listing the problems that Read – and the whole sector – faces today is a whole different ballgame. We all face problems of cost reduction – staff with salaries bearing little relationship to fee rates anymore and fixed costs (like property) that are now too high. The boot is on the buyer's foot now. *As the old Irish joke says, if you really wanted to go somewhere tomorrow you wouldn't start from here today.*

FAIR VALUE

Let's assume that you buy Ovum Holway's forecasts that – at best – sector revenues will be flat for the next couple of years. Thereafter growth will be modest



[continued on page three]

INDEX

INDICES (changes in Mar. 03)

Holway S/ITS	-6.8%	2365
Holway Internet	-7.0%	1783
FTSE IT (SCS)	-11.6%	289
techMARK 100	-1.9%	590
Nasdaq Comp	+0.2%	1341

[continued from page two]

– around GDP. Let's also assume that we've all stopped *Living in Denial* and that costs will be cut accordingly so that profits can be made. Let's face it our sector has never been particularly *high profit*. The highest average PBT profit margin (including the ever-present loss-makers) ever recorded was in 1998 when it was just 6%. So let's aim for a 5% PBT margin in the mid term.

You can work out the figures yourself. Based on this margin, and allowing for a corporation tax rate of 25%, P/Es of c15 equate to PSRs of around 60%. That would tend to indicate that current valuations are not only fair but are unlikely to leave much room for improvement in the mid term. Indeed, it's the other way around.

Can a no or low growth sector command valuations <u>as high as 15?</u>

P/Es of around 10 are more usual in other low growth/mature sectors. That equates to PSRs of only 40%.

In other words, taking Logica merely as an example of the whole sector, today's valuation does not look widely out of court. Returns in the future will be related not to *wild* improvements in sentiment but to *solid* improvements in performance – *earnings* performance rather than *revenue* growth.

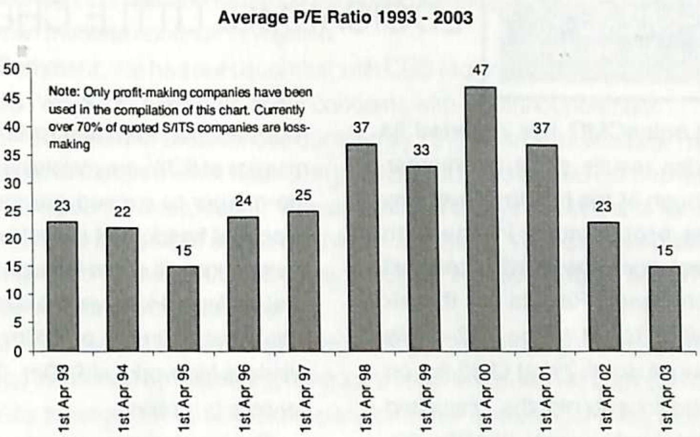
It's a salutary math's lesson to remind you that if your share price is 98% off its high it now actually needs to increase 50-fold to get you back to where you were. *Perhaps we can all agree that this is unlikely in the market we now face!*

WHERE TO NOW?

ENDING NUMBER ONE

Our first Logica review with Read at the helm in 1993 ended thus:

"Clearly Logica's main institutional shareholders will give Read the time and the backing he needs to make the required changes. If he fails, then they should tell the board not to spurn the suitors and accept a friendly bid". SYSTEMHOUSE Oct. 93.



Logica's shareholders are now very different. They are more likely to be short term rather than long term investors nowadays. Read has hardly failed and the revenue growth figures speak for themselves. But the market outlook for the whole sector – and companies like LogicaCMG in particular - is indeed "challenging". Tier 2/Mid-sized is an "endangered" species right now.

Shareholders in companies like LogicaCMG have to face reality.

Do they accept that, even using the current valuations as a start point, capital appreciation will be modest in the mid term? Even though the market outlook may, indeed, look very different than in 1993, the question poised by our Oct 93 article seems strangely topical. Ie that Logica CMG might become part of the IT sector consolidation process and that this might actually be in the best interests of shareholders

But, let's face it, this is a pretty gloomy view.

In the way of all soap operas nowadays, perhaps there is an alternative scenario. It goes like this

ENDING NUMBER TWO

LogicaCMG is a company with a fine past and an exciting future. As "multisourcing" gathers pace, LogicaCMG's position as a "Best of Breed" IT services consortia pa *"the right places at the right time"*. For example, see LogicaCMG's prime position bidding for NHS IT work at the moment.

Read is a respected manager who knows, more than most, how to run a company in these kinds of challenging market conditions. Read will be able to grow earnings in excess of revenue growth by tight cost control. As the market reckonises this strong position, so shareholders will receive the rewards for which they yearn.

LogicaCMG will use this increased strength to become a lead consolidator itself – in the way it has already done with CMG. The UK will, at long last, have its own global Top Tier IT services player.

THE END?

We would suspect that practically all readers would hope for Ending Number Two. Indeed, our heart would be with that ending too.

Unfortunately, our mind thinks Ending Number One is the most likely.

This article was written by Richard Holway and replaces the Holway Comment this month.

-24%
91p

LOGICACMG: LITTLE CHEER IN MAIDEN RESULTS

LogicaCMG has reported its maiden results since the merger. Although at the headline level they were pretty much in line with expectations, they hardly contained much cheer. Results for the six months to 31st Dec. 02 show revenues down 7% at £882.5m on the previous six months. Unaudited figures, for the year to 31st Dec. 02, show turnover declining by 15% to £1.8bn.

There were so many different profit figures that you can pick what you like. For the six months, the press release headlines PBT down 8% at £54.5m. But this was before:

- £7.7m restructuring costs - £3.5m of restructuring costs for the CMG business in the Netherlands and Belgium prior to the acquisition and £4.2m of restructuring charges post the merger
- £22.6m merger costs
- £4.6m net interest charged (higher than in previous periods as net debt increased from £91.7m to £107.1m)
- £24.3m goodwill amortisation
- A further £444.6m goodwill impairment principally relating to the acquisitions of **Admiral** by **CMG** and **pdv** by **Logica** (still leaving c£370m on the balance sheet – c50% of LogicaCMG's current market value)

So the 'bottom line' is a loss before tax of £444.7m.

On the other hand, LogicaCMG has managed to match revenue declines with cost reductions so operating margins at 6.7% are maintained. Indeed, it expects cost savings resulting from the merger to exceed previous estimates: now £80m (was £60m) and an expected headcount reduction of 2,200 or 9.5% of the workforce. £40m of the savings will come through in 2003 with 2004 seeing the full impact of the cost savings. However the cost of achieving this has increased to £100m. The initial cost estimate of £80m was split between IT Services at £60m and Wireless Networks at £20m. The bulk of the increase is attributable to the IT services business.

The headcount was reduced by 943 over 2002 so the company entered the New Year with 23,097 people (prior to restructuring following the merger). The company admits that there is still overcapacity in some other markets and this will be addressed.

Looking at the performance in more detail, revenues from **IT Services** declined by 7% sequentially to £721.6m, and by 8% on an organic basis. However margins were improved from 7.8% in the previous six months to 8.1% as the benefit of previous restructuring became evident and there was greater pricing stability in key markets on reduced volumes. Year-on-year IT services revenue declined by 11% to £1.5bn.

Within the IT Services business, it was the **Financial Services** and **Telecoms** sectors which remained severely depressed with turnover down 14% and 16% respectively for the six months on a sequential basis, and by 22% and 41% respectively year on year.

The **Public Sector** market was said to have demonstrated *"relative resilience"* aided by some of its larger long-term projects for Top 20 clients such as the Crown Prosecution Service and the Health and Safety Executive. Indeed, despite revenues falling 2% sequentially in the six months, year on year revenues increased by 22% and in the UK this figure increases to 43%.

The **Industry, Distribution and Transport** sector was the only area of the business to report a sequential increase in revenues for the six months. However, this was mainly as a result of the acquisition of Great Lakes Technologies in the US (and hence the addition of Daimler Chrysler as a key account). On an organic basis, revenues declined by 5%. Nonetheless, the demand for SAP related work in this area remains strong, as does the demand for outsourced payroll in the UK.

Finally, the **Energy & Utilities** sector... it suffered with a 9% decline in turnover as investment stalled in the industry in line with the consolidation amongst the energy supply and distribution companies. However, there were a couple of decent-sized contract wins to be pleased about including the recent

Revenue by sector	6 mnths to 31/12/02 (£m)	% growth sequentially	% share	Proforma unaudited year to 31/12/02 (£m)	% growth sequentially	% share
Public sector	170.1	-2%	19.3%	343.9	22%	18.8%
Industry, Distribution & Transport	185.9	1%	21.1%	370.0	-3%	20.2%
Energy & Utilities	138.8	-9%	15.7%	290.7	-9%	15.9%
Financial Services	159.6	-14%	18.1%	344.7	-22%	18.9%
Telecommunications	67.2	-16%	7.6%	147.3	-41%	8.1%
TOTAL IT SERVICES	721.6	-7%	81.8%	1496.6	-11%	81.9%
WIRELESS NETWORKS	160.9	-5%	18.2%	330.8	-30%	18.1%
Total Group	**882.5**	-7%	**100.0%**	**1827.4**	-15%	**100.0%**

[continued on page five]

[continued from page four]

£19m contract win with Anglian Water and a major outsourcing contract with Northern Electric. The merger has arguably strengthened LogicaCMG's foothold in this sector more than any of the others.

Across the IT services business, the proportion of revenues from outsourcing was just over 16% and offshore is becoming an increasingly important part of the proposition. The proportion derived from outsourcing is expected to increase going forward.

The **Wireless Networks** business came in at just above break even on revenues of £160.9m with the rate of revenue decline slower at 5% than in the previous six months. Both the 'old' Logica and the 'old' CMG businesses made small profits and the company has already progressed some 485 redundancies in this operation with the hope of breaking even in 2003. 66% of revenues came from new licence sales and associated hardware platforms, 23% from maintenance and support contracts and 11% from special customisation work. The market here continues to be tough with competition from infrastructure and handset vendors in the emerging media marketplace but LogicaCMG believes that the changes in the marketplace with an increased focus on personal services will play to its strengths.

Across the geographies, revenue declined organically across all regions except for some of the smaller European countries such as the Czech Republic. LogicaCMG claims to have witnessed some increased pricing stability in the UK and Benelux but demand for SI and consulting remains weak. The French and German markets continue to weaken.

Comment: We had our usual chat with CEO Martin Read on the day of the results. We put to him some of our concerns with the announcement:

1 – LogicaCMG UK revenues declined by 15% on an annual basis. This is in excess of the UK market decline. In one respect Read agreed but countered that *"as a good Weinstock boy"* he was reluctant to take on contracts *"on daft terms..There are a lot of desperate people out there"*. We have heard similar sentiment from other UK S/ITS players recently including **Capita** and **ITNET** at their results briefings last month.

2 - We also put to him our growing concern that although falling fee rates can be countered by squeezing contractor rates and (much to Logica's credit with the foresight to buy an Indian operation some 6 years ago) using offshore services, this means that many permanent staff are now overpaid. Read agreed. He said that LogicaCMG had long had a policy of lower base salaries countered by higher bonuses/options. In difficult times, that helped. But he also admitted that action would have to be taken to bring permanent salaries into line with the current (and anticipated) market conditions.

3 – OK, we expected reductions in revenues from Telecoms (down 19%) and Financial Services (down a massive 42%) but why were revenues from the UK public sector, at £120m for the six months, sequentially flat? After all, this is the one area that is growing at the moment and other competitors are reporting high single digit growth even now. Read said it was more to do with timing as contracts like the Crown Prosecution Service were won in previous periods, i.e. there were no new wins affecting the past period. This is backed up by the fact that on the proforma accounts for the year to 31st Dec. 02, UK public sector revenues actually increased by 43% compared to 2001.

4 – Where the UK goes mainland Europe – and finally France! – follows. Indeed Logica's Benelux revenues were down "only" 4%, France down 6% and Germany actually up 2%.

5 – We asked Read about the market outlook. He first (as they all do) accused us of being too pessimistic. *"There is pent up demand...we have been there before...it will bounce back"*. Read referenced the Hutchinson THREE launch using LogicaCMG software and the fact that other 3G suppliers were now looking favourably on their software too.

But there's the rub. We would argue that far from being too pessimistic over the last few years we haven't been pessimistic enough! A dose of reality was long overdue. We would apply that both to our expectations of the market as a whole...and even more so to our expectations for the take up of 3G services.

Of the Top 20 customers at Logica and CMG only four were the same so there will be plenty of opportunities for cross selling. However, as *"a good Weinstock boy"* we somehow think that Read fully realises that the future will indeed be *"challenging"* and that it's going to be harsh cost cutting, rather than revenue growth (despite the opportunities for cross-selling), which drives LogicaCMG's results for the next period. But at least the dividend has been retained. At 5.4p for the full year, that's now 4.9% - rather better than in a Building Society. But that does rather rely on the share price not falling still further!

But if LogicaCMG is any kind of bellwether for both the UK and European markets, bluntly they do not bode well.

Revenue by client location

Year to 31st Dec	2002 (£m)	2001 (£m)	% Change
UK/Republic of Ireland	695.7	754.4	-6.7%
Continental Europe	848	958.5	-11.5%
The Americas	108.9	106.3	2.4%
Asia Pacific/Middle East	174.8	338.6	-48.4%
Total	**1827.4**	**2148.8**	**-15.0%**

10%
65p

AXON: PROFITS FALL BUT PROSPECTS STILL LOOK GOOD

SAP consultancy **Axon** has announced its results for the year to end Dec. 02. Revenues rose by 1% to £43.1m. Operating profit, however, fell from £5.0m in 2001 to £3.4m. This puts its operating margin at 8% for 2002, compared to 12% in 2001. Profit before tax for the year (including reorganisation costs of £800K and goodwill amortisation of £730K) was £2.3m, a fall of 55% from £5.5m in 2001. Diluted EPS was 2.7p, down from 6.7p.

As for the different areas of Axon's business:

- Solutions Implementation, which accounts from the majority of Axon's revenues, declined from £30.0m in 2001 to £25.2m, although the company claims that contract wins in Q4 have now put a stop to this decline.

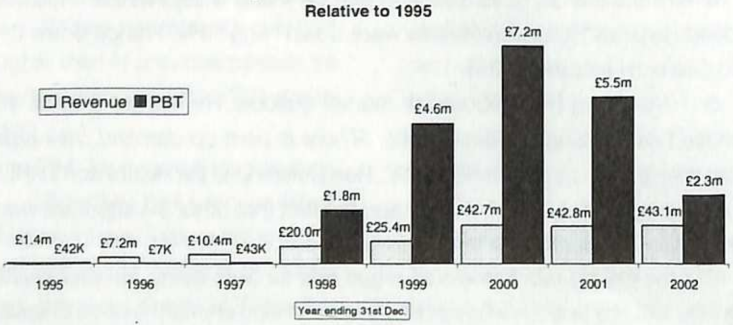
- Business Consulting revenues grew from £1.5m in 2001 to £6.8m, a rise much helped by the acquisition of Bywater in late 2001.

- Applications Management fell slightly from £11.3m in 2001 to £11.2m, although the company points to two major contract signings in this area in the second half of 2002.

Commenting on the results, CE Mark Hunter said: *"Axon has delivered a credible set of results in a difficult market. Whilst the overall market for IT services will remain flat for the foreseeable future, I believe that we will continue to grow through gains in market share"*.

Clearly 2002 wasn't the easiest of years for Axon. The company cites a number of reasons for the increase in its costs and squeeze on its margins: integration of the Bywater acquisition, increased bid costs, an increase in contractors to service short-term client requirements and falls in both day rates and licence revenue from Axon products all played their part. But all is, of course, far from doom and gloom in the Axon camp. For one thing, the company has managed to remain cash generative, despite all the challenges of the past two years. For another, it knows that it is in far better shape than many of its competitors. Consequently, it looks well placed to continue to gain market share in its target market of SAP-led projects with large (i.e. £500m+ turnover) UK-headquartered corporations.

Axon Group plc
8 year Revenue and PBT Record
Relative to 1995



We're also very interested to note that Axon is pursuing what it describes as a 'progressive dividend policy' and has announced a final dividend of 1.5p, taking the total for the year to 2p. Axon isn't a sudden convert to dividends (it's been paying them since its March 1999 flotation) but we expect to see more and more S/ITS companies using their profits to sweeten things for shareholders in this way.

