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ovum HOLWAY

SYSTEMHOUSE

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

FACING THE MUSIC

This month I am giving my annual "State of UK S/ITS Nation" speech to an invited audience of UK CEOs. This is the 16th such presentation and, since 2000, I have started with a snatch of a song.

"There may be troubles ahead" in 2000 certainly proved prophetic.

"Life is bare, gloom and misery everywhere, Stormy weather" in 2001 might now seem more a statement of the blooming obvious. But, at the time, most still thought the downturn in valuations were merely a blip.

Indeed, in 2002, *"Suddenly I'm not 20% the man I used to be"* from Yesterday showed how much further shares could fall. They kept on falling too.

Later in 2002, I used *"IT's all over now"* to introduce the *"IT as a mature industry"* theme. Again, at the time, this seemed provocative to many. Now it's almost accepted wisdom.

This year, the CEOs will be treated to the first verse of **Ch-Ch-Changes** by David Bowie with its lines *"Don't want to be a richer man, Just gonna have to be a different man"*.

Ch-Ch-Changes

Although, I don't want to give away too much of the content of the speech, it concentrates on the major, irreversible **changes** which have taken place in our sector over the last few years and the very different trading environment that we now face – not just in the current year but for the foreseeable future.

Users have changed from installing any new fangled IT product or software release *"because IT's there"* to the *"More for Less"* approach that was featured on **SYSTEM**HOUSE's front page last month.

We believe that this"More for Less" policy will dominate IT for at least the rest of the decade.

Again, as we said last month, we see IT's share of GDP declining from 4% in 2000 to nearer 3% in 2010.

A combination of three things *could* reverse that trend:

- a new Next Big Thing
- an economic boom
- a significant event.

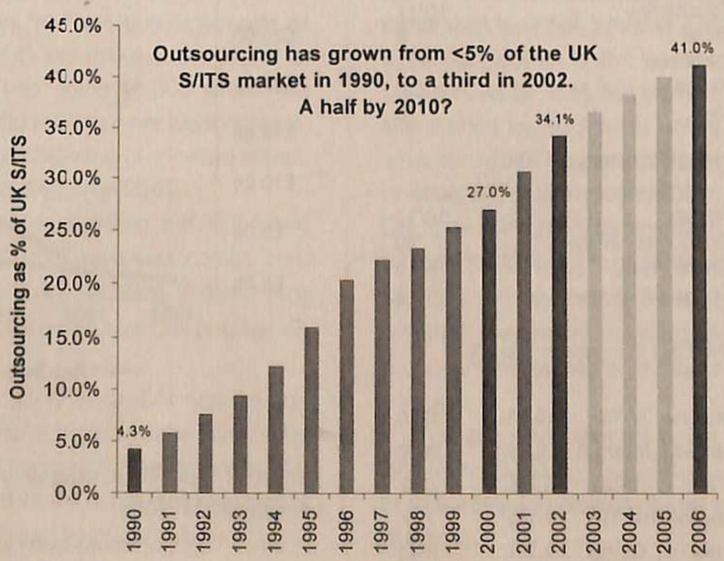
But, bluntly, we cannot now see any of these happening much before the end of this decade. Gordon Brown's announcement this month has effectively put back the "Euro Event" to the end of the decade too. Indeed, it might never happen!

An irreversible trend towards cost reduction

Outsourcing is now THE driving force in our sector. Outsourcing was a mere 5% of the sector in 1990. It's now a third and we expect it to be about half by 2010.

But the main reasons why users outsource has also changed. In 1990 it was because of moves to new systems, access to skills, capacity planning and getting IT budgets under control. Now, although users might use reasons like "rationalisation", it's really all about cost reduction.

Unless outsourcing companies can demonstrate overall IT cost reductions they just will not successfully compete for the raft of new and renewal outsourcing deals up for grabs at the moment. Bluntly there is just so much any outsourcing company can do to increase efficiency. Cutting core costs by, for example, utilising services from offshore is one main trend that, again, regardless of the detrimental effects on UK IT employment, I think is irreversible. As Margaret Thatcher once famously said *"You can't buck the market"*.



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Commoditisation

The other irreversible trend is the persistent downward pressure on prices from suppliers – whether they be for software or hardware product.

The increasing popularity of Linux is about as stark an example of this as you can get. More and more users are now opting for "free" software product where it's available.

Nic Hopkins excellent article/interview with Michael Dell in The Times on 6th June 03 aired his view that our IT world currently – and will forever – suffer from *"mass market commoditisation"*. Rather than ignore this and believe it is a short lived phenomenon that will soon go away *"when market conditions improve"*, Dell's model positively thrives in such conditions. Indeed it is *"mass market commoditisation"* personified. As Dell says *"It's inconceivable that a competitor would be able to offer a lower price than Dell on a sustained basis without losing incredible sums of money, which in fact many of our competitors are"*.

So with this in mind, it is interesting that Dell identifies the services sector – and outsourcing in particular – as one of the next targets for Dell's attention *"There are parts of services that are commoditising and lend themselves very well to our business model"*.

We happen to believe this view of the future. We think it will increasingly be dominated by commoditised and, increasingly, free software. Commoditised hardware available at ever lower prices. Services going the same way, particularly via offshore players.

Just gonna have to be a different man

Now, as we have said on many occasions before, you can choose to ignore this. Afterall it might take several years for it really to hit your company. With a bit of luck you will have sold it and retired by then.

Or you could, like Dell, turn and embrace the new changed world. Go help users spend less money on IT but get more from IT.

Holway and music

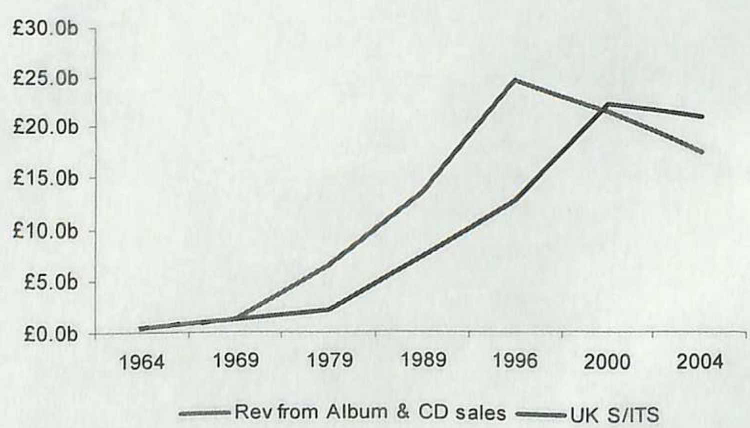
By now you will have gathered that Holway is quite keen on his music. A baby boomer, I turned 16 in 1963 of which Philip Larkin wrote:

"So life was never better than
In nineteen sixty-three
Between the end of the "Chatterley" ban
And the Beatles' first LP"

Most of the ITS companies have their origins in the early 1960s too.