Axon's share price rose 10% to 65p during March.

-16%
12p

AFA SYSTEMS - LOOKING FOR AN UPTURN

AIM-listed **AFA Systems**, a provider of software solutions for financial markets, has announced its results for the year to end Dec. 02. As predicted in the company's trading update just before Christmas, revenues have fallen quite substantially - by 26% from £8.1m in 2001 to £6.0m. Operating losses deepened from £0.5m in 2001 to £2.4m. Pre-tax loss (including £6.0m of goodwill impairment, goodwill amortisation of £2.0m and exceptional operating costs of £300k) was £10.7m, compared to £14.7m in 2001. EPS was -41.9p, compared to -56.9p.

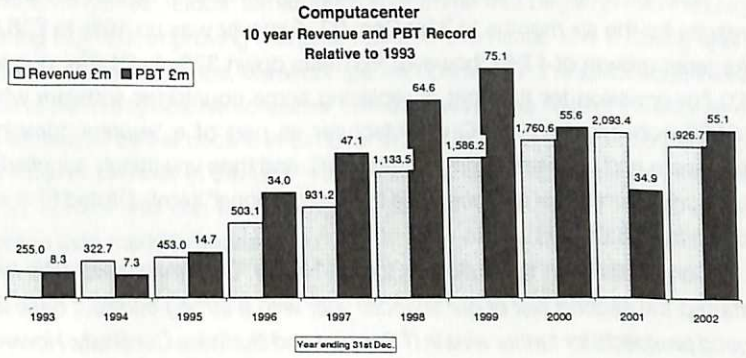
Times have been tough for AFA. As a relatively small player in a market with very few growth prospects, it has struggled to make headway. Perhaps most worryingly of all, as the comments of Chairman and CE Mike Hart suggest, the company still appears to be living in denial: '*The recent share issue will enable us to continue development of AFA during recession and to position it to take advantage of an upturn*.' We've said it before, and we'll keep saying it: there is no upturn in sight. Anyone planning for one is going to be disappointed.

The share price fell 16% in the month to finish at 12p.

-2%
265p

COMPUTACENTER - SERVES IT RIGHT

Computacenter has announced results for the year to 31st Dec. 02 revealing an increase in pre-tax profits of 58% to £55.1m on reduced turnover (including share of joint venture) of £1.9bn (2001: £2.1bn). Diluted EPS was 19.8p compared to 9.9p in 2001. Excluding non operational exceptional items, PBT was up 6% to £54.2m. Net funds at the year end were £83.4m (2001: £53.3m). Ron Sandler, Chairman of Computacenter, commented, "*We are now beginning to see evidence of real progress in the services side of the business, which has been our strategic focus in recent years... Whilst it is too early to predict performance in 2003, we believe that Computacenter is well positioned to produce profit growth over 2003*".



Drilling down into the various geographies:

- UK revenues fell 8.9% to £1.6bn. Within that product revenues fell 12.3% while managed services rose 16% and professional services rose 13%. Excluding the contribution from cabling and training professional services revenues rose 20%. Operating profit rose 11.8% to £57.6m and margins were up from 2.9% to 3.6%.

- In France revenues rose 20.7% to £316.8m (50% acquisitive and 50% organic) but operating profit, impacted by SG&A costs "*were disappointing*", and fell 61.3% to £2.4m. Thanks to the GECITS acquisition, services revenues were up 80% and accounted for c13% of total revenues. The main focus here is on getting costs under control. CEO, Mike Norris is confident Computacenter will be able to do this but conceded that the company didn't make the killing it had hoped with the acquisition despite still believing it to be a "*fair deal*".

- The performance in Belux (Belgium and Luxembourg) was "*relatively disappointing but in line with the Belux market*". Revenues fell 11.9% to £12.6m and operating losses (including £2.9m of goodwill impairment) deepened to £3.9m from £1.2m. Again Norris was confident that improvements could be made but it was unlikely that Belux would reach break even this year. Given that this is of a much smaller scale than its other geographies and shares few customers between the regions, we wonder if Belux will remain part of the picture in the longer term.

- The German business is only in its tenth week of being and according to Norris "*so far so good*". No figures were released, but Norris said there was no need to clean up the German business as GE had focused very keenly on doing that over the past three years. Unfortunately in doing so it had also lost sight of the customer. The aim here is to develop the business proposition and exploit the demand for desktop outsourcing/out tasking. The German business needs to learn quickly from the UK. The cloud on the horizon is the German market which Norris is more concerned about now than he was when the acquisition was announced. Germany is expected to be only marginally earnings enhancing in 2003.

By vertical, the financial services sector continues to decline accounting for 16.6% of total revenues (compared to 23.6% in 2001) but the public sector grew, generating 31.6% of revenues (24.1% in 2001). Although predominately product based, the services business is gaining more traction in the public sector.

Comment - In today's environment, these results are excellent and entirely in line with our market forecasts and expectations: profits boosted on reducing revenues and, most importantly, with a positive cashflow. But it's the success of managed services that really pleases us. UK managed services revenues were up 16% whilst UK professional services revenue growth was 13%. We have been encouraging Computacenter into higher level services and this is REALLY now starting to pay off. As a result, we can really see Computacenter being a major beneficiary of the move from 'onesourcing' to 'multisourcing' (see **SYSTEM**HOUSE February and March issues) and we see no reason why it shouldn't be part of major consortium bids on a regular basis. Computacenter is in a great position, its scale makes it an attractive partner for the bigger deals, while its focus on the desktop ensures it isn't seen as a competitor. Indeed Norris said that Computacenter is starting to "*work better and better with (major players) such as* ***IBM*** *and* ***CSC*** *and expects to see the results of that this year*".

0%
140p

ICM: ENJOYING GROWTH IN CONTRACTED SERVICES

ICM, provider of IT assurance services to UK SME's, has announced its results for the six months to 31st Dec. 02. Turnover was up 19% to £38.6m (organic growth of 17%), however PBT was down 37% to £1.2m, due to a £0.7m provision for the cost of replacing some counterfeit software which ICM purchased from a PC manufacturer as part of a *"routine combined hardware and software supply agreement"*, and then unwittingly supplied on to *"a small number of customers"* (a truly 'exceptional' item!). Diluted EPS was down from 6.6p in H1 01 to 4.0p.

Commenting on the outlook, George Hayter, Chairman, said: *"We have started the second half of our financial year with a strong contract base and good prospects for further wins in IT Support and Business Continuity. However, whilst quotation activity remains healthy in the IT Solutions arena, we view the performance of this division in the second half of our financial year with caution as business uncertainty increases"*.

Comment: ICM's decision to provide for the maximum cost of replacing the counterfeit software was a prudent thing to do (the supplier went into receivership in Oct. 02, thereby limiting ICM's ability to seek redress, however the directors remain optimistic that they may recover some of the cost from insurers). Without this hit, ICM's PBT would have shown a very slight improvement. Cash generation in the period was good, with a net inflow of £3.8m from operating activities, compared to £0.6m previously.

As for turnover, all three of ICM's divisions reported growth in H1, with Business Continuity (BC) growing fastest - up 46% to £4.5m. Organic growth in this division was 26%. Meanwhile IT Solutions managed a 17% increase to £20.5m and IT Support a healthy 15% to £13.6m.

Looking ahead, Solutions faces a challenging time, with projects being delayed or postponed, but the other two divisions have visibility of c£18m revenues in H2. And there's plenty of room for further sales in BC (without extra investment) as the division is running at about a third capacity. Given the operational gearing in BC, any increase in revenues should have an immediate impact on the bottom line.

Co-founder and CEO, Barry Roberts told us that ICM's focus is firmly on profits and earnings, not revenues (something to do with them being a Yorkshire based company – his words, not ours!) This focus has led to 76% of ICM's gross profits being generated from long-term contracted revenues – not many S/ITS companies can boast the same.

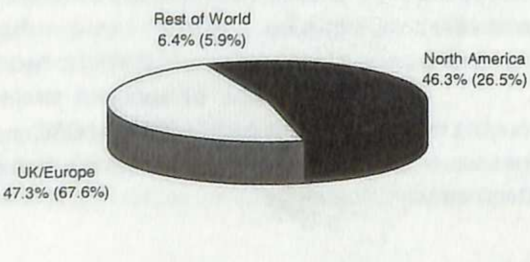
ICM Computer Group Six months to 31st Dec. 02	Turnover £m		
	H1 03	**H1 02**	**Change**
Disaster Recovery	4.5	3.1	45%
IT Support	13.6	11.8	15%
IT Solutions	20.5	17.5	17%
TOTAL	**38.6**	**32.4**	**19%**

5%
120p

EIDOS: TURNAROUND PROGRAMME BEARING FRUIT

Eidos, the publisher and developer of entertainment software, has announced results for the six months to 31st Dec. 02 revealing a 34.5% increase in turnover (including share of joint ventures) to £102.2m and a return to profitability. Pre-tax profits for the period were £6.7m (compared to a loss in the comparative six months in 2001 of £2.2m) resulting in a diluted EPS of 3.1p (2001: loss per share of 1.6p).

Eidos - Turnover by geography
Six months to 31st Dec. 02
Total = £88.9m



The North American region performed exceptionally well with a 123% increase in turnover to £41.2m (excluding joint venture turnover), but the UK and Europe actually saw revenues decline by c11% to £42.0m. This was a reflection of two new titles, *TimeSplitters 2* and *Hitman 2*, performing extremely well in the North American region. As such, the US contributed 46% to turnover (2001: 26.5%) with the UK/Europe contributing a reduced proportion at 47% (2001: 67.6%).

The console became an increasingly important revenue generator with PC-based games reducing their contribution to

[continued on page nine]

[continued from page eight]

turnover from 46% to just 14%.

Michael McGarvey, CEO, commented, "*With both robust operating fundamentals and a portfolio of strong titles in place for future release, the Board believes that there is further opportunity to be realised in the business*". Eidos is still to ship the new versions of its established titles, *Championship Manager* and *Tomb Raider*, in the current financial year and as such is confident that it will meet current market expectations.

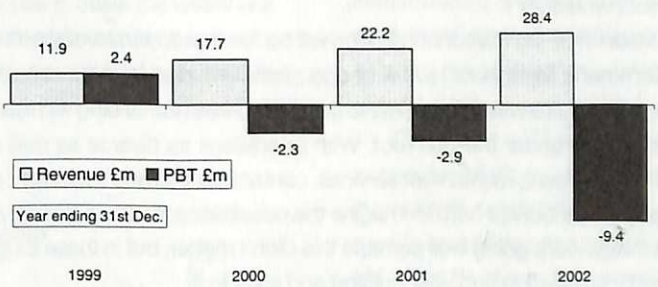
Comment: Eidos shipped seven new titles during this six-month period compared to 11 in the same period in 2001. The increase in turnover is partly attributed to the improved development programme resulting in a more popular portfolio of games. Eidos' turnaround programme that began in 2001 is also bearing fruit with improving margins, reduced overheads and a strong cash position. Of course, Eidos, like all companies operating in this space, continues to be at the mercy of fickle consumer tastes as well as the state of the economy (as witnessed by the decline in turnover in the UK in this period compared to the jump in turnover in the US). However, now that Eidos has got its costs under control and can boast a strong portfolio of games, it is in a better position than many to succeed.

18%
3p

RETAIL DECISIONS: DECIDING WHERE TO FOCUS NEXT

Retail Decisions, the international supplier of payment card fraud prevention and value-added transaction services, has released results for the year to 31st Dec. 02 revealing an increase in turnover of 28% to £28.4m. The increase was the result of acquisitions as turnover from continuing operations declined by almost 2% to £20.1m. The pre-tax loss was £9.4m (2001: £2.9m) after £10.2m of impairment and amortisation of goodwill and other intangible assets and £1.2m "*other*" operating exceptional costs. The exceptional costs related to the integration of the two Australian businesses (one of which was acquired during the year), including redundancies, office closures and the migration of IT systems onto a common IT platform. Diluted loss per share was 3.64p (2001: 2.09p).

Retail Decisions
4 year Revenue and PBT Record
Relative to 1999



Nigel Whittaker, Chairman, commented, "*The Board is not expecting an immediate pick up in transaction volumes and will continue to focus in the short-term on improving its operating margins and cashflows... History has shown that there will always be fraud and there will always be demand to prevent it. The growth in Card-Not-Present consumer spending and the continual need for retailers, telecom businesses and financial institutions to guard against the ever present threat of payment card fraud give the Board continuing grounds for confidence in Retail Decisions' longer-term prospects.*"

Comment – The challenge for Retail Decisions is to ensure that it is properly positioned in a market that is continually changing. One of the biggest changes has been the move of many of its customers from off-line traditional fraud prevention to online authentication strategies. Indeed revenue from the former decreased by £0.5m to £3.0m over 2002 and is expected to halve in 2003.

As such, the company has had to invest in broadening its service base to provide a more complete portfolio of risk management services. The fundraising exercise completed at the start of the year enabled it to acquire the Australian business **Motorcharge** and broaden its knowledge of fraud internationally. 69% of turnover came from overseas in this FY02, making up for the slowdown in the US and UK markets. We would have liked to have seen more detail on the breakdown by geography but unfortunately this wasn't forthcoming.

Retail Decisions is also trying to move its customers to a transaction based pricing model... a sensible move, particularly in the current climate, if it is to increase its level of recurring revenues.

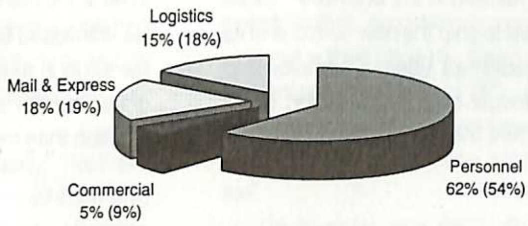
But with "*spending embargoes on capital projects, hard negotiations on existing prices, and delays in signing of contracts*", it has not been easy, and the company has done well to decrease its monthly operating expenses and increase its 'adjusted' operating profit. The focus on profit margins and maximising cash generation must now continue whilst continuing to sustain investment in the development of its offering.

8%
78p

HAYS: ALL BECOMES CLEAR AT HAYS

Logistics, recruitment and business services company **Hays plc** has announced results for the six months to 31st Dec. 02. Total revenues from continuing operations are pretty much flat at £1,189m, compared to £1,187m for the same period in 2001. Profitability has suffered, however, with operating profit (before goodwill amortisation and exceptionals) down to £94.7m from £122.8m. PBT fell by 26% to £76.1m. Diluted EPS was 2.83p, down from 3.91p.

Hays plc : Operating Profit by Business Sector
Six months to 31st Dec. 02
Total = £82.3m



The big news was the outcome of CEO Colin Matthews' strategic review (he joined in Nov. 02), which concluded, *"the links between the different divisions are not sufficient and that the value of the businesses can be best maximised by following a different strategy"*. (We've been saying that for some time).

- The logistics and commercial divisions *"whilst strong and capable in their own right will not form part of Hays in the long term"*.

- The Mail and Express division will be retained although *"the Board believes there will come a time when its further development may best be achieved under different ownership"*.

- Meanwhile the Personnel division will be *"energetically developed"*.

Comment: Matthews' review of operations concluded, quite sensibly in our opinion, that there was little benefit to be derived from continuing with such a mix of businesses under the one roof. With operations as diverse as mail delivery, crate management, recruitment services, contact centres and document storage, we had always found it hard to imagine the possibilities for cross-selling! Anyway, when things were going well perhaps this didn't matter, but in these tough times you really do need to find your knitting and stick to it.

For Hays, that knitting is going to be personnel services. The reasons were straightforward: it is Hays' largest division (by revenue, but also, more crucially, by profit contribution), it has a leading position in some of its markets, has a *"successful"* track record of integrating acquisitions, enjoys *"strong"* cash flow, and has *"strong, stable management"*. Capex is also fairly minimal at less than £10m a year, on c£1bn turnover.

The division, as it stands today, is a mix of disciplines - in order of scale; accountancy, construction, IT, banking & finance, and other areas such as education. The majority (c85%) of revenue is derived in the UK, compared to Hays plc, which generates a third of revenues overseas (largely in Europe). Revenues for the six months to 31st Dec. 02 were virtually static at £502.2m, but fell 12% compared to the preceding period. Operating profit fell 13.5% compared to H1, to £51.1m, taking margins from 11.7% to 10.2%.