Indeed, I found it pretty spooky to discover that the UK S/ITS sector and worldwide sales of albums had exactly the same revenues in 1963 and the same growth rates for the rest of the 1960s. Both industries grew to be worth around £25b at their peak. Revenues from albums (including CDs by then!)

UK S/ITS v Global revenues from album and CD sales



peaked in 1996. Depending on your views of future recovery, UK S/ITS might have peaked in 2000.

Since 1996, revenues from album sales (by the way, the same graph with

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INDICES (changes in Jun 03)

Holway S/ITS	10.1%	3570
Holway Internet	15.9%	2659
FTSE IT (SCS)	6.9%	410
techMARK 100	3.7%	775
Nasdaq Comp	1.7%	1623

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even steeper declines could have been shown for revenues from singles) have gone almost into free fall. Nobody we have heard suggests that this decline is reversible.

The music industry is facing rampant piracy from a generation that doesn't believe it is a crime to copy or download music for free. The music industry first tried defensive measures but is now "facing reality" and setting up its own legal download sites.

In the sixties, I'd spend most of my "disposable income" (ie pocket money) on music. Now there are many other attractions for available funds for music buyers of all ages – if you are young, paying for the essential mobile phone (and a whole range of other things) would rank a higher priority than buying music.

But music is also suffering because there is no NBT. I know I'm a fiftysomething, but even my kids are pretty bored with the music scene today. Indeed, they seem to listen to my rock music as much as I do.

And who are the top music earners today?

Paul McCartney, Rolling Stones and a host of other stars with their roots in the 1960s.

Where do they earn it?

Not from record sales. Both the Stones and McCartney earn 10 times more from concert ticket sales and TV appearances than records. Then there is all the mechandising etc.

I hope by now this is all ringing bells. Software piracy, the advance of free software like Linux, the absence of any NBT is happening in IT too. Concerts are like IT services. Albums like software products. That's why everyone wants to be in IT services nowadays!

Turn and face the strain

The point I am trying to make here is that you can ignore the irreversible changes that have taken place in our sector - just like the music industry did in their market. You too can act defensively…*but only for a while.*

The only sure way to succeed in the future is to embrace what is happening and ensure that what you offer really meets what the client wants in this new IT market landscape.

As Bowie said

"*Turn and face the strain*
Ch-ch-changes
Look out you old rock and rollers"

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

EDS GETS BACK TO THE KNITTING

In June **EDS** unveiled its *"strategic priorities"* to Wall St analysts - and it's 'back to the knitting'! New CEO Michael Jordan aims to recast EDS *"as a unified IT outsourcing business ... (with a) simplified, single-entity operating model"*. Nonetheless, management consulting arm **AT Kearney** and EDS' product lifecycle management software arm *"will continue to operate as complementary businesses"*. As a result, EDS will make about 2% of its worldwide workforce redundant (EDS UK has some 16,000 employees currently). Other cost-cutting measures include moving more work offshore, *"addressing contract performance issues"*, and disposing of non-core assets. All these measures are expected to cost up to $475m in 2003.

Comment: This announcement will take some digesting, but on the face of it, it makes good sense. Some 80% of EDS' revenues comes from outsourcing so why not face facts and just focus on being a damn slick outsourcer! EDS is going to boost its BPO services on the back of IT outsourcing and that makes good sense too.

To our mind there is a big question-mark on the future of AT Kearney and on the PLM business even though EDS reckons these will stay part of the family. Given that AT Kearney tends to lead its own consulting engagements, how comfortable they will be as the 'front end of the horse being led by the back end' is surely moot. We think there's going to be 'trouble down at't mill' over this one. Nonetheless, EDS does need consulting capability if it is to be able to take on the so-called transformational outsourcing deals, rather than 'just' FM. Whether ATK is the right animal for this we now question. As for PLM, this is a nice little market for EDS but is only a small part of their business (c$880m revenue and $138m profit in 2002). OK, they use it more as an entree for their SI and outsourcing services but surely they have to look at whether they really do want to remain in the software products business.

This announcement will take a little more digesting, but overall - looks like they are heading in the right direction.

-8%
87p

xansa

XANSA: OUTSOURCING IS THE X-ANSWER

Revealing a performance 'broadly' in line with expectations, **Xansa**'s share price fell about 8.5% on the day of its results announcement for the year to 30th Apr. 03. The movement reflected the sensitivity of the market to a decline in turnover 3% greater than consensus forecasts at mid-May. This despite the fact the top line profit figure saw a marginally lower decline than expected (as a result of a higher than expected headcount reduction). At the headline level, the results were as follows:

- Turnover declined 12% to £453.9m (2002: £515.1m)
- Total operating profit fell 42% to £28.7m (2002: £49.1m)
- Operating margin has dropped to 6.3% (2002: 9.5%)
- Pre-tax profit fell 40% to £27.7m (2002: £46.5m)
- Exceptional costs from restructuring of £25.2m
- Diluted earnings per share down 3.42p to 4.13p (2002: 7.55p)

The top-line figures highlight Xansa as a microcosm of the IT services market. It is facing all the challenges that companies currently face both in the UK and globally. This has resulted in declining revenues but with a continued emphasis on cost reduction in order to make any kind of bottom line. In our opinion, companies such as Xansa will have to work in this environment for some time (if not forever).

The 'bottom line'

The headline figures above are quoted before profit on sale of own shares, distribution of shares from the trusts, reorganisation costs and goodwill amortisation and impairment. The full gory details are that Xansa posted a pre-tax loss of £157m – albeit less than the massive £507.8m loss in 2002. Again, the major reason for this is another goodwill write down (this time £144m) and £25m of restructuring/redundancy costs).

Importantly for shareholders looking for a decent yield on their investment, Xansa maintained its dividend at 3.24p per share reflecting its improving cash position.

Getting down to the nitty-gritty

The UK is far and away Xansa's largest market, contributing 91% of revenues. The turnover decline here 9%, whilst operating profits fell 33% largely due to the termination of the First Banking Systems contract (where revenues were reduced from £104m to £65m in 2003). On a general note, margins were affected as older contracts with higher margins were completed and new contracts at lower initial margins started to make an impact.

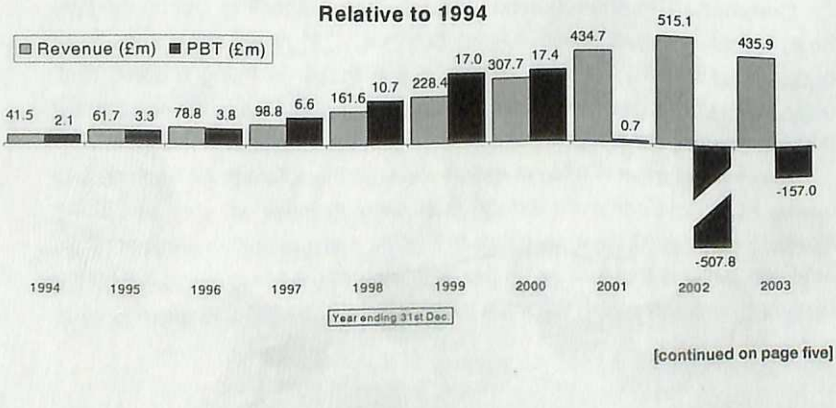
The UK results would have been even worse but for the performance of the BPO unit, which achieved £46m revenues in its first year. This was launched on the back of the £250m Accounting and Financial BPO deal with BT with O_2 adding £21m. IT outsourcing (ITO) was also a sweet spot in this geography.