The strategy is to grow this business by addressing new specialist sectors in the UK and Australia, and by rolling out the three major brands (in accountancy, construction and IT) across Europe. To this will be added acquisitions. Indeed, Hays announced the purchase of German ITSA **Ascena** for a maximum consideration of £48m. Ascena operates in five cities in Germany and Switzerland, and will provide the foundation on which Hays plans to build its presence in these *"attractive"* markets.

This all sounds reasonable, but the personnel division will have its work cut out. It currently has a very small operation in Europe (4% of revenues) and there are plenty of established 'mega' players to compete with (such as **Vedior**, **Adecco** and **Manpower**). And according to other mixed staffing players, the market in Germany is proving to be a very tough.

We were pleased to see Hays being much more open about the numbers, and somewhat surprised to learn that their ITSA revenues were not as great as we had previously estimated! Hays claimed leadership in the UK ITSA market for the past few years, but would not substantiate this. We ranked them fourth based on estimated revenues in FY02 – well now it looks as though we may have been too generous! For the six months to Dec. 02, ITSA revenues declined 8% to £94.7m.

The sale of the Commercial business will be interesting to watch. It had a *"disappointing"* year, with turnover down 6% to £108.8m and operating profit down 58% to £4.3m. Hays blamed declining volumes and pressure on margins, but with capabilities in billing, data input and processing, and database management (backed by staff in offshore locations such as India, Sri Lanka and Poland), it may appeal to others concentrating on business services opportunities (especially given the established offshore operation). Once the disposals are complete shareholders can look forward to the return of *"significant"* cash, though timing and mechanism is not yet clear.

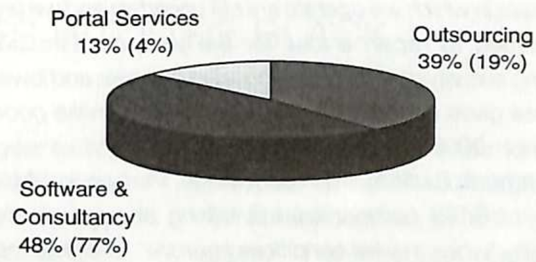
-14%
24p

Marlborough Stirling

OUTSOURCING SUPPORTS MARLBOROUGH STIRLING

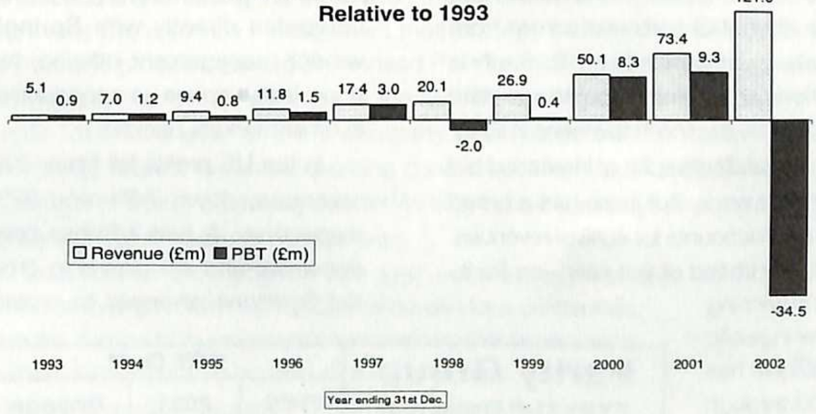
Marlborough Stirling, provider of software and services to the mortgage, life, pensions and investment markets, has announced results for the year to 31st Dec. 02 – its first full year as a public company. Graham Coxell, Chief Executive, commented, "*in the circumstances, our financial performance is reasonable*" as he announced an increase in turnover (including joint ventures) of 65% to £121m (organic growth in turnover was 38%). However, this fell well below initial expectations and the company reported a pre-tax loss of £34.5m, compared to a profit of £9.3m in 2001. This reflected goodwill amortisation and impairment charges of £33.4m, amounts written off investments of £9.1m and employee share option charges and reorganisation costs of £3.3m. Underlying operating profit was down from £14.8m to £11.5m, mainly as a result of the Sun Life Financial of Canada contract and establishing new operations in Italy and Spain. Diluted loss per share was 20.0p (2001: EPS of 2.9p). Net cash at 31st Dec. 02 was £9.1m (2001: £7.5m).

Marlborough Stirling - 2002 Business mix
Total = £121.0m (2001: £73.4m)



Strong growth in the outsourcing business continues to offset the weakness in the software sales. In 2002, 48% of turnover was attributable to software and consultancy, 39% from outsourcing and 12% from portal services. In 2001, software and consultancy had accounted for 77% of total turnover.

Marlborough Stirling
10 year Revenue and PBT Record
Relative to 1993



Marlborough Stirling continues to see uncertainty in the life and pensions market leading to deferrals and cancellations (mainly in relation to its software). As such despite increased revenue visibility (£90m visible for 2003), it is assumed that sales will be slightly lower in 2003. The company has therefore taken steps to reduce costs. In 2002, compulsory redundancies were implemented beyond those undertaken as part of the SLFoC contract or the integration of Exchange FS Group. Overall headcount at the year-end was under 1900 – down from a peak of 2400. Additional employees are expected to leave in H103.

Graham Coxell, CE, commented: "*Marlborough Stirling retains a strong position in its markets. Our solutions deliver demonstrable business benefits as return on investment at a time when our customers need our solutions more than over. Our infrastructure is at the core of our customers' operations and we have a broad range of strong reference clients*".

Comment – There's plenty of scope for Marlborough Stirling to increase its outsourcing turnover in the life and pensions market in the UK. We have recently seen both Liberata and Capita making significant inroads in this space. Indeed, Marlborough Stirling itself comments that it has experienced "*encouraging levels of interest*" in the life and pensions and mortgage outsourcing, Officeweb and mortgage software areas of its business in the UK and Canada.

The challenge that Marlborough now faces is that large outsourcing deals tie up a significant amount of capital and it is a significantly smaller operation, and has less experience in managing large outsourcing deals, than its some of its closest competitors. Considering the size of the opportunity in the UK and the management time and attention required for these deals, we would have liked to have seen Marlborough concentrating on its home turf rather than venturing abroad.

-31%
9p

PARITY
thebusinessenabler

IT'S ALL IN THE PIPELINE

Parity has announced its preliminary results for the year ended 31st Dec. 02. Turnover fell c26% to £183.3m, an operating profit turned into a loss, and LBT deepened from £3.3m to £24.6m. Loss per share was 16.1p (2.03p in 2001). Commenting on the outlook, Ian Miller, Group CE, said, "*While the markets in which we operate are still uncertain and we are disappointed to report a loss for the year, the Group's increasing security of revenues, promising pipelines and lower cost base gives us the confidence that we will make good progress in 2003*".

Parity Group FYE: 31st December	Turnover £m		
	2002	2001	Change
Business Solutions	**32.3**	**38.6**	**-16.5%**
UK	26.5	32.9	-19.2%
Europe	5.7	5.8	-0.5%
Training	**27.1**	**26.6**	**2.2%**
Resourcing Solutions	**100.8**	**144.9**	**-30.4%**
UK	69.1	97.5	-29.1%
Europe	31.7	47.4	-33.1%
Parity US	**23.0**	**36.9**	**-37.5%**
TOTAL	**183.3**	**246.9**	**-25.8%**

Comment: Back at the interim stage, Parity was (like a number of S/ITS companies) still talking about restoring profitability "*when market conditions improve*". We gave them a hard time over it. So we were relieved to hear Miller say that the business is now being run on the assumption that there will be no market upturn.

Parity detailed various actions taken during H2, all necessary, but which added to the losses:

- A cost reduction programme (announced back in July) led to a £3.6m charge for the full year, and will save Parity over £4.6m on an annualised basis.

- A review of the carrying value of goodwill led to £12.8m being written off (leaving Parity with £10.2m on its books). This didn't surprise us as the goodwill was in excess of the comapny's market cap, and had been for quite a while.

- A write down of Parity shares held by the Employee Benefit Trust meant a provision of £4.7m.

Looking ahead, Parity enters FY03 with a much lower costs base and equally importantly, an improved mix of business. The company still relies on resourcing for about two thirds of its revenues (the majority of US revenues comes from staffing), but given that it makes a much smaller contribution to profits Parity is working hard to strengthen its Business Solutions and Training operations. Here we can see good results. **Solutions** showed a c16% decline in revenues in FY02 (19% in the UK), but a 10% *improvement* in profitability in spite of increased bid costs as the division pursued longer-term project work. Solutions has a broad spread of clients, including government which now accounts for 40% of revenues.

Meanwhile in **Training**, revenues were slightly ahead of last year - so Parity definitely has a greater market share. Success in winning training outsourcing contracts offset the decline in public course revenue, and also means that the division has 65% of its budgeted revenue secured for FY03 through framework contracts (not quite the same as contracted revenue, but we understand that the frameworks do guarantee minimum spend). One-off bid and infrastructure costs of c£0.5m were incurred in winning these contracts, but even so the division remained profitable. Parity also announced the acquisition of Edinburgh based **Technical Training Ltd**. It looks like a low risk deal to us – the vendors are paid on profitability, and Parity rents rooms as needed. Maximum consideration is £0.7m.

Resourcing (in UK and Europe) had the worst of both worlds: revenues were down 30% to £100.8m, and last year's profit of £2.8m was converted into a loss of £0.2m (£0.5m loss in Europe more than wiped out the UK profit). However, Resourcing looks set to benefit from a contract with **Chimes Inc** "*a US provider of workforce procurement and vendor management services*". Under the agreement Parity will act as sole solutions provider throughout Europe, and Chimes will assign existing European contracts to Parity (worth £15m in 2002). This arrangement is significant for a number of reasons: Chimes competes directly with **Spring's** vendor management offering, hyphen; it also opens up opportunities in other markets besides IT.

In the **US** profits fell faster than revenues, down 76% and 37% respectively. A new MD has been appointed and the plan is to grow the Solutions revenues to protect

Parity Group FYE: 31st December	PBT £m**		
	2002	2001	Change
Business Solutions	**1.1**	**1.0**	**10.1%**
UK	1.2	1.8	-34.5%
Europe	-0.1	-0.9	Loss both
Training	**0.1**	**1.7**	**-96.1%**
Resourcing Solutions	**-0.2**	**2.8**	**-108.1%**
UK	0.2	3.4	-93.0%
Europe	-0.5	-0.6	Loss both
Parity US	**0.6**	**2.6**	**-76.0%**
Total	**1.5**	**8.0**	**-81.2%**

** Excluding central costs, interest, exceptional items, goodwill amortisation and write down of investments

[continued on page thirteen]

[continued from page twelve]

from the "*deteriorating*" contractor market. Parity was able to point to some early successes.

Certainly Parity has made strenuous efforts to improve the revenue mix and has gone on the record saying that it will *not* pursue unprofitable business. It is also working intelligently to win contracts (like the HR BPM deal with the Cabinet Office, where it beat **Capita**, amongst others) that draw upon the group's skills in solutions, training and resourcing. We agree with this strategy – the problem is that these things take time, and investors do not have much patience.

Parity's share price took a hit on the day of the results announcement, but rallied somewhat to end the month down 31%.

PinkRoccade

PINKROCCADE GOES INTO THE BLACK

Dutch IT services firm **PinkRoccade** announced results for the year to 31st Dec. 02. Revenues inched forward from EUR812m in 2001 to EUR816.1m, but more significantly net profit tumbled from EUR24.8m to EUR5.1m, hit by a restructuring charge, which involved a "*drastic reduction in overhead costs*". EPS went from EUR1.12 to EUR0.21.

We met with Clive Hyland the UK CEO to get a better understanding of the UK performance. UK revenues rose to £64m (2001: £60m including the Computeraid acquisition). The company delivered an operating profit of £1.9m.For Hyland the year was marked by three events:

Turning a loss making company into profit: Computeraid was loss making when PinkRoccade acquired it. During the year the division was restructured, certain back office operations were outsourced and headcount was reduced by 200. The result is a rejuvenated Computeraid although Hyland concedes there is still work to do.

Enhancing the core proposition: One of our concerns with a company the size of PinkRoccade that is targeting the mid-market, is differentiation. PinkRoccade is addressing this through a number of different initiatives.
First there is ITIL a service management methodology that PinkRoccade both promotes and provides training on. Indeed PinkRoccade says it is the biggest worldwide supplier of ITIL training. In the UK ITIL training contributed £2.3m towards total revenues, and the company believes its adherence to ITIL methodology helps it to win outsourcing contracts. Mind you, it isn't alone in promoting ITIL, **Fox IT** a privately owned Woking based services company also enjoys a commanding position in this area.

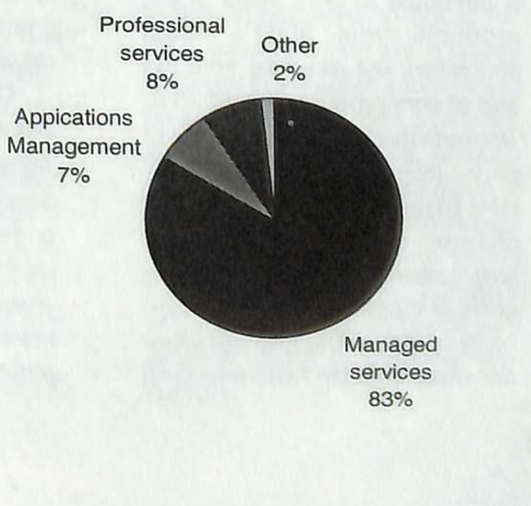
In addition to providing on site and outsourced managed services, PinkRoccade is also developing its shared services credentials (where the company manages its client's enterprise applications on a shared infrastructure housed in its data centres). During the year the company opened a second data centre, based in Runcorn, and announced its first customer there. Currently accounting for less than 10% of total revenues Hyland reports that the division "*is growing like hell*" and is clearly expecting big things in the future.

Growing the order book: During the year PinkRoccade benefited from renewals and new business. Three renewals are worth just under £40m over five years, whilst new business wins included contracts with estimated values of £7m and £4m for hosted services. Recurring business accounted for just over 60% of total sales. Overall the order book was up 78% on the previous year.

So far so good. Although understandably there were mixed performances from the different divisions. The applications management business rose 15%, professional services, (which includes training) experienced "*modest growth*", although the consulting business contracted by 25%. The managed services business (which accounts for c83% of total revenues) "*stood up*" - within that maintenance was "*broadly flat*" but outsourcing was up 60%.

Hyland said that PinkRoccade hadn't been affected by the troubles surrounding its Dutch parent. However its short-term growth plans could be impacted. Last year PinkRoccade talked of doubling UK revenues over the next 2-3 years, clearly acquisitions would help it achieve its goal sooner. With the share price suffering following recent press speculation, it may be harder to find the funds. Still Hyland remains "*cautiously optimistic*" about the future and expects the company to grow, with or without further acquisitions, but wouldn't speculate by how much.

PinkRoccade UK Revenue by Division
FYE 31st Dec. 02
Total = £64m

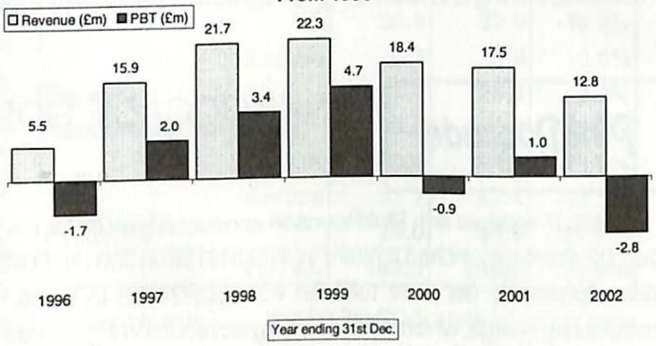


-16%
32p

FINANCIAL OBJECTS

FINANCIAL OBJECTS BANKS ON UPGRADES

Financial Objects, supplier of banking products and services, has announced its results for the year to 31st Dec. 02. Revenues fell 27% to £12.8m, last year's PBT of £1.0m is now a LBT of £2.8m, and an EPS of 0.84p has turned into a loss per share of 6.72p. Commenting on the outlook, David Carruthers, CEO, said: "*Visibility is poor in our markets. However, we enter 2003 with a number of positive factors working in our advantage. Firstly, we have a strong order book and secondly, a substantially reduced cost base. Thirdly...we have an opportunity to upgrade a significant number of our user base over the next two years*".



Financial Objects
7 year Revenue & PBT Record
From 1996

Financial Objects has been see-sawing between profits and losses the past four years. The cost base has been cut by c£2.5m, but not in time to ensure operating profitability in FY02. The addition of £1.1m of goodwill amortisation, and reorganisation costs of £760K, took Financial Objects further into the red.

But there were some upbeat messages in the results announcement. The order book has increased to £9.8m, boosted by five new licence sales of ActiveBank2 worth £3.2m (compared to £1.7m new licence sales in FY01). The majority of the revenue from these contracts will be recognised during 2003.

Back in Nov. 02 Financial Objects completed a share repurchase, returning £6m to shareholders, and last month it revealed that it would be maintaining the dividend. That leaves the company with a c£8.0m cash balance. Financial Objects anticipates a much lower R&D spend in the year ahead as IBIS/S2 development costs, which have been a "*major cost overhead*" the last three years, are "*drawing to an end*". If the company can get the existing IBIS customer base to take the upgrade then perhaps we can look forward to seeing Financial Objects back in the black in FY03.

-50%
1p

TRANSEDA

CHIPS ARE DOWN AT TRANSEDA

Microchip design software developer **TransEDA**, has revealed disappointing results for the six months to 31st Dec. 02. Turnover has fallen 49% over the comparable period last year from £3.5m to £1.8m. A large chunk of this shortfall is attributed to poor sales of the products from 2001's iModl acquisition, but revenues from the sale of core products still fell 25%. Transeda made a loss before tax of £5.1m (compared to a £259K LBT in H1 01) after a goodwill impairment charge of £4.7m, goodwill amortisation of £173K, restructuring costs of £225K and administration costs of c£2m. The loss per share also deteriorated to 7.61p from 0.4p in H1 01.

Bob Quinn, Chairman, commented on the outlook: "*The Directors are assuming there will be no change in the difficult economic conditions in the second half of the year. However, the steps taken in the first half of the year have left the company in a stronger position to trade through the difficult challenges of the next six months. We expect to achieve revenue of approximately £750K in the third quarter and there are signs of a stabilisation in demand. Financial resources nevertheless remain very tight and, while the financial statements have been prepared on an ongoing basis, the Company has continued to incur losses and remains exposed to any downturn in sales*".

Comment: Transeda has suffered for having all its eggs in the electronics basket and the latest news does not bode well. Following the departure of Transeda's Chairman, CE, and FD last year, Udo Muerle, the International VP of Sales who took over from Quinn as CEO in September, resigned from the Board on the day these results were announced (although he will continue with Transeda for three months). Moreover, Transeda has announced the appointment of specialist technology advisory and investment business Sigma Technology Management to conduct a strategic review to assess "*further opportunities to reduce cost, ensure the ongoing viability of the business and maximise the*

[continued on page fifteen]

[continued from page fourteen]

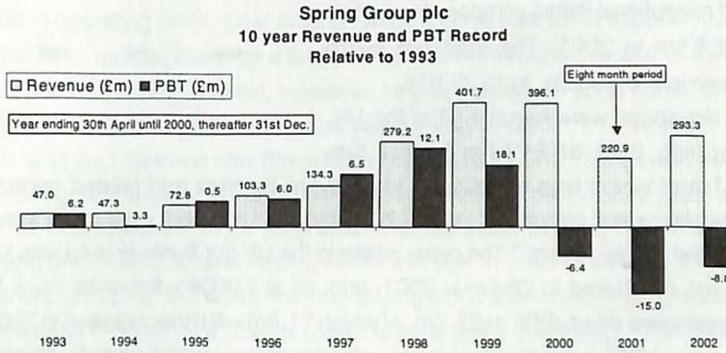
potential from the Company's products and technology." A further announcement is expected in April. In an effort to preserve cash, both Sigma and Quinn have agreed to receive half their remuneration in shares at 2.5p/share.

Transeda have already cut costs significantly, reducing the workforce from 52 to 36, and it's difficult to see what more could be done without jeopardising the ongoing business. Ongoing investment in R&D is fundamental to its future and past investments are beginning to bear fruit - Transeda's new product, VN Property, has just been released and the first sale made. Sounds like there's some handy IPR looking for a buyer. Transeda launched on AIM in Sep. 00 at 50p, but their shares ended the month at 1p, down 93% over the past 12 months.

-2% 50p **Spring**

SPRING ENDS THE YEAR ON A POSITIVE NOTE

Spring Group – provider of IT and general staffing, recruitment outsourcing and training services - has announced results for the year to 31st Dec. 02 highlighting a return to profit in the second half (after several periods of losses). For the full year, pre-tax losses were £8.8m on turnover of £293.3m. Diluted loss per share was 5.93p.



Steven Fink, Chairman, commented, "*Although market conditions remain challenging, the positive trends were continued with further improvements to the revenue mix through the growth of our permanent, vertical markets and spot businesses in IT staffing, revenue growth in general staffing and the achievement of break even in the final quarter in our IT training business*".

Comment: A change of year end from April to December, meant that headline figures, comparing Spring's FY02 results with the eight month period to 31st Dec. 01 are pretty meaningless. However, at the briefing Spring provided unaudited results for the twelve month period to 31st Dec. 01, which give a much better indication of how the business is faring.

Total revenues declined 12.5% to £293.3m, and without the contribution from **Triage** (acquired May 02), revenues declined c15%. And if we look at underlying operating performance (i.e. pre exceptionals, goodwill amortisation and central costs) then Spring was able to report an improvement from losses of £3.7m in 2001 to a profit of £0.5m. The 'spring cleaning' instigated by CEO Richard Barfield since his appointment in April, included redundancies, closure of the loss-making US start-up ITSA operation (a very sensible move), and property reorganisation – total cost £4.6m. We were told that no more exceptionals are likely this year.

With head office costs "*right sized*" (from £2.8m in H1 to £1.8m in H2), and just £0.5m to be amortised each year over the next five years, Spring's position going into FY03 is much improved. FY02 delivered positive cash flow (£5.4m) and a long awaited return to 'real' profitability in H2, with a PBT of £0.7m.

There were several highlights in the numbers. Spring's core ITSA business (which contributes c75% of group revenues) reported increased contractor numbers year on year. The pity is that the *type* of contractor being placed commanded lower rates, so this did not arrest the overall decline in revenues. Gross margin improved over the course of the year as Spring's 'spot' business (i.e. ad hoc placements of contractors) gathered pace.

Meanwhile, Spring's IT training business reported revenues down just 6% year on year (contrast that with **QA**'s 37% decline), and a 4% improvement in Q4. Furthermore the division ran at breakeven in Q4. Spring's training business comprises c60% public schedule and 40% managed services/e-learning projects. The latter will be boosted significantly over the next three to five years, by a recently confirmed contract win with the NHS Information Authority.

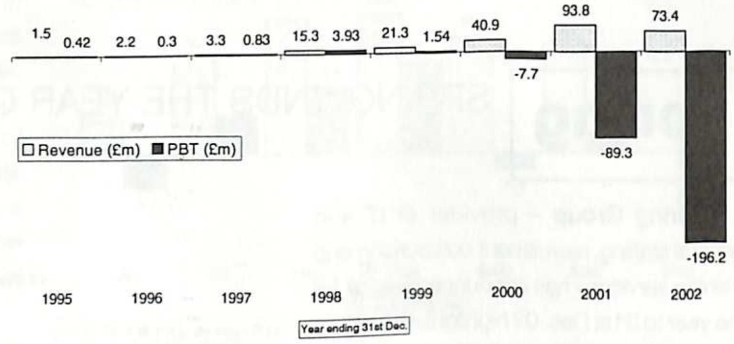
2003 could be year of corporate activity for Spring. We understand that they are keeping an eye open for further acquisitions to boost the ITSA operations (one with a decent presence in the public sector would be a good move). Indeed, Spring has a tidy cash pile (£51.7m), although they are "*reluctant*" to use much of that, preferring equity-based deals. Either way, Spring is in a strong negotiating position. Spring's financial muscle is no doubt also proving useful in securing new business.

-32%
4p

NSB RETAIL SYSTEMS STILL HURTING FROM SHOPPING EXPEDITION

NSB Retail Systems, provider of software solutions to the retail industry, has announced preliminary results for the year to 31st Dec. 02. Revenues are down 22% on 2001 at £73.4m (2001: £93.8m), and the LBT deteriorated to £196.2m (after goodwill and exceptional costs of £194.8m) from £93.5m the year before. NSB also went into the red at the operating level, reporting an operating loss of £0.4m (before goodwill and exceptional items) compared to a profit of £4.5m in 2001. The loss per share worsened to 49.05p, from 22.63p.

NSB Retail Systems plc
8 year Revenue and PBT Record
Relative to 1995



Revenues were hardest hit in the UK, dropping 36% or £12.7m to £22.5m, £9.1m of which was attributable to software licenses and related services *"reflecting weak conditions in the UK market and resultant poor order intake over the last two years."* The order intake in the UK (for licenses only) was just £2.4m, compared to £8.5m in 2001, and, as at 31st Dec. the order book for licenses was down 56% at £2.7m, of which £1.8m will be recognised in 2003. However, NSB claims the pipeline of qualified business opportunities for licenses in the UK is up c21% on last year at £13m.

North American revenues faired slightly better, falling from £58.7m to £50.9m. The weakness of the dollar contributed £2.3m of the

3%
15p

STATPRO: REMAINING CAUTIOUS

Statpro, provider of performance measurement solutions for the global asset management industry, has announced results for the year to 31st Dec. 02. Turnover is up 17% to £7.2m, however the company remains loss making at both the operating and pre-tax levels (£2.2m and £2.4m, compared to £4.4m and £4.7m in FY01). Loss per share 'improved' from 15.3p to 7.3p. Commenting on the results, Justin Wheatley, Chief Executive said: *"Statpro's business model, based on recurring revenues has provided protection from the slump in the financial software sector....we aim not only to weather the markets, but also to prosper"*.

Comment: Statpro deserves some praise for increasing the *value* of new contracts signed, and for building its recurring revenue base over the last few

8%
143p

PSD GROUP: DIVIDEND PROVIDES SOME COMFORT TO SHAREHOLDERS

PSD Group, the international recruitment services group, has announced results for the year to 31st Dec. 02 revealing a decline in Gross fee income of 38.2% to £44.2m, a reduction in net fee income of 37% to £24.7m and a decline in pre-tax profits of 81% from £4.8m to £0.9m. The Group has spent the year realigning its cost base with revenues *"whilst at the same time retaining the necessary resources to resume growth once market conditions improve"*. The headcount was down from 458 to 370 at the year end. The UK Technology division experienced the biggest fall in net fee income, down by 47% to £6.5m, and reducing its contribution to total net fee income from 31% to 26%. With 85% of the International division's fee income derived from the technology market, it saw revenues decline almost as dramatically, by 41% to £4.5m.

Francesca Robinson, CEO, said, *"The outlook for this year remains unclear and it is difficult to forecast when demand for our services will improve. However, our strategy to diversify into other sectors is progressing well and we believe*

[NSB Retail...continued from page sixteen]

shortfall and declining hardware sales some £5.3m. The order intake for licenses in North America was actually up 11% on a currency-adjusted basis at £14.1m suggesting NSB has gained market share.

Exceptional charges of £9.6m included a £7.1m charge for restructuring and a £1.8m provision against bad debt. In addition, NSB made a goodwill amortisation charge was £85.3m, in line with its 4-year goodwill amortisation policy, and an impairment charge of £99.9m to reflect the reduced valuations of its RTC and STS acquisitions, leaving c£57.4m of goodwill on the balance sheet.

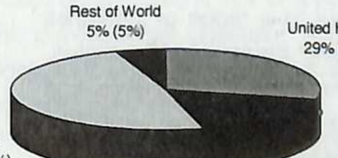
Commenting on the outlook, CE Nikki Beckett said: "*The next twelve months are unlikely to show a marked improvement in trading conditions, however, I believe that we have taken the necessary steps to meet the coming challenges*".

Comment: It's a crying shame. Here was a wonderful little British retail systems business led by a dynamic, entrepreneurial founder (Nikki Beckett), which took a high risk growth step by buying Canadian player **STS** for £272m at the *end* of 2000 ... and then watched as the walls came tumbling down. NSB has been struggling under the burden ever since. Meanwhile, during 2002, NSB worked hard to slash costs, cutting its workforce by 12.6% (or 154 employees) and reducing its payroll and overhead costs by £8.5m, as well as restructuring the business along divisional rather than geographic lines. This cost control helped to limit the impact of the £20.4m fall in revenue to a £4.9m drop in operating profit. Cost cutting will be a continued focus in 2003 - NSB expects to reduce costs by a further £12m (£4m through the sale of its UK hardware services business). However, NSB is fighting an uphill battle. Cash inflows were down on the previous year to £3.2m (2001: £11.4m) and the year-end cash balance was down from £10.4m to £4.0m. There's also some c$50m of payout due on the STS deal spread over the next 3 or so years and £57m of goodwill yet to be amortised. So, like many players, NSB are now relying on demand at least staying stable this year in order to salvage any sort of financial stability. But with the economy and world affairs looking so uncertain, there must be much spinning of prayer wheels going on at NSB. Their shares ended the month at 4p, down 32% over the past year.

[Statpro...continued from page sixteen]

years. Underlying recurring revenue from software licences was up 12% on 2001 to £6.3m. Most importantly, the company now says it has a recurring revenue base which "*approximately matches*" its ongoing fixed cash costs, and Q4 saw it operating profitably (pre goodwill amortisation). The company remains cautious about the outlook for 2003 but believes its business model will continue "*to hold it in good stead through the coming months*".

Statpro 2002 Business mix
Total = £7.2m (2001: £6.2m)



[PSD Group...continued from page sixteen]

it is creating a solid framework for organic growth in the future".

The fact that PSD has been finding it tough would have come as no surprise to shareholders and as such the share price has fell by just 0.4% to 125p on the morning of the results and in fact increased by 8% to 143p over the month. This is 23% down since the beginning of 2002. Shareholders will find some comfort in their final dividend payment of 3p albeit 50% down on the 6p dividend of 2001.

PSD Group FYE: 31st December	Net Fee Income £m		
	2002	2001	Change
Technology UK	6.5	12.3	-46.9%
International	4.5	7.7	-41.3%
Commercial & Prof. Svcs.	7.1	9.1	-21.8%
Finance & Banking	2.0	3.4	-41.1%
Hoggett Bowers	4.6	6.6	-30.6%
TOTAL	24.7	39.0	-36.7%

6%
9p

K3 KICKS OVER TOUCHLINE AND INTO PROFIT

K3 Business Technology Group has announced preliminary results for the year to end December 2002. Revenues were up just over 1% to £8.1m. More importantly, the company has managed to get itself back in the black (just), and posted a profit before tax of £266k, compared to a loss of £1.37m in 2001. EPS was 0.7p, compared to -3.6p.

The comparison is not quite 'apples with apples' as 2001 represented just 9 months of K3's new core ERP businesses and 3 months of legacy stuff, since disposed. Just looking at the ERP businesses, revenues in 2002 were £7.9m, compared to £6.4m for 9 months in 2001, so in fact the ERP businesses almost certainly did worse in 2002 than in 2001. But apparently new contracts were signed in H2 so things are starting to look a bit brighter. Also, cash flow is now positive and there's a bit more money in the bank. K3 Chairman George Matthews (ex-**Sherwood** CEO) was cautiously optimistic in his comments: *'Management will continue to maintain a cost-base in line with the business climate ... we believe we can achieve our future growth plans.'*

Comment: K3 is in effect a spin-out from troubled UK ERP vendor **Kewill** but by a very convoluted route. Back in Sep. 00 Kewill, sold the exclusive rights to its IBS ERP software to K3, then part of a major Scandinavian consortium, for £800K. Then in Dec. 00, Kewill disposed of its UK ERP software operations to K3 for £100K cash (along with net liabilities of £1.2m). K3 then reversed into what had become a hardware distribution company, **RAP**, and moved from the main market to AIM, placing shares at 15p. The hardware businesses were almost immediately sold off and the company renamed to K3 Business Technology Group. They had been trying to sell off the legacy multimedia sports business, Touchline (films soccer matches for TV and the web) for some time, which they finally did in Sep. 02, so now they are a 'pure' ERP software supplier. K3 looks in much better shape than it did a year ago, but conditions remain tough in the ERP market, with very little chance of an upturn in 2003. So while it's good to see one of the industry's 'little British battlers' taking a positive step into profitability, life is not going to be easy. K3's shares ended the month at 9p, down 18% over the past 12 months.