It is this strength in ITO and BPO, which differentiates the UK from Xansa's other geographies. The US is still very much a project-driven business as it has been built up around the 'old' Druid and Synergy businesses. US Revenues fell 28% to £32.7m. Continental Europe has yet to muster the enthusiasm for outsourcing that we have 'over here'. Revenues from across the channel fell 49% to £6.2m. Elsewhere, Asia Pac saw revenues decline 46% to £3.7m. All overseas businesses have been restructured to focus attention on ITO, AM and BPO, as well as returning the businesses to profitability.

Offshore

Key to reducing costs is the use of Xansa's Indian offshore facility. We gained a bit more of an insight into these operations. Xansa was a "*pioneer*" in the use of offshore and bought **IIS Infotech** back in 1997 so has a competitive edge over many of its competitors. It is now seriously ramping up these operations having invested £8.1m over the last financial year. Xansa currently has 1,200 employees in India with capacity totaling 2,000 workspaces in three locations. The potential number of seats is 10,000. An increasing volume of work from both existing and new contracts is passing through the Indian operation. The excess capacity reflects Xansa's pipeline.

Xansa Plc
10 year Revenue and PBT Record
Relative to 1994



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Outlook and comment

Xansa's order book was up 10% at the year-end, but this mainly represented the longer-term nature of the BPO contracts won, i.e. it won't have a major affect on current year revenues. The Royal Mail contract (£180m) was awarded after the year-end. If it had been included the order bank would have been up 20%.

However, anybody looking for cheer in Xansa's outlook statement would be disappointed. Xansa reports continuing, *"curtailment of discretionary spend"*. It sees outsourcing/BPO as its major opportunity as this is the way of delivering those costs savings to the client. Indeed, our conversations with Alistair Cox on the day of the results highlighted that Xansa agrees with Ovum Holway regarding the current and future state of the IT services market. IT spend is in decline. Users *will* spend – but only to achieve cost reductions as a result. Outsourcing/BPO is key to this. If you are NOT in outsourcing/BPO you are going to have a pretty tough time.

Other than AM, Xansa has been a pretty late entrant to the outsourcing market. It just cannot expect to compete as a Onesourcer with the likes of IBM Global Services. It has made moves into BPO (10% of total revenues), but is still a fairly small player in that sector too. In our view, its independent future as a Tier Two UK IT services player will only be secured if it embraces the consortium/partnership model. The Royal Mail deal with **CSC** and **BT** is a good model. We'd like to see more emphasis on this but are not quite sure that Cox shares our enthusiasm for this...*yet!*

If it doesn't go down that route (or maybe if it does!) we, more strongly than ever now, believe Xansa might well become part of the current consolidation process.

3%
133p
MERANT

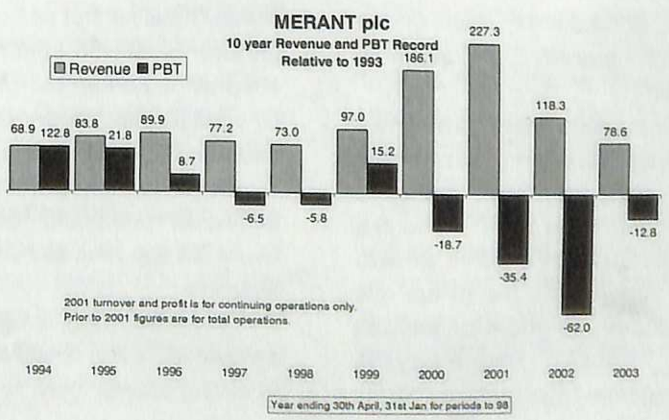
MERANT MAKING A COMEBACK

MERANT announced its preliminary results for the year ended 30th Apr. 03. Revenues fell 33.5% to £78.6m, (revenues from continuing operations were 10% down on the previous year). LBT narrowed to £12.8m from £62m and loss per share was 12.4p compared to 49.6p in 2002.

At the beginning of the year, CEO Perkel, said he had three objectives; to stop the "*bleeding of profits*", stabilise the company and thereafter to grow profits and revenues. Things are going in the right direction as demonstrated by its Q4 results - revenues rose 8.9% to £33m (they also grew 9% sequentially, aided by some large transactions in the quarter and the company converted an LBT of £30.5m into a very modest PBT of £332K.

Comment: It was only a year ago that we wrote that *"it may not be long before MERANT is consigned to a footnote in history"*. It looks like we may have to review that statement. MERANT is making a comeback, under the stewardship of Gerry Perkel and Scott Hildebrandt, CFO, who both joined the company in Nov. 01. We met up with Hildebrandt when he was recently in the UK.

MERANT is now firmly focused on the software configuration management market (SCM), which came courtesy of their acquisition of **Intersolve** in 1998. Profitability and cash flow are improving and the company is still sitting on a cash pile of $73m, with no debt. MERANT still has some way to go before it is profitable again, but it's certainly on the right track. Gerry Perkel has some aggressive targets - 15% revenue growth and 15% pre tax margins by 2006. Fortunately he isn't banking upon market recovery or economic improvement to get him there. Instead he's aiming for revenue growth by growing market share , i.e looking for new verticals and bringing new products to market.



Hildebrandt didn't rule out acquisitions, but these would be on the smaller scale and would focus on expanding technologies or enabling faster time to market. As Hildebrandt put it "*acquisitions need to be bargains that fit*".

Although Hildebrandt said there were no plans to sell the company we wouldn't rule anything out. This sector has undergone quite a period of consolidation. In Oct. 02 the # four player in the SCM market, **Starbase**, was acquired by Borland. This was followed by the acquisition of # one player Rationale, by **IBM** in Dec. 02.

-5%
318p
TRIBAL

CONFIDENT OF FURTHER GROWTH

Tribal Group has announced results for the year ended 31st Mar. 03.

- Turnover is up 131% to £105.7m (organic growth was 65%).
- PBT is up 68% to £7.9m.
- However, as a consequence of share-based acquisitions, fully diluted EPS dropped 17% to 5.5p.

Commenting on the outlook, David Telling, Chairman, said, *"Our intention is to maintain the momentum we have achieved throughout the coming year...The board expects this to be another successful year and believes that future growth will remain strong"*.

Tribal also announced the acquisition of **Hacas**, described as the *"leading UK social housing consultancy"*, for £45.1m. The acquisition is a key step for Tribal in scaling up its consulting practice. For the year ended Sep. 02 Hacas reported revenues of £13.3m and is on course for £18-19m this FY. The company is growing profitably, and reported PBT of £3m in FY02.