-4%
CODA SciSys
255p

CODA OUTPERFORMS SCISYS

CODASciSys – provider of IT services to a range of industries including government, utilities, defence, space, commerce and industry, and supplier of CODA financial software and solutions - has announced results for the year to 31st Dec. 02 revealing a highly commendable performance in today's market. Here are the highlights:

- Turnover is up 2.4% to £66.4m (all organic)
- PBT is up 13% to £5.6m, maintaining CODASciSys' consistent record of unbroken profits growth since going public in 1997 (not many S/ITS companies can say that!)
- EPS is up from 11.9p to 16.2p
- The order book *"remains healthy"* at over £50m, and FY03 revenues are underpinned by more than £22m from support & maintenance contracts
- Cash inflow from operations has improved from £10.3m in FY01 to £11.5m
- Shareholders have been rewarded with a final dividend of 2.4p per share, giving a total of 3.4p for the year - a 13% increase
- A number of board changes were announced, with Cliff Preddy stepping down as Chairman at the AGM in May. Mike Love will serve as both Group CEO and Chairman until a new CEO is appointed.

Chairman Cliff Preddy commented: *"Our positioning, spread and visibility of forward business encourages us to anticipate that we will continue to deliver a good performance during 2003, relative to the market sector in which we operate"*.

Comment: This set of results represents uninterrupted revenue and profits growth for CODASciSys since its flotation on AIM in 1997. Of course to really understand how the business is performing it is necessary to look at the performance of the individual Coda and SciSys businesses. The CODA business, acquired from Baan in Feb. 00 is focused on the delivery of financial management solutions based around the CODA product suite. It managed an increase in revenues of 6.5% to £40.3m, whilst SciSys, which provides ICT services and business solutions, saw revenues decline by 3.3% to £26.0m.

Since the acquisition of CODA, SciSys has always been the weaker part of the business. The CODA business benefits from a strong product suite and has been further strengthened by the addition of services capabilities from the 'old' SciSys commercial business. Indeed, margins have increased from 10% in

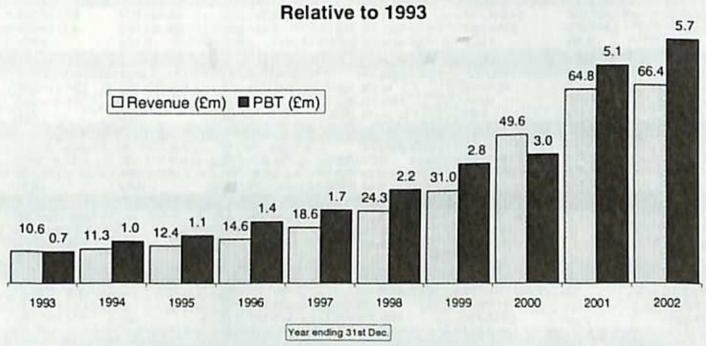
[continued on page nineteen]

Mergers & Acquisitions

Buyer	Seller	Seller Description	Acquiring	Price	Comment
Hays	Ascena	German IT staff agency	100%	max £48m	Ascena operates in five cities in Germany and Switzerland. Hays paid £41.1m in cash initially, with a further £7m based on performance. At a PSR of 0.66, this is a full price, but Hays say they "buy quality", rather than troubed companies, and expect to pay top prices.
Netstore	NetConnect	Internet security company	100%	max £2.3m	In the year to 31st Mar. 02 NetConnect turned over £6.9m, but were loss making. The cash deal includes deferred consideration dependent on performance.
Parity	Technical Training Ltd	Training company	100%	max. £0.7m	TTL is based in Edinburgh, so adds to Parity's UK coverage (although, crucially, the purchase did not involve property). The consideration will be paid over 36 months, and is performance related.
PC-Pos (Europe) Ltd	UK hardware services division of NSB Retail Systems	Hardware services	100%	max £2.35m	NSB's UK hardware services division was acquired as a result of the purchase of RTC in Feb. 00, and was not core to the group. PC-PoS paid £1.7m cash up front, with a performance-related element in each of the two years following completion.
SCH	GE Capital IT Solutions Spain (GECITS)	Enterprise computing and managed services	100%	n/a	The business, which will be combined with SCH's existing Spanish operations, Info'products, will rank #2 in Spain with revenues of EUR120m and headcount of 300. This intensifies competition on the European front between SCH and Computacenter.
Torex	UK-based hopsital information systems operation of InHealth Solutions	A division of InHealth Group SA.	100%	£7.0m	InHealth works with over 750 NHS partners, including GPs and 10 NHS trusts. This move follows on from Torex's acquisiton, last month, of other operations from InHealth.
Torex	Micrelec NV	Forecourt site control systems	100%	max £9.1m	Micrelec claims to be Belgium's "dominant" supplier of forecourt systems. Torex paid an initial EUR8.8m in shares, with the balance (in cash or shares) dependent on profit performance through to Dec. 04.

[continued from page eighteen]

CODASciSys
10 year Revenue and PBT Record
Relative to 1993



2000 to 15% in this reporting period. Due to the popularity of its transactional and analytic applications, CODA saw strong growth in licence sales to existing customers. However, as a result of the current climate, it saw a decline in new licence sales (and hence a small decline in consultancy turnover).

SciSys has faced an altogether tougher market. Prior to the CODA acquisition, Science Systems (as was) was a relatively unexciting "*all purpose*" System House. And in many ways this is still its problem it has such that, like its competitors, it has felt the effect of pricing pressure and lengthened sales cycles. However, the positive steps it has taken to build an increased focus on a few niche markets undoubtedly stopped revenues in this side of the business from falling further in 2002. Its strongest verticals are utilities (representing 15% of total CODASciSys revenues) and space (representing 13%). The SciSys division has now been restructured to increase the focus on the public sector business. The three divisions are space & defence, government & utilities, and commercial & industry.

For the business as a whole, there are a number of factors that have helped CODASciSys outperform the S/ITS marketplace. Importantly 82% of revenues are services-based and hence represent medium (20% in professional services, 30% in custom software development) to long-term (26% in support and maintenance, 6% in applications/facilities management) contracts. The company also have a broad geographic and vertical spread with 50% of revenues attributable to the public sector (including space). In addition, a committed customer base has served the company well with 70% repeat revenues from the existing base.

What we're once again really pleased to see is the company's realistic approach to the market. In foreseeing the market downturn sooner than most, it cut costs accordingly and has remained cash generative. And unlike some of its competitors, by maintaining its R&D spend, it has resisted gambling on its future.

It will be interesting to watch CODASciSys in the future as it moves to increase its lines of business either organically or through acquisition. If additional synergies can be found between the two businesses, we could see an even slicker operation than we do today.

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

AFA Systems plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£8,136,000		£6,013,000	-26.1%
PBT	-£14,619,000		-£10,638,000	Loss both
EPS	-56.90p		-41.90p	Loss both

Affinity Internet Holdings Plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£15,781,000	£52,765,000	£38,072,000	+141.3%
PBT	-£14,944,000	-£30,090,000	-£5,646,000	Loss both
EPS	-58.50p	-109.81p	-18.40p	Loss both

AIT Group plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£20,196,000	£36,224,000	£8,417,000	-58.3%
PBT	£364,000	-£9,272,000	-£37,732,000	Profit to loss
EPS	42.00p	-40.64p	-1556.50p	Profit to loss

Alphameric plc

	Final - Nov 01		Final - Nov 02	Comparison
REV	£56,848,000		£61,928,000	+8.9%
PBT	-£1,677,000		£2,486,000	Loss to Profit
EPS	-2.39p		0.00p	Loss to Profit

Alterian plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£1,803,000	£4,267,000	£1,807,000	+0.2%
PBT	-£4,753,000	-£9,247,000	-£4,485,000	Loss both
EPS	-12.10p	-23.90p	-11.40p	Loss both

Anite Group plc

	Interim - Oct 01	Final - Apr 02	Interim - Oct 02	Comparison
REV	£95,220,000	£202,510,000	£111,541,000	+17.1%
PBT	£1,964,000	£5,784,000	-£43,405,000	Profit to loss
EPS	-0.50p	-0.60p	-14.00p	Loss both

Argonaut Games

	Interim - Jan 02	Final - Jul 02	Interim - Jan 03	Comparison
REV	£9,271,000	£14,232,000	£6,933,000	-25.2%
PBT	£4,027,000	£2,763,000	-£1,096,000	Profit to loss
EPS	3.82p	2.87p	-1.13p	Profit to loss

Autonomy Corporation plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£36,271,000		£33,974,000	-6.3%
PBT	£9,146,896		£4,345,000	-52.5%
EPS	5.00p		0.03p	-99.4%

Aveva Group plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£14,034,000	£31,818,000	£16,462,000	+17.3%
PBT	£1,130,000	£4,938,000	£1,234,000	+9.2%
EPS	4.26p	19.48p	4.72p	+10.8%

Axon Group plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£42,762,000		£43,112,000	+0.8%
PBT	£5,464,000		£2,480,000	-54.6%
EPS	6.70p		2.70p	-59.7%

Baltimore Technologies plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£70,421,000		£35,000,000	-50.3%
PBT	-£659,711,000		-£65,300,000	Loss both
EPS	-131.80p		-125.20p	Loss both

Bond International Software plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£5,698,000	£11,365,995	£3,175,000	-44.3%
PBT	£443,000	£1,256,609	-£2,085,000	Profit to loss
EPS	2.17p	6.11p	-13.80p	Profit to loss

Business Systems Group Holdings plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£13,061,000	£24,224,000	£14,051,000	+7.6%
PBT	-£4,539,000	-£10,510,000	-£446,000	Loss both
EPS	-5.74p	-12.84p	-0.55p	Loss both

Capita Group plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£691,203,000		£897,504,000	+29.8%
PBT	£53,100,000		£78,069,000	+47.0%
EPS	4.58p		6.81p	+48.7%

Charteris Plc

	Interim - Jan 02	Final - Jun 02	Interim - Jan 03	Comparison
REV	£8,725,000	£19,087,000	£7,702,000	-11.7%
PBT	£591,000	£1,588,000	-£259,000	Profit to loss
EPS	0.90p	2.50p	-0.52p	Profit to loss

Clarity Commerce plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£2,428,000	£7,620,000	£3,399,000	+40.0%
PBT	-£276,000	-£221,000	-£429,000	Loss both
EPS	-2.84p	-2.51p	-3.08p	Loss both

Clinical Computing plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£1,176,000	£2,179,894	£1,102,000	-6.3%
PBT	-£498,000	-£1,369,934	-£598,000	Loss both
EPS	-1.99p	-5.50p	-2.4	Loss both

CODASciSys plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£64,820,000		£66,378,000	+2.4%
PBT	£5,054,000		£5,726,000	+13.3%
EPS	12.70p		16.2	+27.6%

Comino Group plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£9,310,000	£20,560,000	£11,803,000	+26.8%
PBT	-£1,441,000	-£576,000	£420,000	Loss to Profit
EPS	-6.50p	-3.80p	2.00p	Loss to Profit

Compass Software Group plc

	Final - Nov 01		Final - Nov 02	Comparison
REV	£4,266,677		£4,829,562	+13.2%
PBT	£356,253		£398,649	+11.9%
EPS	1.61p		1.52p	-5.6%

Compel Group plc

	Interim - Dec 01	Final - Jun 02	Interim - Dec 02	Comparison
REV	£32,003,000	£68,892,000	£24,761,000	+115.3%
PBT	-£258,000	-£1,691,000	-£711,000	Loss both
EPS	-0.90p	-3.20p	-2.30p	Loss both

Computacenter plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£2,093,423,000		£1,926,737,000	-8.0%
PBT	£34,900,000		£55,081,000	+57.8%
EPS	9.90p		19.80p	+100.0%

DCS Group plc

	Interim Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£58,000,000	£104,900,000	£37,800,000	-34.8%
PBT	-£8,100,000	-£4,600,000	-£7,700,000	Loss both
EPS	-8.10p	-22.58p	-31.72p	Loss both

Delcam plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£18,248,122		£18,913,000	+3.6%
PBT	£853,565		£1,071,000	+25.5%
EPS	9.70p		13.80p	+42.3%

Detica Group plc

	Interim - Sep 01	Final Mar 02	Interim - Sep 02	Comparison
REV	£14,534,000	£32,841,000	£17,626,000	+21.3%
PBT	£2,179,000	£5,928,000	£2,847,000	+30.7%
EPS	7.50p	20.80p	9.30p	+24.0%

Diagonal plc

	Final - Nov. 01		Final - Nov 02	Comparison
REV	£82,182,000		£63,618,000	-22.6%
PBT	£4,256,000		-£2,254,000	Profit to loss
EPS	2.26p		-4.56p	Profit to loss

Dicom Group plc

	Interim - Dec 01	Final - Jun 02	Interim - Dec 02	Comparison
REV	£75,622,000	£149,527,000	£80,338,000	+6.2%
PBT	£4,216,000	£3,521,000	£4,628,000	+9.8%
EPS	140p	3.50p	16.1p	+15.0%

Dimension Data plc

	Final - Sep 01		Final - Sep 02	Comparison
REV	£1,707,500,000		£1,489,600,000	-12.8%
PBT	-£1,148,900,000		-£1,756,500,000	Loss both
EPS	-96.20p		-155.60p	Loss both

DRS Data & Research Services plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£10,054,000		£12,782,000	+27.1%
PBT	£665,000		£1,776,000	+167.1%
EPS	136p		3.68p	+170.6%

Easynet plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£28,607,000	£71,276,000	£42,361,000	+48.1%
PBT	-£10,586,000	-£292,667,000	-£53,077,000	Loss both
EPS	-38.40p	-440.50p	-47.90p	Loss both

Easyscreen plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£1,245,696	£3,236,111	£1,234,399	-.9%
PBT	-£2,188,965	-£4,289,119	-£2,237,521	Loss both
EPS	-4.70p	-9.34p	-4.30p	Loss both

Eidos plc

	Interim - Dec 01	Final - Jun 02	Interim - Dec 02	Comparison
REV	£75,912,000	£142,564,000	£102,167,000	+34.6%
PBT	-£2,245,000	-£30,655,000	£6,668,000	Loss to profit
EPS	-1.60p	-22.90p	3.10p	Loss to profit

Electronic Data Processing plc

	Final - Sep 01		Final - Sep 02	Comparison
REV	£10,408,000		£8,480,000	-18.5%
PBT	-£306,000		-£1,394,000	Loss both
EPS	-1.14p		-5.03p	Loss both

Empire Interactive plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£11,086,000		£25,054,000	+126.0%
PBT	-£2,406,000		-£1,816,000	Loss both
EPS	-3.95p		-2.72p	Loss both

Epic Group plc

	Interim - Nov 01	Final - May 02	Interim - Nov 02	Comparison
REV	£3,308,000	£7,227,000	£4,614,000	+39.5%
PBT	£205,000	£835,000	£999,000	+387.3%
EPS	0.70p	3.10p	3.60p	+414.3%

Eurolink Managed Services plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£4,131,000	£9,226,000	4512000	+9.2%
PBT	£7,000	£155,000	17000	+142.9%
EPS	-0.38p	0.47p	0.03	Loss to profit

Eyretel plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£24,151,000	£50,017,000	£21,385,000	-11.5%
PBT	£146,000	£648,000	-£5,626,000	Profit to loss
EPS	0.06p	0.49p	-3.77p	Profit to loss

Financial Objects plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£17,526,000		£12,841,000	-26.7%
PBT	£1,046,000		-£2,839,000	Profit to loss
EPS	0.84p		-6.72p	Profit to loss

Flomerics Group plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£12,875,000		£11,711,000	-9.0%
PBT	£308,000		£635,000	+106.2%
EPS	1.72p		3.23p	+87.8%

Focus Solutions Group plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£2,285,000	£5,073,000	£2,821,000	+23.5%
PBT	-£1,426,000	-£2,590,000	-£1,834,000	Loss both
EPS	-5.70p	-10.30p	-7.20p	Loss both

GB Group plc

	Inerim - Sep 01	Final- Mar 02	Interim - Sep 02	Comparison
REV	£8,868,000	£17,189,000	£5,183,000	-41.6%
PBT	-£2,411,000	-£2,260,000	£301,000	Loss to profit
EPS	-3.00p	-2.20p	0.30p	Loss to profit

Gladstone Plc

	Interim - Feb 02	Final - Aug 02	Interim - Feb 03	Comparison
REV	£4,020,569	£8,603,805	£3,796,125	-5.6%
PBT	-£3,380,671	-£1,748,902	£50,315	Loss to profit
EPS	-9.74p	-4.53p	0.12p	Loss to profit

Glotel plc

	Interim - Sep 0,1	Final - Mar 02	Interim - Sep 02	Comparison
REV	£60,142,000	£98,352,000	£37,991,000	-36.8%
PBT	-£2,054,000	-£4,445,000	-£416,000	Loss both
EPS	-3.90p	-8.60p	-0.90p	Loss both

Gresham Computing plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£13,026,000	£24,761,000	£6,152,000	-52.8%
PBT	£1,675,000	-£973,000	£2,674,000	+59.6%
EPS	2.59p	-3.32p	4.87	+88.0%

Harrier Group plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£17,052,456		£9,544,299	-44.0%
PBT	-£1,144,750		-£19,005,410	Loss both
EPS	-3.59p		-59.19p	Loss both

Harvey Nash Group plc

	Interim - Jul 01	Final - Jan 02	Interim - Jul 02	Comparison
REV	£126,359,000	£235,720,000	£83,489,000	-33.9%
PBT	-£1,103,000	-£11,346,000	-£6,576,000	Loss both
EPS	-3.95p	-39.38p	-16.16p	Loss both

Highams Systems Services Group plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep-02	Comparison
REV	£9,630,000	£13,777,000	£5,618,000	-41.7%
PBT	-£370,000	-£298,000	-£212,000	Loss both
EPS	-183p	-145p	-109p	Loss both

Horizon Technology Group plc

	6 months - Dec 01		Final - Dec 02	Comparison
REV	£104,088,000		£202,188,000	n/a
PBT	-£14,156,000		-£7,844,000	Loss both
EPS	-2133p		-13.18p	Loss both

Host Europe plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£9,529,000		£13,708,000	+43.9%
PBT	-£34,419,000		-£505,000	Loss both
EPS	-3.38p		-0.01p	Loss both

Hot Group plc

	Final - Apr 01		Final - Aug 02	Comparison
REV	£1,555,000		£2,831,000	+82.1%
PBT	-£165,000		-£4,710,000	Loss both
EPS	-2.46p		-3142p	Loss both

I-Document Systems Plc

	Final - Oct 01		Final - Oct 02	Comparison
REV	£1,201,192		£3,017,602	+151.2%
PBT	-£1,181,273		-£1,483,473	Loss both
EPS	-0.97p		-1.11p	Loss both

ICM Computer Group plc

	Interim - Dec 01	Final - Jun 02	Interim - Dec 02	Comparison
REV	£32,384,000	£68,871,000	£38,623,000	+19.3%
PBT	£1,923,000	£4,478,000	£1,209,000	-37.1%
EPS	6.60p	15.00p	4.00p	-39.4%

IDS Group plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£16,038,000	£35,355,000	£15,983,000	-.3%
PBT	-£5,244,000	-£18,138,000	-£2,235,000	Loss both
EPS	-9.40p	-3196p	-4.10p	Loss both

Innovation Group plc (The)

	Final - Sep 01		Final - Sep 02	Comparison
REV	£43,695,000		£100,071,000	+129.0%
PBT	-£10,806,000		-£391,114,000	Loss both
EPS	-1164p		-202.75p	Loss both

InTechnology plc

	Interim - Sep 01	Final - Mar. 02	Interim - Sep 02	Comparison
REV	£73,872,000	£158,108,000	£75,957,000	+2.8%
PBT	-£5,282,000	£82,672,000	-£4,638,000	Loss both
EPS	-3.33p	-53.65p	-2.98p	Loss both

Intelligent Environments Group plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£1,948,000	£3,111,584	£1,426,000	-26.8%
PBT	-£3,632,000	-£6,979,561	-£1,904,000	Loss both
EPS	-8.30p	-13.53p	-1.51p	Loss both

IQ-Ludorum plc

	Interim - Jun 01	Final- Dec 01	Interim - Jun 02	Comparison
REV	£1,897,000	£4,192,000	£1,892,000	-.3%
PBT	-£2,346,000	-£5,308,000	-£3,396,000	Loss both
EPS	-0.03p	-6.66	-0.04	Loss both

IRevolution plc

	Interim - Mar 01	17 mths Sep 01	Interim - Mar 02	Comparison
REV	£2,524,000	£6,433,000	£2,858,000	+13.2%
PBT	-£647,000	-£4,153,000	-£1,779,000	Loss both
EPS	-2.50p	-14.50p	-3.90p	Loss both

ISOFT Group plc

	Interim - Oct. 01	Final - Apr 02	Interim - Oct 02	Comparison
REV	£22,763,000	£60,102,000	£35,277,000	+55.0%
PBT	£3,491,000	£12,178,000	£6,072,000	+73.9%
EPS	2.04p	7.61p	3.29p	+61.3%

I S Solutions plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£5,904,000	£10,873,000	£3,621,000	-38.7%
PBT	-£161,000	-£222,000	-£879,000	Loss boh
EPS	-0.73p	-106p	-3.48p	Loss both

ITNET plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£176,446,000		£178,992,000	+14%
PBT	£10,467,000		£7,336,000	-29.9%
EPS	9.12p		3.01p	-67.0%

Izodia plc

	Final - Dec 00		Final - Dec 01	Comparison
REV	£2,697,000		£3,828,000	+41.9%
PBT	-£35,997,000		-£73,555,000	Loss both
EPS	-66.15		-156.33	Loss both

Jasmin plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£3,233,000	£7,099,000	£3,559,000	+10.1%
PBT	£325,000	£716,000	£333,000	+2.5%
EPS	6.72p	16.67p	6.89p	+2.5%

K3 Business Technology Group plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£7,972,000		£8,088,000	+15%
PBT	-£1,373,000		£266,000	Loss to profit
EPS	-3.60p		0.70p	Loss to profit

Kewill Systems plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£24,399,000	£48,144,000	£14,172,000	-41.9%
PBT	-£55,069,000	-£57,638,000	-£5,742,000	Loss both
EPS	-71.90p	-75.20p	-8.00p	Loss both

Knowledge Support Systems Group plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£512,658	£1,020,520	£600,805	+17.2%
PBT	-£4,582,815	-£9,768,556	-£1,490,049	Loss both
EPS	-6.20p	-12.17p	-1.82p	Loss both

LogicaCMG plc

	Final - Jun 02		6 months-Dec 02	Comparison
REV	£2,008,800,000		£882,500,000	n/a
PBT	-£804,100,000		-£444,700,000	n/a
EPS	-114.20p		-62.40p	n/a

London Bridge Software Holdings plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£74,070,000		£62,137,000	-16.1%
PBT	£4,725,000		-£51,446,000	Profit to loss
EPS	1.73p		-30.31p	Profit to loss

Lorien plc

	Final - Nov 01		Final - Nov 01	Comparison
REV	£139,028,000		£113,588,000	-18.3%
PBT	£1,997,000		-£5,178,000	Profit to loss
EPS	8.40p		-32.50p	Profit to loss

Note: The companies listed on pages 18-21 are those companies in our S/ITS index with revenue of >£2m. Also included in our index are: **Atlantic Global, BSoftB, Earthport, Ffastfil, Intercede Group, Internet Business Group, Knowledge Technology Solutions, Netcall, PC Medics Group, Stilo International, Superscape, Systems Integrated, Ultrasis Group, Vianet Group**

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

Macro 4 plc

	Interim - Dec 01	Final - Jun 02	Interim - Dec 02	Comparison
REV	£19,393,000	£39,405,000	£16,465,000	-15.1%
PBT	-£3,505,000	-£3,910,000	-£3,006,000	Loss both
EPS	-15.60p	-18.80p	-12.40p	Loss both

Manpower SoftWare plc

	Interim - Nov 01	Final - May 02	Interim - Nov 02	Comparison
REV	£1,600,663	£3,299,320	£866,166	-45.9%
PBT	-£669,034	-£1,252,691	-£1,324,620	Loss both
EPS	-2.70p	-5.10p	-2.99p	Loss both

Marlborough Stirling plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£73,369,000		£121,008,000	+64.9%
PBT	£9,277,000		-£34,478,000	Profit to loss
EPS	2.90p		-20.00p	Profit to loss

MERANT plc

	Interim - Oct 01	Final Apr 02	Interim - Oct 02	Comparison
REV	£44,244,000	£87,068,000	£40,508,300	-8.4%
PBT	-£18,588,000	-£55,442,000	£13,759,000	Loss both
EPS	-0.13p	-46.80p	0.03p	Loss to profit

Microgen plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£21,009,000		£25,332,000	+20.6%
PBT	£251,000		-£1,964,000	Profit to loss
EPS	1.50p		-4.20p	Profit to loss

Minorplanet Systems Plc

	Final - Aug 01		Final - Aug 02	Comparison
REV	£52,900,000		£124,700,000	+135.7%
PBT	£5,300,000		-£3,300,000	Profit to loss
EPS	7.89p		-4.11p	Profit to loss

Misys plc

	Interim - Nov 01	Final - May 02	Interim - Nov 02	Comparison
REV	£480,200,000	£1,036,300,000	£516,600,000	+7.6%
PBT	£2,300,000	£34,700,000	£24,900,000	+982.6%
EPS	-0.10p	3.70p	2.60p	Loss to profit

MMT Computing plc

	Final - Aug 01		Final - Aug 02	Comparison
REV	£31,112,000		£27,472,000	-11.7%
PBT	-£2,792,000		-£658,000	Loss both
EPS	-19.40p		-6.40p	Loss both

Mondas plc

	Interim - Oct 01	Final - Apr 02	Interim - Oct 02	Comparison
REV	£1,729,088	£3,741,673	£1,452,981	-16.0%
PBT	-£1,184,379	-£2,177,858	-£1,529,674	Loss both
EPS	-5.90p	-10.10p	-7.30p	Loss both

Morse plc

	Interim - Dec. 01	Final - Jun 02	Interim - Dec 02	Comparison
REV	£226,001,000	£465,180,000	£185,839,000	-17.8%
PBT	-£3,385,000	-£124,000	-£4,613,000	Loss both
EPS	-4.80p	-6.10p	-5.30p	Loss both

MSB International plc

	Interim - Jul 01	Final - Jan 02	Interim - Jul 02	Comparison
REV	£83,627,000	£145,987,000	£47,619,000	-43.1%
PBT	£416,000	£1,889,000	£0	Profit to B/E
EPS	1.10p	6.40p	0.00p	n/a

Myratech.net Plc

	Final - Dec 00		Final - Dec 01	Comparison
REV	£1,713,000		£2,000,000	+16.8%
PBT	-£1,599,000		-£2,755,000	Loss both
EPS	-6.00p		-10.00p	Loss both

Ncipher Plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£14,367,000		£11,922,000	-17.0%
PBT	-£3,237,000		-£3,352,000	Loss both
EPS	-2.80p		-2.69p	Loss both

NetBenefit plc

	Interim - Dec 01	Final - Jun 02	Interim - Dec 02	Comparison
REV	£3,004,000	£6,079,000	£2,809,000	-6.5%
PBT	-£633,000	-£1,189,000	-£303,000	Loss both
EPS	-3.40p	-6.90p	-1.90p	Loss both

Netstore plc

	Interim - Dec 01	Final - Jun 02	Interim - Dec 02	Comparison
REV	£1,733,000	£6,643,961	£6,224,000	+259.1%
PBT	-£3,776,000	-£6,944,415	-£1,880,000	Loss both
EPS	-4.23p	-7.51p	-1.96p	Loss both

Nettec plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£9,413,000	£16,416,000	£2,355,000	-75.0%
PBT	-£21,353,000	-£36,066,000	-£2,699,000	Loss both
EPS	-19.00p	-30.90p	-2.20p	Loss both

Northgate Information Solutions plc

	Interim - Oct 01	Final - Apr 02	Interim - Oct 02	Comparison
REV	£44,628,000	£92,564,000	£41,534,000	-6.9%
PBT	£4,102,000	£8,658,000	£29,807,000	+626.6%
EPS	1.39p	2.91p	8.99p	+546.8%

NSB Retail Systems plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£93,818,000		£73,359,000	-21.8%
PBT	-£93,470,000		-£196,232,000	Loss both
EPS	-22.63p		-49.05p	Loss both

OneclickHR plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£2,721,780	£5,818,605	£2,792,765	+2.6%
PBT	-£1,180,617	-£2,114,778	-£875,776	Loss both
EPS	-2.30p	-4.10p	-1.60p	Loss both

Orchestream Holdings plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£6,949,000	£14,784,000	£3,936,000	-43.4%
PBT	-£9,768,000	-£35,017,000	-£20,936,000	Loss both
EPS	-8.80p	-30.70p	-15.90p	Loss both

Parity Group plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£246,930,000		£183,273,000	-25.8%
PBT	-£3,265,000		-£24,567,000	Loss both
EPS	-2.05p		-16.01p	Loss both

Patsystems plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£5,015,000		£7,787,000	+55.3%
PBT	-£15,161,000		-£9,061,000	Loss both
EPS	-11.70p		-7.00p	Loss both

Pilat Media Global plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£2,841,000	£6,139,000	£2,470,000	-13.1%
PBT	-£1,284,000	-£2,235,000	-£1,337,000	Loss both
EPS	-4.00p	-6.98p	-4.16p	Loss both

Planit Holdings plc

	Interim - Oct 01	Final - Apr 02	Interim - Oct 02	Comparison
REV	£9,766,000	£22,347,000	£10,522,000	+7.7%
PBT	£916,000	£3,550,000	£642,000	-29.9%
EPS	0.70p	2.70p	0.40p	-42.9%

PSD Group plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£71,672,000		£44,282,000	-38.2%
PBT	£4,815,000		£879,000	-81.7%
EPS	10.50p		2.10p	-80.0%

QA plc

	Final - Nov 01		Final - Nov 02	Comparison
REV	£55,300,000		£32,800,000	-40.7%
PBT	£1,200,000		-£63,000,000	Profit to loss
EPS	-0.80p		-67.70p	Loss both

Quantica plc

	Final - Nov 01		Final - Nov 02	Comparison
REV	£33,418,000		£26,127,000	-21.8%
PBT	£2,860,000		-£3,443,000	Profit to loss
EPS	4.93p		-9.07p	Profit to loss

Raft International plc

	Final - Oct 01		Final - Oct 02	Comparison
REV	£9,468,000		£6,666,000	-29.6%
PBT	-£826,000		-£2,113,000	Loss both
EPS	-1.32p		-3.10p	Loss both

Rage Software plc

	Final - Jun 01		Final - Jul 02	Comparison
REV	£5,731,000		£12,274,000	+114.2%
PBT	-£17,054,000		-£16,098,000	Loss both
EPS	-5.28p		-4.10p	Loss both

RDL Group plc

	Interim - Mar 01	Final - Sep 01	Interim - Mar 02	Comparison
REV	£21,226,000	£43,618,000	£28,352,000	+33.6%
PBT	£1,093,000	£1,990,000	-£455,000	Profit to loss
EPS	4.51p	7.93p	-1.28p	Profit to loss

Retail Decisions plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£22,195,000		£28,421,000	+28.1%
PBT	-£2,895,000		-£9,379,000	Loss both
EPS	-2.15p		-3.64p	Loss both

RM plc

	Final - Sep 01		Final - Sep 02	Comparison
REV	£241,916,000		£202,158,000	-16.4%
PBT	£15,207,000		-£5,914,000	Profit to loss
EPS	11.20p		-5.10p	Profit to loss

Rolfe & Nolan plc

	Interim - Aug 01	Final - Feb 02	Interim - Aug 02	Comparison
REV	£12,026,000	£25,584,000	£10,701,000	-11.0%
PBT	-£680,000	-£5,267,000	£77,000	Loss to profit
EPS	-4.60p	-36.40p	1.20p	Loss to profit

Royalblue Group plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£66,253,000		£57,006,000	-14.0%
PBT	£4,197,000		£13,058,000	+211.1%
EPS	6.40p		32.90p	+414.1%

Sage Group plc

	Final - Sep 01		Final - Sep 02	Comparison
REV	£484,137,000		£551,731,000	+14.0%
PBT	£121,317,000		£129,154,000	+6.5%
EPS	6.59p		6.99p	+6.1%