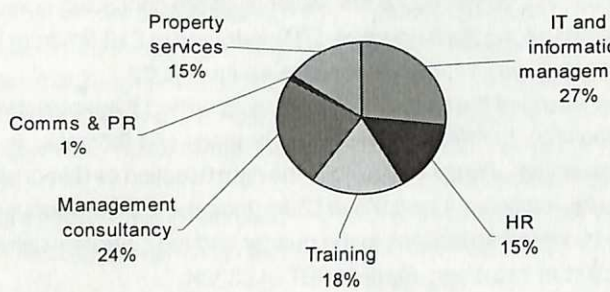
Tribal undertook a placing of 6.5m shares at 310p, raising £20.5m, to part fund the cash element of the deal. The rest of the funds are earmarked for further acquisitions, development of a larger, dedicated bid team, and to maintain flexibility to pay earnouts in cash.

Comment: Tribal Group has come along way since the company was formed by Chief Executive Henry Pitman in 1999. Through a combination of organic growth and acquisitions the group has developed a portfolio of services that now encompasses Management Consultancy, IT (its own products, managed services, systems development and information management), HR (resourcing and recruitment advertising), Training, Property Services (project management, architectural services and asset management), and Communications & PR.

The focus is firmly on the public sector, in particular education (46% of revenues), local government (17%), health and social care (27%) and central government (7%).

Tribal has always been keen to point out that its growth strategy is not built on acquisitions alone (although having completed 33 since floating in Feb. 01 they are amongst the most prolific in the sector). Expansion has also come via contract wins (especially cross-selling the various services) and the formation of complementary 'start-up' operations. We were told that the 'underlying' organic growth rate in FY03 of the original activities (from the time of the float) was 19% - showing just what is possible if you are in the right place, at the right time, offering the right services.

Tribal Group plc FY03 Services Mix
Total Revenue = £105.7m



Other news at the briefing included the decision to pay a maiden dividend as of Nov. 03, and to pursue a *"modest but progressive"* dividend policy.

Outlook

As for the outlook, Tribal envisages most growth coming from local government and health & social care operations. Unlike **Capita** and **Serco**, Tribal cannot point to long term contracted revenues - 24% of its turnover is derived from management consultancy, and other services are provided under call-off agreements. However, FY04 is underpinned by what it calls *"committed income"*, and this already exceeds 54% of budgeted turnover for the year.

Pitman remarked whilst Tribal has a pipeline of further *"high quality"* acquisition prospects, they are unlikely to undertake more than one or two deals this year, as management concentrate on growing the existing business.

Given that Tribal is currently short-listed for *"several new important contracts"*, and is ahead of budgets in the first two months, another year of strong growth looks to be on the cards.

19%
50p

KEWILL: BEST NEWS IN A LONG TIME

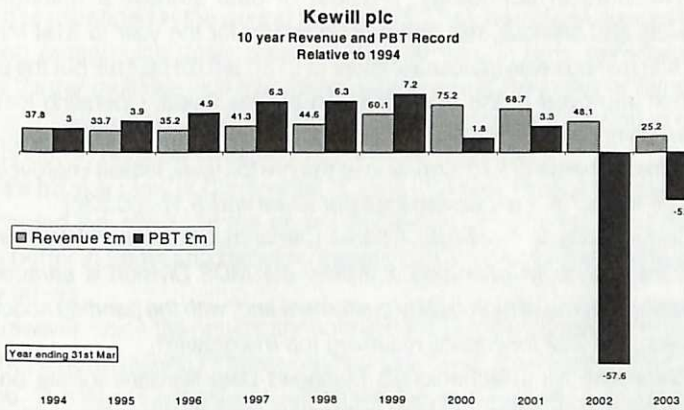
Kewill, *a supplier of supply chain execution software*, has announced its preliminary results for the year ended 31st Mar. 03. The headline figures are as follows:

- Turnover fell 48% to £25.2m. Much of this decrease resulted from the disposal of the ERP business, which contributed £19.7m FYE 2002 and £3.4m for FYE 2003. Sales from continuing operations fell 23% to £21.9m, but grew 2% in H2 02 over H1 02 in both the US and European markets.

- LBT 'improved' to £5.9m from £57.6m (2002 results included amortisation and impairment charge of £50.7m).

- Loss per share was 7.7p compared to 75.2p in 2002.

Commenting on the outlook, Paul Nichols, CEO, said, "*Trading continues to be difficult..However, owing to the proven returns to customers from our solutions and the high element of recurring and repeatable revenues in the business we would expect to see revenue growth during this year in both the US and European businesses at levels at least consistent with the rate of growth seen in the second half of 2002/3*".



Comment: The headline figures belie what is actually some of the best news we have heard from Kewill in a long time. Specifically, they are now totally focused on a single application area (so-called 'supply chain execution' - the 'quick ROI' bit of SCM), they have a clean balance sheet with a healthy cash pile (£22m), they are generating cash and (since H202) their revenues are growing in their two key markets (US and UK), and they are breaking even. New CEO Paul Nichols (was **Logica**'s US MD - took over from Bob Malley in Aug. 02) and new FD Guy Millward (was Kewill's financial controller till FD Barbara Moorhouse upped and went in Nov. 02) have basically completed the "Malley/ Moorhouse Plan" for Kewill's recovery and have started the work needed to grow the business again. This next phase of the strategy is simple, sound and appropriately cautious, and of course under the watchful eye of non-exec. chairman and pedigree industry veteran Andy Roberts. We're surprised that the market marked them down onthe day - but what's new?

TCS CROSSES THE BILLION MARK

The largest of the Indian offshore players, **Tata Consultancy Services**, has announced that its revenues grew by 20% to $1.04bn in the year to end Mar. 03. This is the first time that an Indian IT services company has crossed the billion dollar mark. 91% of that business came from TCS' 'export' (i.e. offshore) business, primarily in the US and Europe. Details of profitability are not available, as TCS remains, for the moment, privately held by the Tata conglomerate.

In the UK, TCS has achieved the distinction of becoming the first Indian player to enter Ovum Holway's Top 50 S/ITS rankings. As readers of our *Market Trends 2003* research will see, the company stands at No.50, with 2002 revenues of £92m. We hope to meet up again with the management of TCS UK in the coming weeks to get an update on the company's progress in the UK market. The way it's going, however, we suspect TCS is likely not only to stay in our rankings but should, in fact, continue its climb up them.

Globally speaking, the company believes it is on track towards its vision of being, by 2010, "*among the top 10 IT consulting companies*."

This ambition may not be as outlandish as it sounds. Although to get there TCS will need not only to sustain its organic growth but also to make significant acquisitions as well.

8%
67p
InTechnology

STILL IN THE RED

AIM-listed **InTechnology**, provider of data storage & management products and services, has announced results for the year to 31st Mar. 03. Headline revenue was fractionally lower at £156.9m (£158.1m), but the picture is much improved at the operating and pre tax levels. Operating loss was £6.6m compared to £82.3m (FY02's losses were exacerbated by a goodwill impairment charge of £73.5m), and at the pre tax level, losses improved from £82.5m to £6.7m. Fully diluted loss per share was 5.1p (60.23p).

Commenting on the results, Charles Cameron, CEO, said: "*We continue to generate cash from operating activities, our MDS Division is attracting an increasing volume of high quality customers and, with the pending acquisition of Allasso we look forward to resuming top line growth*".

Comment: It's InTechnology's Managed Data Services (offsite backup, data replication, hosting, network connectivity and other infrastructure-related services) division that particularly interest us, and here revenues were up 100% to £8.2m. MDS has secured cumulative contract wins worth £40m during the year (£22m - 02), which will generate £10.5m of recurring revenue per annum. The company also reported a c20% increase in the average contract size to £374K over the year. New customers include Harvey Nichols, Scottish Enterprise, the Department for Transport and WS Atkins.

The main Storage Solutions and Services (SSS) division saw revenues dip 3.5% to £148.7m, despite an increase in the number of products sold. However, revenue from associated consultancy, maintenance and software grew by around 25% and now accounts for c17% of the division's turnover.

InTechnology plc FYE: 31st March	Turnover £m			Operating Profit £m		
	2003	2002	Change	2003	2002	Change
Storage Solutions & Services	148.7	154.0	-3.5%	6.4	7.1	-9.5%
of which Consultancy, Maintenance and Software	24.7	19.7	25.2%			
Managed Data Services	8.2	4.1	100.7%	-13.0	-89.4	Loss both
TOTAL	**156.9**	**158.1**	**-0.8%**	**-6.6**	**-82.3**	**Loss both**

A focus on costs meant that InTechnology improved gross profits margins, from 14.1% in FY02 to 14.8%. The company also took action and closed its loss-making (and fledgling) German operation in Oct. 02.

Going forward, the addition of Allasso, described as "*Europe's leading distributor of IT security products*", will give InTechnology a presence in a complementary, and growing, market.

It looks like Mr Cameron is taking the right steps - we trust that his aim of "*resuming top line growth*" will not be at the expense of achieving 'real' profitability.

-3%
12p

IDOX SEES BENEFITS FROM E-GOV

i-documentsystems, provider of software solutions for 'e-government', has announced interim results for the six months to 30th Apr. 03. Turnover rose 64% to £1.9m and pre-tax losses fell to £459K from £559K in the corresponding period in 2002. Loss per share also fell to 0.33p from 0.46p.

Commenting on the outlook, CE Andrew Fraser, claimed: "*The groundwork has been carried out to enable significant organic revenue growth during the second half of the financial year. This augurs well for the Group to achieve its stated aim of reaching profitability on a regular monthly basis by the end of the current financial year*".

i-documentsystems' is benefiting from its clear focus on a growing 'niche' market – e-government solutions for local government. It has managed to grow its customer base to 117 Local Authorities and 11 UK planning customers (compared to 40 Local Authorities and one UK planning customer in 2002). i-documentsystems is facing increasing competition as new entrants are attracted to the local government market, but it claims the only real impact on the Group, so far, has been that Councils are taking longer to evaluate tenders. This fits with our understanding of the barriers to entry in the public sector market and the importance local government places on reference sites.

The focus for the next six months remains profitability and at current course and speed there is a good chance that the Group will achieve its stated aim of reaching profitability on a regular monthly basis by Oct. 03. Given the importance of partnerships for smaller companies in the public sector, the Group's relationships with companies such as **Syntegra** and **Serco** also bode well for the future.

-2%
62p

synstar

MUSIC TO OUR EARS

Synstar's interim results for the six months to 31st Mar. 03 are a pretty good microcosm of the industry. Total revenues were flat at £111.5m, and the 1% growth in continuing operations was due to the exchange rate.

However, by tight cost control:

- Operating profit from continuing ops was up 16%, and up 20% overall to £3.7m
- PBT more than doubled to £3.8m (FY02 interims included a £1.5m loss on the sale of the Swiss subsidiary)
- EPS rose from 0.3p to 1.6p
- Cash inflow during the period was £2.2m cash, compared to £1.0m.

As if this was not enough music to our ears, Synstar has announced that it plans to pay a dividend for the first time - assuming shareholders approve at the AGM in Mar. 04.

Synstar has already embraced the 'multisourcing/partnership' approach. Its relationship with **CSC** has expanded in the period and, as CSC has itself been successful in winning outsourcing deals recently, Synstar has, in turn, benefited. It's these "*larger multi-service line deals*" which are at the heart of Synstar's success. They are signing "*about one a month*" and this is helping to offset the attrition in revenue streams from smaller customers.

It's a bleaker story in Continental Europe however. France and Germany "*are feeling the effects of the severe economic conditions*" - and it's not much better in Spain and Benelux. Indeed this is a story repeated to us by many others.

However, since the results announcement Synstar revealed that it is in advanced negotiations of terms relating to a "*new material contract*" with **Fujitsu**. The five-year contract, which will begin in Apr. 05, is expected to be worth £30-£40m pa.

This announcement is interesting for a number of reasons. Firstly, not much more than a year or so ago, Synstar and Fujitsu were in dispute, but they resolved their differences, and clearly the relationship is blossoming. Secondly, Synstar is currently a supplier of subcontract maintenance services, primarily in the UK – this contract extends to mainland Europe, and displaces incumbent supplier **Logicom** (a privately owned company backed by 3i). It also rates as Synstar's largest ever win, both in terms of annual and total value.

So Synstar is a 'company of our time'. A company operating in what we refer to as the 'Cinderella sector'. Support services have at least shown SOME growth over the last period when others (like project services) have declined steeply.

We have great respect for John Leighfield (Synstar's Chairman) and Steve Vaughan (CEO). They have operated the company in exactly the way we would have advocated in these 'challenging times'. If your first priorities are cash generation and profits, then these results are excellent. If you still hanker after revenue growth as the number one priority, well, good luck to you. You'll need all the luck you can get.

Synstar plc Six months to 31st March	Profit performance £m		
	H1 03	H1 02	Change
Gross profit	29.1	28.5	2.3%
Gross profit margin	26.1%	25.5%	
Operating Profit	3.7	3.1	20.4%
Operating profit margin	3.3%	2.7%	
PBT	3.8	1.6	141.8%
PBT margin	3.4%	1.4%	

-13%
12p

ingenta

INGENTA INTERIMS STAY IN THE RED

Ingenta, which develops websites for publishers and libraries, as well as distributing academic and professional publications through its own online site, has announced results for the six months to end Mar. 03. Revenues rose 7% to £4.6m. Operating losses were £1.8m, compared to £3.4m in the six months to Mar. 02. Loss before tax was £1.8m (compared to £6.6m) and loss per share was 3p (compared to 12p).

Chief Executive Mark Rowse was upbeat in his comments: "*A strong forward order book, and lower overhead base, provides confidence that the group can make further progress towards profitability*". We hope his confidence is well placed. It's encouraging that Ingenta has managed to grow revenues (following falls in 2002) and to cut costs, but it remains a fair way from reaching sustainable profitability, three years after its 280p IPO.