SBS Group plc

	Final - Aug 01		Final - Aug 02	Comparison
REV	£45,402,000		£32,089,000	-29.3%
PBT	-£3,621,000		-£2,048,000	Loss both
EPS	-39.50p		-19.40p	Loss both

SDL plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£33,659,000		£58,002,000	+72.3%
PBT	-£5,098,000		-£3,518,487	Loss both
EPS	-11.56p		-7.10p	Loss both

ServicePower Technologies plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£3,150,000		£4,483,000	+42.3%
PBT	-£2,700,000		-£555,000	Loss both
EPS	-4.90p		-0.64p	Loss both

Sherwood International plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£56,513,000		£52,231,000	-7.6%
PBT	-£11,012,000		£94,000	Loss to profit
EPS	-25.60p		0.30p	Loss to profit

Sirius Financial Solutions plc

	Interim - Jun 01	Final - Dec 00	Interim - Jun 02	Comparison
REV	£9,093,000	£17,135,457	£10,698,000	+17.7%
PBT	£115,000	£727,215	£1,359,000	Profit to loss
EPS	0.20p	4.40p	4.60p	Profit to loss

Software for Sport plc

	Final - Feb 01		Final - Feb 02	Comparison
REV	£868,000		£3,030,000	+249.1%
PBT	-£1,574,000		-£1,633,000	Loss both
EPS	-2.18		-1.24p	Loss both

Sopheon plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£6,068,000	£13,963,000	£6,511,000	+7.3%
PBT	-£12,565,000	-£34,631,000	-£8,961,000	Loss both
EPS	-32.50p	-76.20p	-10.90p	Loss both

Spring Group plc

	8 months to Dec 01		Final - Dec 02	Comparison
REV	£220,916,000		£293,330,000	+32.8%
PBT	-£15,021,000		-£8,840,000	Loss both
EPS	-9.15p		-5.93p	Loss both

Staffware plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£38,230,000		£39,031,000	+2.1%
PBT	-£3,250,000		£2,608,000	Loss to profit
EPS	-26.00p		11.10p	Loss to profit

StatPro Group plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£6,174,000		£7,229,000	+17.1%
PBT	-£4,742,000		-£2,373,000	Loss both
EPS	-15.30p		-7.30p	Loss both

SurfControl plc

	Interim - Dec 01	Final - Jun 02	Interim - Dec 02	Comparison
REV	£16,965,000	£37,538,000	£22,044,000	+29.9%
PBT	-£27,067,000	-£48,084,000	£2,071,000	Profit to loss
EPS	-89.30p	-156.55p	4.50p	Profit to loss

Synstar plc

	Final - Sep 01		Final - Sep 02	Comparison
REV	£238,198,000		£221,870,000	-6.9%
PBT	-£21,296,000		£6,532,000	Loss to profit
EPS	-13.80p		2.40p	Loss to profit

Systems Union Group plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£78,385,000		£74,631,000	-4.8%
PBT	£2,189,000		£4,316,000	+97.2%
EPS	3.80p		7.10p	+86.8%

Telecity plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£15,914,000	£32,628,000	£12,170,000	+105.0%
PBT	-£23,322,000	-£35,392,000	-£16,918,000	Loss both
EPS	-19.00p	-25.20p	-8.40p	Loss both

Telework Systems plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£8,343,000	£17,713,000	£6,576,000	-21.2%
PBT	-£1,800,000	-£5,068,000	-£2,912,000	Loss both
EPS	-0.81p	-2.20p	-1.61p	Loss both

Tikit Group plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£9,123,000		£8,231,000	-9.8%
PBT	£1,006,000		£305,000	-69.7%
EPS	6.10p		1.30p	-78.7%

Torex plc

	Final - Dec 01		Final - Dec 01	Comparison
REV	£132,206,000		£161,791,000	+22.4%
PBT	£8,915,000		£14,688,000	+64.8%
EPS	9.00p		16.80p	+86.7%

Total Systems plc *

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£2,838,066	£5,384,299	£2,026,589	-28.6%
PBT	£772,911	£1,415,606	£280,033	-63.8%
EPS	5.11p	9.44p	1.84p	-64.0%

Touchstone Group plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£6,725,000	£14,187,000	£6,912,000	+2.8%
PBT	£606,000	£1,770,000	£611,000	+0.8%
EPS	3.80p	10.90p	3.70p	-2.6%

Trace Group plc

	Interim - Nov 01	Final - May 01	Interim - Nov 02	Comparison
REV	£10,475,000	£15,656,000	£8,432,000	-19.5%
PBT	£771,000	£3,183,000	-£2,135,000	Profit to loss
EPS	3.12p	17.12p	-13.86p	Profit to loss

Transeda plc

	Interim - Dec 01	Final - Jun 02	Interim - Dec 02	Comparison
REV	£3,528,000	£5,751,000	£1,808,000	-48.8%
PBT	-£259,000	-£7,346,000	-£5,143,000	Loss both
EPS	-0.40p	-11.72p	-7.61p	Loss both

Transware plc

	Interim - Dec 01	Final - Jun 02	Interim - Dec 02	Comparison
REV	£6,284,764	£12,806,946	£4,922,301	-21.7%
PBT	£622,147	£319,574	-£468,121	Profit to loss
EPS	1.40p	0.33p	-1.40p	Profit to loss

Triad Group plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£24,182,000	£41,567,000	£14,091,000	-41.7%
PBT	£1,519,000	-£470,000	-£2,527,000	Profit to loss
EPS	4.10p	-1.36p	-7.91p	Profit to loss

Tribal Group plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£15,344,000	£45,651,000	£38,275,000	+149.4%
PBT	£761,000	£4,680,000	£412,000	-45.9%
EPS	0.22p	6.60p	-1.74p	Profit to loss

Ultima Networks plc

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£3,889,000	£6,952,000	£2,768,000	-28.8%
PBT	-£496,000	-£865,000	-£599,000	Loss both
EPS	-0.26p	-0.45p	-0.31p	Loss both

Universe Group plc

	Interim - Jun 00	Final - Dec 01	Interim - Jun 01	Comparison
REV	£21,963,000	£58,990,000	£27,281,000	+24.2%
PBT	£111,000	£858,000	£431,000	+288.3%
EPS	-0.60p	0.10p	0.10p	Loss to Profit

Vega Group plc

	Interim - Oct 01	Final - Apr 02	Interim - Oct 02	Comparison
REV	£17,572,000	£35,572,000	£17,390,000	-1.0%
PBT	-£332,000	-£763,000	-£8,662,000	Loss both
EPS	-1.90p	-3.53p	-47.99p	Loss both

VI Group plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£3,083,000	£6,456,000	£3,200,000	+3.8%
PBT	£324,000	£726,000	-£357,000	Profit to loss
EPS	0.94p	2.12p	-1.04p	Profit to loss

Vocalis Group plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£1,223,000	£1,735,000	£1,404,000	+14.8%
PBT	-£1,968,000	-£4,185,000	-£1,626,000	Loss both
EPS	-4.25p	-5.41p	-1.28p	Loss both

Warthog plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£4,770,285	£8,858,117	£5,402,913	+13.3%
PBT	£35,816	£487,791	£134,394	+275.2%
EPS	0.03p	0.64p	0.16p	+433.3%

Wealth Management Software plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£12,009,000		£10,997,000	-8.4%
PBT	-£6,346,000		-£1,061,000	Loss both
EPS	-14.68p		-2.74p	Loss both

Xansa plc

	Interim - Oct 01	Final - Apr 02	Interim - Oct 02	Comparison
REV	£269,200,000	£515,100,000	£232,500,000	-13.6%
PBT	£1,700,000	-£507,800,000	-£140,700,000	Profit to loss
EPS	-3.52p	-184.66p	-51.00p	Loss both

XKO Group plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£20,433,000	£38,880,000	£21,614,000	+5.8%
PBT	-£4,777,000	-£14,938,000	£257,000	Loss to Profit
EPS	-18.20p	-56.40p	0.40p	Loss to Profit

Xpertise Group plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£5,276,000		£4,602,000	-12.8%
PBT	-£1,571,000		-£1,148,000	Loss both
EPS	-4.83p		-1.55p	Loss both

Note: The companies listed on pages 18-21 are those companies in our S/ITS index with revenue of >£2m. Also included in our index are: **Atlantic Global, BSoftB, Earthport, Ffastfil, Intercede Group, Internet Business Group, Knowledge Technology Solutions, Netcall, PC Medics Group, Stilo International, Superscape, Systems Integrated, Ultrasis Group, Vianet Group**

Holway/SYSTEMHOUSE S/ITS Share Prices and Capitalisation

	SCS Cat.	Share Price 31-Mar-03	Capitalisation 31-Mar-03	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 31-Mar-03	Share price move since 28-Feb-03	Share price % move in 2003	Capitalisation move since 28-Feb-03	Capitalisation move (£m) in 2003
AFA Systems	SP	£0.12	£4.4m	Loss	0.73	102	-15.52%	-35.53%	£1.00m	-£0.12m
Affinity Internet Holdings	CS	£0.28	£9.2m	Loss	0.17	2115	-15.38%	-26.67%	-£1.64m	-£3.38m
AIT Group	CS	£0.21	£5.1m	Loss	0.14	138	-27.59%	-40.00%	-£2.10m	-£3.29m
Alphameric	SP	£0.45	£47.0m	6.8	0.76	206	-19.64%	-11.76%	-£11.51m	-£6.34m
Alterian	SP	£0.35	£13.7m	Loss	3.21	175	-4.11%	-5.41%	-£0.60m	-£0.80m
Anite Group	CS	£0.22	£74.8m	Loss	0.37	130	-5.32%	-5.32%	-£4.20m	-£4.16m
Argonaut Games	SP	£0.10	£9.9m	3.5	0.70	107	-10.87%	-41.43%	-£1.19m	-£6.99m
Autonomy Corporation	SP	£1.59	£193.9m	52.8	5.71	48	2.92%	-9.43%	£1.47m	-£24.81m
Aveva Group	SP	£3.22	£54.4m	16.0	1.71	1608	-2.72%	-9.05%	-£1.47m	-£5.37m
Axon Group	CS	£0.65	£33.8m	24.1	0.78	371	10.17%	14.04%	£3.10m	£4.20m
Baltimore Technologies	SP	£0.22	£11.8m	Loss	0.34	226	-18.52%	-51.11%	-£2.63m	-£11.27m
Bond International	SP	£0.14	£1.9m	0.0	0.17	208	-20.59%	-22.86%	-£0.57m	-£0.57m
Business Systems	CS	£0.04	£2.8m	Loss	0.08	29	0.00%	-26.32%	£0.00m	-£1.01m
Capita Group	CS	£2.37	£1,574.2m	22.5	1.75	63931	-2.67%	-4.44%	-£42.85m	-£72.72m
Charteris	CS	£0.14	£5.6m	6.2	0.30	150	-30.77%	-40.00%	-£1.26m	-£3.75m
Clarity Commerce	SP	£0.61	£8.5m	Loss	1.11	488	-0.81%	-12.23%	-£1.08m	-£1.18m
Clinical Computing	SP	£0.29	£7.2m	Loss	3.28	230	-6.56%	-12.31%	-£0.51m	-£1.01m
CODASciSys (was Science Systems)	CS	£2.55	£64.8m	15.7	0.98	1977	-3.77%	4.08%	-£0.60m	£3.90m
Comino	SP	£1.33	£18.3m	Loss	0.89	1019	1.92%	3.92%	£0.43m	£0.72m
Compass Software	SP	£0.69	£8.1m	45.4	1.68	460	2.22%	4.55%	£0.36m	£0.36m
Compel Group	R	£0.39	£12.0m	Loss	0.19	308	-26.67%	-53.33%	-£11.74m	-£13.62m
Computacenter	R	£2.65	£491.1m	12.9	0.25	396	-1.85%	-5.36%	-£9.32m	-£27.82m
DCS Group	CS	£0.07	£1.8m	Loss	0.02	117	-50.00%	-33.33%	-£1.76m	-£0.88m
Delcam	SP	£1.14	£6.9m	8.3	0.36	438	-4.20%	-8.80%	-£0.37m	-£0.66m
Detica	CS	£2.59	£57.8m	12.5	1.76	646	-13.83%	-27.79%	-£9.30m	-£22.20m
Diagonal	CS	£0.51	£45.1m	Loss	0.71	734	9.78%	-0.98%	£4.00m	-£0.50m
Dicom Group	R	£3.33	£69.2m	22.4	0.46	1019	-15.82%	-17.90%	-£13.04m	-£15.14m
Dimension Data	R	£0.16	£214.7m	Loss	0.10	28	-22.89%	-44.83%	-£63.73m	-£174.51m
DRS Data & Research	SP	£0.37	£12.6m	Loss	0.99	332	23.73%	21.67%	£2.40m	£2.20m
Easynet	CS	£0.73	£45.0m	Loss	1.08	20	-11.59%	-8.23%	-£0.53m	-£4.10m
Easyscreen	SP	£0.22	£12.2m	Loss	3.78	129	-24.14%	-12.00%	-£3.88m	-£1.08m
Eidos	SP	£1.20	£166.4m	Loss	1.63	5997	5.26%	-4.76%	£8.27m	-£8.37m
Electronic Data Processing	SP	£0.39	£9.6m	Loss	1.13	1194	1.30%	0.00%	£0.12m	£0.00m
Empire Interactive	SP	£0.04	£2.3m	Loss	0.09	58	7.69%	-53.33%	£0.34m	-£2.78m
Epic Group	CS	£0.93	£23.5m	15.2	3.25	886	3.33%	20.78%	£3.59m	£4.00m
Eurolink Managed Services	CS	£0.33	£3.4m	70.2	0.37	330	-4.35%	-4.35%	-£0.21m	-£0.16m
Eyretel	SP	£0.25	£38.2m	51.0	0.76	250	2.04%	150.00%	£0.70m	£22.90m
Financial Objects	SP	£0.32	£8.7m	Loss	0.68	137	-16.00%	-20.25%	-£1.61m	-£2.21m
Flomerics Group	SP	£0.49	£7.1m	15.2	0.61	1885	5.38%	-28.47%	£0.45m	-£2.82m
Focus Solutions Group	SP	£0.12	£3.1m	Loss	0.61	62	0.00%	-17.24%	£0.26m	-£0.64m
GB Group	SP	£0.12	£9.4m	Loss	0.54	76	-9.62%	-14.55%	-£1.04m	-£1.64m
Gladstone	SP	£0.07	£2.7m	Loss	0.15	163	-16.13%	30.00%	£0.92m	£0.61m
Glotel	A	£0.45	£17.0m	Loss	0.17	234	-12.62%	-15.89%	-£2.89m	-£3.29m
Gresham Computing	CS	£0.51	£24.7m	Loss	1.00	548	-0.97%	-16.73%	-£0.20m	-£4.92m
Harrier Group	CS	£0.04	£1.0m	Loss	0.10	27	-54.84%	-58.82%	-£0.98m	-£1.46m
Harvey Nash Group	A	£0.28	£15.4m	Loss	0.07	157	-27.63%	-21.43%	-£5.90m	-£4.16m
Highams Systems Services	A	£0.06	£1.2m	Loss	0.07	167	-4.00%	-29.41%	-£0.53m	-£0.49m
Horizon Technology	R	£0.24	£13.7m	Loss	0.07	86	20.51%	14.63%	£2.30m	£1.70m
Host Europe	CS	£0.01	£14.5m	Loss	1.06	459	0.78%	-7.14%	-£0.89m	-£1.30m
Hot Group (was RexOnline)	CS	£0.13	£5.5m	Loss	1.95	149	0.00%	-10.71%	-£0.05m	£1.59m
I S Solutions	CS	£0.06	£1.4m	Loss	0.13	205	-4.35%	-4.35%	-£0.06m	-£0.06m
I-Document Systems	SP	£0.12	£16.5m	Loss	5.47	15	4.44%	0.00%	£0.72m	£0.00m
ICM Computer Group	CS	£1.40	£27.7m	9.0	0.40	778	0.00%	-23.29%	-£5.94m	-£8.40m
IDS Group	SP	£0.10	£5.9m	Loss	0.17	114	-6.82%	-21.15%	-£0.43m	-£1.58m
Innovation Group	SP	£0.06	£23.3m	Loss	0.23	26	-40.00%	-47.83%	£3.90m	£0.99m
InTechnology	CS	£0.49	£67.6m	Loss	0.43	1960	-10.09%	-18.33%	-£16.60m	-£15.16m
Intelligent Environments	SP	£0.03	£4.3m	Loss	1.38	35	0.00%	-7.14%	-£0.47m	-£0.28m
IQ-Ludorum	SP	£0.01	£1.0m	Loss	0.17	17	-54.55%	-54.55%	-£1.20m	-£1.20m
iRevolution	CS	£0.01	£0.3m	Loss	0.05	17	0.00%	-40.00%	£0.00m	-£0.23m
iSOFT Group	SP	£2.18	£269.6m	17.8	4.49	1977	0.46%	-15.04%	£14.92m	-£31.58m
ITNET	CS	£1.82	£132.7m	60.3	0.74	519	-5.47%	-5.71%	-£7.60m	-£8.00m
Izodia (was Infobank)	SP	£0.44	£25.9m	Loss	6.86	6985	0.00%	0.00%	£0.20m	£0.00m
Jasmin	SP	£1.30	£6.1m	7.5	0.86	867	1.96%	-15.58%	£0.12m	-£1.13m
K3 Business Technology	SP	£0.09	£4.3m	4.4	0.53	65	6.25%	0.00%	-£0.02m	£0.00m
Kewill	SP	£0.28	£21.3m	Loss	0.44	543	20.88%	12.24%	£3.70m	£2.30m
Knowledge Support Systems Group	SP	£0.23	£17.0m	Loss	17.00	105	-6.12%	12.20%	-£1.10m	£1.90m
LogicaCMG	CS	£0.91	£679.2m	Loss	0.37	1246	-24.32%	-39.33%	-£218.40m	-£445.67m
London Bridge Software	SP	£0.32	£54.3m	Loss	0.87	800	-13.51%	28.00%	-£8.50m	£11.90m
Lorien	A	£0.53	£10.3m	Loss	0.09	525	-2.78%	-25.00%	-£0.59m	-£3.40m