ENCOURAGING NEWS FROM DIGICA

During the month we met up with **Digica**'s CEO, Mark Howling, to learn more about the company's activities, and plans for the future. By way of background, Digica was formed through a MBO from publicly quoted **DCS Group**, in July 01, with funding provided by private-equity company Bridgepoint.

At the time of the MBO, turnover was running at c£25m pa, a significant proportion of which came from hardware resale. Digica has since exited the resale market, and now focuses on providing outsourced and managed IT services to the mid market. Its services include:

- Mid range server management
- Desktop & Network Management
- SAP Managed services
- Applications Management
- Help Desk Services, and
- ASP hosting services for software vendors.

It's fair to say that Digica's performance following the MBO did not live up to expectations (indeed, in our opinion, those expectations were set unrealistically high). Howling joined in late 2002 and undertook a fundamental review of the business. He subsequently led a financial restructuring, which involved raising further funds from the management and Digica's original backers (to the tune of £3.5m). Most of the historical debt was written off, around a third of the staff were made redundant, and the loss-making US operation was sold to the local management.

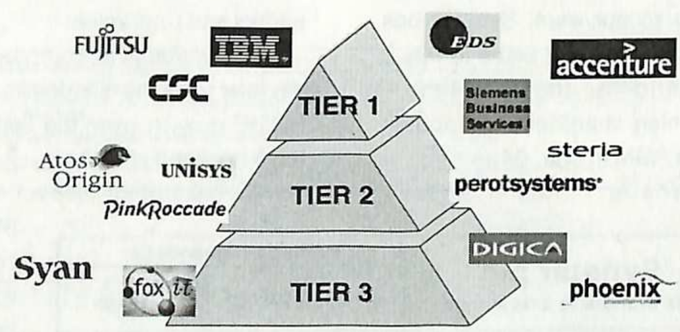
So what now? Well, Digica's run rate for FY03 is c£9.0m, with >85% of monthly revenues derived from long-term contracts (typically three years). Digica also boasts a >95% renewal rate. With the cost base brought into line with revenues the company is now trading profitably, and is cash generative.

Digica's 'sweet spot' is high-availability, multi-platform, multi-country, complex outsourcing solutions for the mid market, and customers include Dairy Crest, Carlson Wagonlit Travel and Capespan. Indeed Digica set up an operation in South Africa last year on the back of the Capespan contract, and the plan is to use this as additional, high quality but low cost, technical development capacity.

We were encouraged to learn that the company has a number of established partnerships, with **IBM** and **SAP** for instance, both of which see Digica as a channel to the (increasingly popular) mid market. Naturally, Digica is keen to build its revenue stream through such partnerships, in addition to direct sales.

Whilst its still early days for the 'revived' Digica, the company is now on a much sounder financial footing. Howling's strategy of focusing on long-term recurring revenues, cash generation, and opportunities through partnerships, bode well for the future.

Players in the UK IT Outsourcing Market



20%
102p

TOUCHSTONE CAUTIOUSLY OPTIMISTIC

Touchstone Group, an IT services group *"supplying integrated business solutions and services to mid-size UK companies"*, has announced results for the year to 31st Mar. 03. The results reveal a marginal increase in turnover to £14.24m, but a decrease in pre-tax profits before amortisation of goodwill and tax of 11.3% to £1.89m. After goodwill amortisation, Touchstone's pre-tax profits were down 13.6% to £1.53m. Diluted earnings per share decreased from 10.9p to 9.2p.

Whilst the Group saw helpdesk maintenance and support revenues increase by 8% over the year (to make up 40% of total turnover), total software and fee-based revenues were down slightly. However, there were a couple of growth spots, namely in the recently established areas of CRM and Great Plains activities. The growth in these areas was 12% and 116% respectively. Touchstone acquired the Microsoft Great Plains business of **Tenon Group** after the year-end, expanding its Great Plains customer base by 50. Its acquisition of **Chartland**

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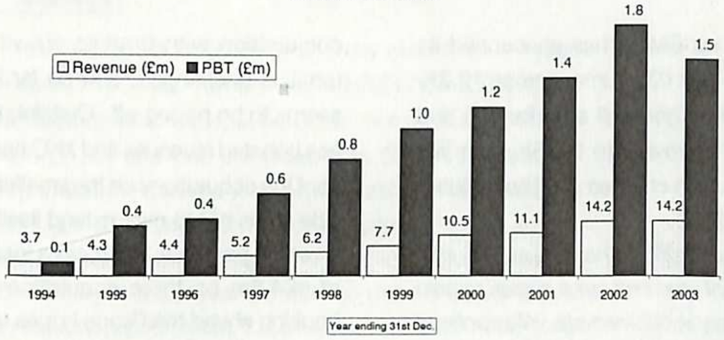
Touchstone Group
10 year Revenue and PBT Record
Relative to 1994



Associates back in Apr. 01 gave a welcome boost to its capabilities in the CRM arena.

The Group also enjoys a strong balance sheet and continuing positive cash flow – net funds increased 13% during the year, leaving a cash balance of £3.66m at the year-end. Touchstone plans to use this cash to fund organic and acquisition investment as opportunities arise.

Keith Birch, MD, commented, "*I am pleased to report a sound performance in very testing market conditions. Whilst the current year has started slowly, the order books are marginally ahead of last year and the level of new enquiries is encouraging, which leads us to view the year with cautious optimism*". Despite the final dividend increasing by 23% to 3.0p (excluding the prior year special dividend), the cautious outlook led the share price to fall by 7.43% on the day of the results to 93.5p.

Touchstone also announced the retirement of Chairman, Philip Birch. David Thompson, who has been a non-executive director since the flotation in 1998, will assume the position of Chairman.

36%
15p

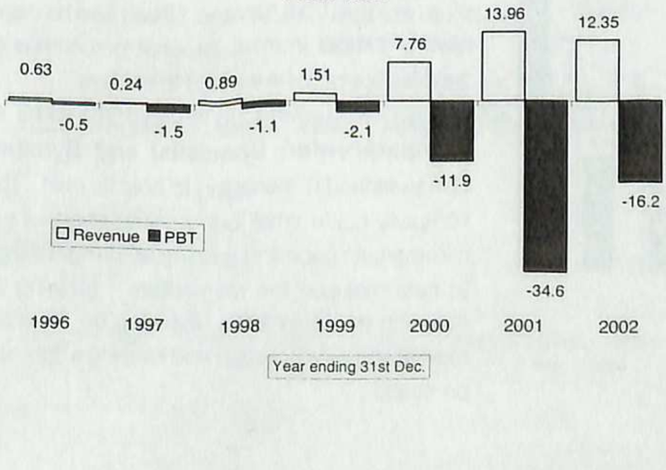
SOPHEON: HEY BIG SPENDER

Sopheon, a provider of product lifecycle management tools, reported its results for the year ended 31st Dec. 02. Turnover fell 11.5% to £12.4m, LBT 'improved' to £16.2m from £34.6m. Loss per share was 19.4p compared to 76.2p in 2001. Chairman, Barry Mence commented, "*Since the beginning of 2003, the pipeline for our software products has continued to develop. This progress supports the board's belief that there is a positive outlook for Accolade in the current year...*".

Approximately 73% of revenues came from the information management division, representing research analyst services, portal subscriptions and information provision. The Business Process Solutions division, which provides software applications and related consultancy services contributed 27% of total revenues (65% of the total BPS revenues during 2002 were related to Sopheon's proprietary products and services including its 'flagship' product Accolade). According to Sopheon its Accolade solution ended the year with "*34 paying Accolade related transactions achieved since launch*".

Comment: Sopheon has always seemed more adept at spending the cash than generating it, having failed to register a profit in the past six years. At 31st Dec. 02 Sopheon had cash resources of £3.4m, compared to £13.3m in 2001. Coming into 2003 the "*board took the view that a stronger cash position was required for a responsible continuation of its development strategy*" (tighter cash control over the years would have been more appropriate). Anyway the company is restructuring the business, the cost base has been reduced by 35% and headcount is down 30% to 184. Sopheon hopes to complete the sale of its North American Information Management Division by mid-July and is currently reviewing its German operations. It's surprising that the company is managing to attract new customers given the rather wobbly state of its balance sheet. We wouldn't be surprised if Sopheon appeared on someone's radar in the not too distant future.

Sopheon plc
7 year Revenue & PBT Record
From 1996



20%
66p

XKO GROUP STILL LOOKING TO XPAND

XKO Group, a solutions provider focused on SMEs, has announced its preliminary results for the twelve months to end Mar. 03. Turnover rose 12.2% (1% organic) to £43.6m. Operating profit before goodwill amortisation and exceptional costs rose 24% to £2.6m. LBT 'improved' to £545K from last year's £14.9m, which included goodwill amortisation charges of £16m. Diluted loss per share was 2.9p compared to 56.4p in 2002.

Commenting on the outlook, CE Simon Beart, said, "*There is, as yet, little evidence that spending will increase in the current year and sales cycles remain extended. Our strategy is not to wait for a recovery in our markets. We continue to engage actively with our very large customer base whilst searching for attractive, sensibly priced acquisitions that can enhance total shareholders' returns*".

XKO has a broad business model that includes web design, enterprise business software, application integration, network systems and hosting. The Group believes this diversity is one factor in its resilience, along with its broad customer base, its "*high level of contracted revenues*" (34% of total revenues) and its "*high level of repeat business*".

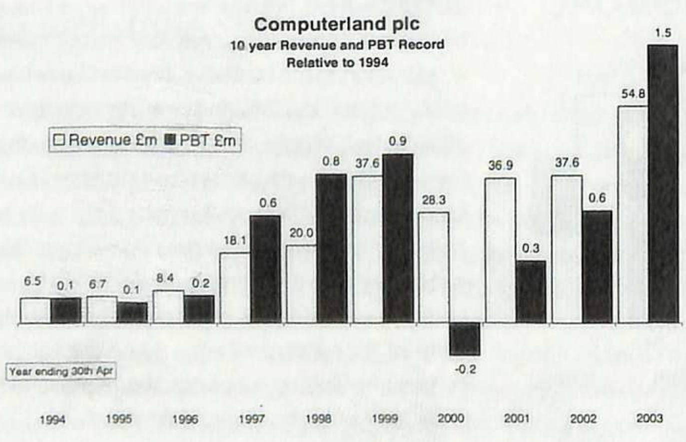
Comment:XKO's strategy of pursuing consolidation opportunities in conjunction with organic growth remains unchanged, and so far it seems to be paying off. Certainly it has boosted revenues and XKO has kept the acquisitions on the smallish side so as not to over extend itself. Over the past year XKO paid a total of c£4.6m on three acquisitions. Looking ahead the Group hopes to expand in both the mid-range applications market and the "*large scale solutions market*". XKO sees itself as a consolidator in the market but competition is hotting up in the mid-market ERP space so it could even become an acquisition target of the larger players.

COMPUTERLAND BUCKS THE TREND

One time reseller and now also provider of support services to the mid-market, **Computerland**, has announced its results for the year ended 30th Apr. 03. Turnover rose 46% to £54.8m and PBT was up 147% to £1.5m, EPS rose 123% to 10.5p. Commenting on the outlook, Chairman, Graham Gilbert, said, "*Trading during the first few weeks of the current year has been in line with expectations. Although it is too early to predict the outcome for the year, your board and I believe that our business model ....will lead to another successful year for the group*".

Gilbert attributed the revenue growth to a combination of new client wins and increased business levels with existing clients. Bucking the trend of many resellers, product sales increased 67% to £40.7m. Gilbert said that product sales had been pulled through as a result of an increase in longer-term contracts. Indeed contracted revenues grew by 25% to £10m. These type of contracts are typically three years in length and include services such as maintenance, help desk, service desks and network infrastructure . On the downside, but in line with the experience in the market as a whole, revenues from project services fell 21% to £4.1m - higher end projects involving migrations etc suffered, although desktop projects continued to thrive.

To improve both profits and turnover in this market is no mean feat. Pre-tax margin also inched up a point to 2.7%, not great, but in line with other reseller/support services players. Currently Computerland derives c26% of its revenues from services, Gilbert said he didn't have a number in mind for what percentage of services business he wanted to achieve.



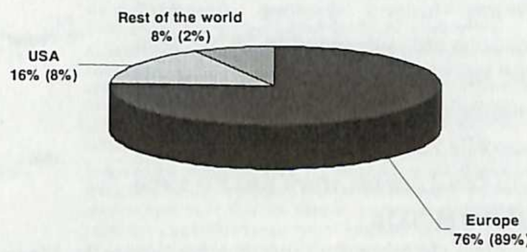
Despite coming up against the likes of **Compatecenter**, **Specialist** and **Synstar**, Computerland is managing to hold its own. The company has a small but growing share of the mid-market space and is doing all the right things to help maintain the momentum - growing its recurring revenues base, focusing on services, maintianing product sales and keeping a tight rein on costs.

187%
89p
ait

AIT: FIGHTING BACK

AIT has announced its preliminary results for the year ended 31st Mar. 03. Turnover halved to £17.6m, LBT, which included £24m of exceptional costs, deepened to £41.2m from £9.3m and loss per share was 306p compared to 41p in 2002. Commenting on the results, Nick Randall, CEO said, "*Clearly the market for any company selling software remains challenging. However, looking beyond the coming financial year I remain confident that our focus on the CIM marketplace, coupled with the clear innovative approach embodied in our Portrait product range and our new initiatives in the direct and partner sales areas, will enable us to return AIT to a sound track record of growth in both sales and profitability from Stage 2 to Stage 3 of our turnaround plan*".