Note: Main **SYSTEMHOUSE** SCS Index set at 1000 on 15th April 1989. Any new entrants to the Stock Exchange are allocated an index of 1000 based on the issue price. The SCS Index is not weighted; a change in the share price of the largest company has the same effect as a similar change for the smallest company.
Category Codes: CS= Computer Services **SP** = Software Product **R** = Reseller **A** = IT Agency **O** = Other

Holway/SYSTEMHOUSE S/ITS Share Prices and Capitalisation

	SCS Cat.	Share Price 31-Mar-03	Capitalisation 31-Mar-03	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 31-Mar-03	Share price move since 28-Feb-03	Share price % move in 2003	Capitalisation move since 28-Feb-03	Capitalisation move (£m) in 2003
Macro 4	SP	£0.43	£8.8m	Loss	0.22	171	-7.61%	-6.59%	-£0.73m	-£0.62m
Manpower SoftWare	SP	£0.04	£1.9m	Loss	0.57	44	-26.09%	-50.00%	-£0.77m	-£1.88m
Marlborough Stirling	SP	£0.24	£54.2m	Loss	0.45	171	-14.29%	-32.39%	-£9.03m	-£25.93m
MERANT	SP	£1.21	£127.2m	Loss	1.46	584	2.54%	43.20%	£3.20m	£38.40m
Microgen	CS	£0.32	£18.4m	Loss	0.73	135	3.28%	57.50%	£0.60m	£6.70m
Minorplanet Systems	SP	£0.83	£60.7m	Loss	0.49	1695	12.93%	-32.52%	-£35.14m	-£29.27m
Misys	SP	£1.51	£853.5m	12.7	0.82	1882	-21.02%	-14.06%	-£249.53m	-£160.33m
MMT Computing	CS	£0.86	£10.4m	Loss	0.38	512	-4.97%	-3.37%	-£0.60m	-£0.37m
Mondas	SP	£0.19	£4.0m	Loss	1.07	253	-24.00%	-24.00%	-£0.84m	-£0.99m
Morse	R	£1.03	£133.3m	Loss	0.29	410	-8.89%	-19.61%	-£0.10m	-£32.50m
MSB International	A	£0.37	£7.5m	7.0	0.05	192	-16.09%	-33.03%	-£2.90m	-£3.66m
Myratech.net	CS	£0.03	£0.7m	Loss	0.42	19	0.00%	-16.67%	-£0.11m	-£0.15m
Ncipher	SP	£0.80	£19.2m	Loss	2.16	320	-4.19%	31.15%	-£86.50m	-£58.00m
NetBenefit	CS	£0.17	£2.8m	Loss	0.46	85	51.11%	38.78%	£0.93m	£0.81m
Netstore	CS	£0.21	£19.5m	Loss	2.94	137	-6.82%	6.49%	-£1.48m	£1.22m
Nettec	CS	£0.07	£8.7m	Loss	0.53	0	3.57%	7.41%	£0.30m	£0.46m
Northgate Information Solutions	CS	£0.21	£58.6m	9.0	0.63	79	-1.20%	-21.15%	-£0.71m	-£15.78m
NSB Retail Systems	SP	£0.04	£12.0m	Loss	0.16	326	-31.82%	-48.28%	-£5.30m	-£11.32m
OneclickHR	SP	£0.07	£3.6m	Loss	0.62	163	-7.14%	-13.33%	-£0.28m	-£0.56m
Parity	A	£0.09	£13.8m	Loss	0.08	1500	-30.77%	-44.62%	-£6.10m	-£11.10m
Patsystems	SP	£0.05	£6.9m	Loss	0.89	49	16.67%	-56.25%	-£8.87m	-£8.69m
Pilat Media Global	SP	£0.16	£7.3m	Loss	1.19	813	41.30%	-1.52%	£6.34m	£0.01m
Planit Holdings	SP	£0.19	£15.4m	5.2	0.69	771	-11.90%	-30.19%	-£2.03m	-£6.63m
PSD Group	A	£1.43	£35.8m	67.9	0.81	648	8.37%	-22.97%	-£4.01m	-£10.60m
QA (was Skillsgroup)	CS	£0.05	£5.0m	Loss	0.15	24	-8.70%	-4.55%	-£0.27m	-£0.04m
Quantica	A	£0.20	£7.9m	Loss	0.30	157	-9.30%	-41.79%	-£3.83m	-£5.62m
Raft International	SP	£0.03	£2.1m	Loss	0.31	52	-25.80%	8.33%	£0.08m	£0.08m
Rage Software	SP	£0.00	£2.6m	Loss	0.22	10	0.00%	-75.00%	£0.00m	-£5.47m
RDL Group	A	£0.09	£1.7m	1.1	0.04	94	0.00%	-63.83%	-£0.02m	-£2.95m
Retail Decisions	SP	£0.03	£9.2m	Loss	0.32	44	18.18%	-18.75%	£1.76m	-£2.15m
RM	SP	£1.06	£96.5m	Loss	0.48	3014	9.33%	17.22%	£8.19m	£14.19m
Rolfe & Nolan	SP	£1.00	£15.1m	Loss	0.59	1190	-1.48%	32.45%	-£0.30m	£4.00m
Royalblue Group	SP	£2.93	£89.1m	14.0	1.56	1721	13.59%	24.47%	£10.72m	£17.59m
Sage Group	SP	£1.15	£1,457.0m	17.1	2.64	44231	-14.02%	-13.53%	-£237.01m	-£227.51m
SBS Group	A	£0.10	£1.6m	Loss	0.05	98	3.16%	-2.00%	£0.27m	£0.31m
SDL	CS	£0.38	£20.3m	Loss	0.35	250	10.29%	25.00%	£1.90m	£4.10m
ServicePower	SP	£0.11	£5.6m	Loss	1.25	110	15.79%	37.50%	£0.51m	£1.53m
Sherwood International	SP	£0.78	£36.1m	260.0	0.69	2599	1.30%	1.30%	£1.00m	£0.99m
Sirius Financial (was Policymaster)	SP	£1.00	£17.8m	33.7	1.02	667	-6.98%	-9.09%	-£1.30m	-£1.70m
Software for Sport	SP	£0.03	£4.8m	Loss	1.59	277	0.00%	0.00%	£0.18m	£0.18m
Sopheon	SP	£0.10	£8.1m	Loss	0.58	137	-5.00%	-26.92%	-£0.89m	-£2.98m
Spring Group	A	£0.50	£74.3m	Loss	0.25	550	-1.98%	7.61%	£1.18m	£5.25m
Staffware	SP	£2.90	£41.7m	15.7	1.07	1289	-12.12%	22.11%	-£5.80m	£7.50m
StatPro Group	SP	£0.15	£4.9m	Loss	0.68	188	3.45%	-25.00%	£0.17m	-£1.63m
SurfControl (was JSB)	SP	£3.65	£110.0m	Loss	2.93	1825	3.55%	-12.57%	£3.71m	-£15.89m
Synstar	CS	£0.59	£95.9m	17.9	0.43	358	-1.67%	0.85%	-£1.61m	£0.79m
Systems Union (was Freecom)	SP	£0.60	£61.4m	8.4	0.82	458	-4.80%	-17.93%	-£3.37m	-£13.40m
Telecity	CS	£0.04	£6.8m	Loss	0.48	5	0.00%	7.69%	£0.00m	£0.25m
Telework Systems	SP	£0.03	£5.4m	Loss	0.35	0	-45.45%	-45.45%	-£4.51m	-£4.51m
Tikit Group	CS	£0.83	£9.7m	63.8	1.18	717	1.23%	1.23%	£0.12m	£0.12m
Torex Group	CS	£3.81	£189.0m	22.7	1.17	7398	1.60%	18.14%	£11.46m	£36.26m
Total Systems	SP	£0.39	£4.0m	6.8	0.74	726	2.67%	-9.41%	£0.11m	-£0.41m
Touchstone Group	SP	£0.74	£7.6m	6.8	0.53	700	-15.03%	-26.50%	-£1.68m	-£2.82m
Trace Group	SP	£0.38	£5.7m	5.5	0.33	300	0.00%	-19.35%	£0.00m	-£1.37m
Transeda	SP	£0.01	£0.7m	Loss	0.12	20	-50.00%	-66.67%	-£0.52m	-£1.40m
Transware	CS	£0.04	£1.9m	12.1	0.15	55	-50.00%	-39.29%	-£1.72m	-£0.62m
Triad Group	CS	£0.33	£4.9m	Loss	0.12	241	18.18%	12.07%	£0.75m	£0.53m
Tribal Group	CS	£2.59	£135.3m	16.1	2.96	1567	-1.90%	8.16%	£1.08m	£11.94m
Ultima Networks	R	£0.01	£1.7m	Loss	0.24	22	2.27%	-10.00%	£0.00m	-£0.24m
Universe Group	SP	£0.24	£8.0m	235.0	0.17	1044	6.82%	4.44%	£0.19m	£0.00m
Vega Group	CS	£0.53	£9.7m	Loss	0.27	430	-12.50%	-11.76%	-£1.34m	-£1.24m
VI group	SP	£0.15	£5.5m	7.1	0.85	295	0.00%	-4.84%	-£0.28m	-£0.28m
Vocalis Group	SP	£0.02	£2.1m	Loss	1.20	16	-25.00%	-40.00%	-£0.70m	-£1.39m
Warthog	SP	£0.13	£6.0m	12.9	0.68	291	-26.47%	-28.57%	-£2.48m	-£2.25m
Wealth Management Software	SP	£0.09	£3.9m	Loss	0.35	71	42.31%	15.63%	£1.05m	£0.52m
Xansa (was F.I. Group)	CS	£0.59	£194.4m	Loss	0.38	1500	-0.85%	6.36%	-£1.70m	£11.64m
XKO Group	SP	£0.31	£8.3m	Loss	0.21	207	5.08%	-15.07%	£0.40m	-£1.48m
Xpertise Group	CS	£0.03	£6.0m	Loss	1.31	110	-15.38%	-26.67%	£0.00m	£3.32m

Note: Main **SYSTEM**HOUSE SCS Index set at 1000 on 15th April 1989. Any new entrants to the Stock Exchange are allocated an index of 1000 based on the issue price. The SCS Index is not weighted; a change in the share price of the largest company has the same effect as a similar change for the smallest company.
Category Codes: CS= Computer Services **SP** = Software Product **R** = Reseller **A** = IT Agency **O** = Other

ALL TECH INDICES DOWN IN MARCH

All the technology indices experienced declines over Mar. 03 with the FTSE IT (SCS) index, the best indication of the performance of the largest S/ITS companies, suffering the worst - down 11.6% to 289.3. Our Holway S/ITS index was also a poor performer - down 6.8% to 2364.7.

Of the companies in the Holway S/ITS index, the average share price performance was pretty similar across the catgories. On average, the share prices of the IT staff agencies fell the most (though only marginally) - down 8.5%. The best performance (although still nothing to shout about) came from the software products companies, which saw their share prices fall an average of 6.2%.

31-Mar-03		
	S/ITS Index	2364.70
	FTSE IT (SCS) Index	289.25
	techMARK 100	590.30
	FTSE 100	3613.30
	FTSE AIM	542.70
SCSI Index = 1000 on 15th April 1989	FTSE SmallCap	1647.33

Changes in Indices	SCSI Index	FTSE 100	techMARK 100	FTSE IT SCS Index	FTSE AIM Index	FTSE Small Cap
Month (01/03/03 to 31/03/03)	-6.76%	-1.16%	-1.94%	-11.61%	-4.42%	-3.76%
From 15th Apr 89	+136.47%	+75.95%				
From 1st Jan 90	+157.00%	+52.98%				
From 1st Jan 91	+234.06%	+67.25%				
From 1st Jan 92	+126.32%	+44.93%				
From 1st Jan 93	+48.39%	+26.94%				+18.74%
From 1st Jan 94	+41.63%	+5.70%				-11.85%
From 1st Jan 95	+57.73%	+17.87%				-5.67%
From 1st Jan 96	+4.70%	-2.06%	-25.21%		-43.08%	-15.15%
From 1st Jan 97	-11.68%	-12.27%	-35.46%		-44.40%	-24.54%
From 1st Jan 98	-22.09%	-29.64%	-38.12%	-71.08%	-45.29%	-28.79%
From 1st Jan 99	-40.00%	-38.58%	-59.46%	-80.00%	-32.30%	-20.45%
From 1st Jan 00	-79.39%	-47.86%	-84.38%	-92.22%	-71.92%	-46.82%
From 1st Jan 01	-71.76%	-41.93%	-76.99%	-85.16%	-62.25%	-48.25%
From 1st Jan 02	-50.72%	-30.75%	-59.92%	-65.74%	-39.55%	-36.13%
From 1st Jan 03	-12.83%	-8.30%	-9.01%	-14.98%	-9.99%	-9.52%

End Feb 03	Move since 1st Jan 99	Move since 1st Jan 00	Move since 1st Jan 01	Move since 1st Jan 02	Move since 1st Jan 03	Move in Mar 03
System Houses	-51.2%	-81.0%	-74.4%	-54.0%	-8.2%	-7.4%
IT Staff Agencies	-80.1%	-82.7%	-72.5%	-50.4%	-25.3%	-8.5%
Resellers	-11.9%	-57.6%	-43.9%	-37.5%	-15.5%	-7.6%
Software Products	-6.8%	-77.6%	-83.7%	-47.6%	-13.2%	-6.2%
Holway Internet Index	78.3%	-78.3%	-68.1%	-42.3%	-12.0%	-7.0%
Holway SCS Index	-40.0%	-79.4%	-71.8%	-50.7%	-12.8%	-6.8%

Overall, **NetBenefit**, the "*provider of high end domain name portfolio management services*", had the most to smile about with an increase of 51% in its share price followingits interim results and a number of director share-dealings. Other risers included **Kewill Systems** up 20.8% to 28p, **Royalblue** up 13.6% to 293p and **RM** up 9.3% to 106p.

The wooden spoon this month goes to **Vianet Group**, a provider of remote monitoring and related services to the vending industry, as its share price fell 61.5% to just a little more than 1p - well off its float price of c70p at the height of the stockmarket boom in Mar. 00. Other falers included The Innovation Group down 40% to 6p - and LogicaCMG down 24% to 91p (see page 4).

SYSTEMHOUSE® is published monthly by Ovum Holway, 2, St. George's Yard, Farnham, Surrey, GU9 7LW. Telephone 01252 740900; Fax: 01252 740919; E-mail: mail@ovumholway.com which also publishes the annual "Holway Report". Ovum Holway analysts might hold stock in the companies featured.