AIT Group plc - 2003 Geographic mix
Total = £17.6m

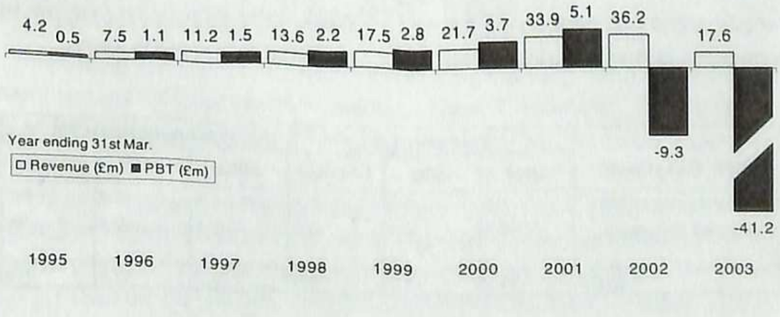


Comment: To say it's been a "*turbulent year*" for the group is a bit of an understatement by Chairman, Richard Hicks. To recap, AIT announced "*a satisfactory end*" to the year at the beginning of May 02 and then at the end of the month issued a shocker of a profits warning, the directors had to make a loan of £700K to the company in order to meet "*certain immediate payment obligations*" (the payroll) and the shares went into freefall. Founder and former Chairman, Richard Hicks, returned to the helm with the objective of turning around the company's fortunes and introduced a three phase plan. Judging from the results it doesn't look as if the plan is yielding the desired results, but actually there are some signs of success.

Phase one was all about rationalisation - operating costs have been reduced from approximately £44m pa to c£19m. This has been achieved by a 66% reduction in headcount to 174 and the closure of 6 offices. Despite reporting operating losses of £11.8m (2002: £2.4m) on turnover of just £4.2m (2002: £4.9m) Randle said that AIT was still committed to developing the US market, but will do so from a much leaner cost base. The UK reported losses of £28.3m (2002:£6.3m) on turnover of £13.4m (2002: £31.4m). This phase is now complete and the company has moved onto phase two.

Phase two concerns stabilising AIT and moving it back to profitability "*in the current financial year*". A new management team has been put in place. AIT has secured new implementations and reports it has also notched up a win outside of the financial services market, with the award of a contract by a "*leading UK police force*". AIT reports that the new year has started well in terms of new licence wins and that its prospects are continuing to build. Indeed Nick Randall told us that he was "*modestly confident*" that the company would report profits of c£1m for FYE 2004 on sales of c£20m.

AIT Group plc
9 year Revenue and PBT Record
Relative to 1995



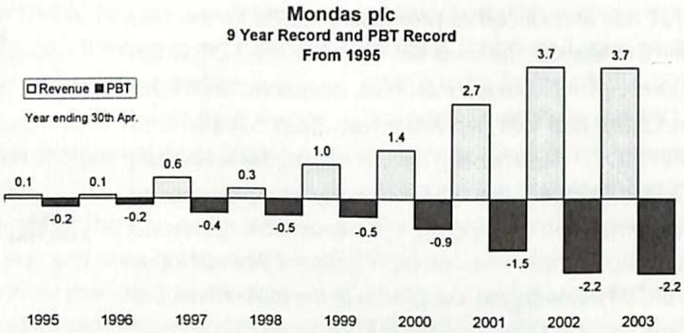
Phase three is about "*developing the business and becoming a leading player in the market sector we now address*". We have a bit of an issue with its objective to "*return AIT to the type of growth and profitability experienced during the first fifteen years of the company's existence*". At that time AIT was experiencing growth rates of c20-30%, we believe that those type of growth rates are a thing of the past. We trust that AIT will adjust its forecasts to more realistic targets when it reaches that phase.

AIT still has a long way to go. But importantly it has managed to bolster its financial position by raising £20.5m of new equity last year and a further £5m following the issue of convertible loan note this month. The company now needs to deliver upon the tough targets it has set itself in order to maintain investor confidence.

21%
34p

MONDAS: CONSISTENTLY DISAPPOINTING

Mondas, provider of software solutions for the banking & securities and education sectors, has announced preliminary results for the year ended 30th Apr. 03. Turnover was fairly flat at £3.71m (2002: £3.74m) but operating losses (*before* goodwill amortisation etc.) worsened to £679K from £416K the year before. After goodwill amortisation of £1.39m, Mondas made a pre-tax loss of £2.23m, slightly worse than FY02's £2.17m loss. Loss per share was the same as last year at 10.1p.



The last six months of the year have seen an improvement in Mondas' finances. Revenues for the second half of Mondas' fiscal year were 12% up on H202 at £2.26m. The company also claims to have made an operating profit (before interest, tax, depreciation and amortisation) in the second half of £229K (H202: £84K).

Commenting on the outlook, Tim Simon, Chairman, said: "*Having earned an operating profit in the second half of the period under review, the Directors expect this trend to continue into the current year. I am hopeful that we will be able to announce much improved results when I report to you next year*".

Comment: Mondas' claim that it achieved its "*best operating results*" to date in the second half isn't all that much to shout about - it has been loss making since it floated in 1996. On the bright side, it now boasts the Credit Suisse group as a customer for its flagship financial product, Radica CAPS. Mondas' strategy of targeting larger commercial organisations with its accounting and finance solutions may also be slowly paying dividends with customers like Blue Arrow. However, we will need to see more contract wins like these, and in its other target market Further Education, before we share Simon's confidence for the longer term.

2.63%
10p

TELEWORK: DISPOSING OF NON-CORE BUSINESS

TeleWork Systems, the provider of computer telephony and labour management software, has announced results for the year to end Mar. 03. Turnover fell 9% to £14.2m. In the UK, which accounts for 96% of the company's business, turnover was down by 8%. Total operating losses showed some improvement, however, at £3.7m, compared to £5.4m in the year to end Mar. 02. Loss before tax was £3.6m (compared to £5.1m) and loss per share was 1.519p (compared to 2.249p).

Chairman and CE Ian Lenagan seems resigned to the tough conditions but remains optimistic for the company: "*Whilst market growth rates are unlikely to return to the levels of the late 1990's, we are confident that our reduced cost base and market-leading niche products, particularly in the Workplace division, provide a good opportunity for profitable growth*".

There's no doubting that TeleWork has made some progress during the year. In particular, it seems to have put in a much better performance in H2 than it did in Mar. 02 to Sep. 02 (during which period it saw sales slip 27%). Nonetheless this is a company a long way from assuring the stable, profitable future it seeks. It's no great surprise then the company has taken the decision to sell its TeleWare division, which accounted for revenues of £6.7m in the year from sales of its computer telephony software. The buyer is a firm named Pinco, which is wholly owned by Geoffrey Haworth, the current Technical Director of TeleWork. The consideration is £5.2m, comprising £2.1m in cash and 37 million TeleWork Shares. The move will be put to an EGM in mid July and should enable TeleWork to become a leaner company with a single focus on the Workplace (labour management software) side of the business.

Telework FYE 31st March	Turnover £m			Operating Profit £m		
	2003	2002	Change	2003	2002	Change
Labour management	7.6	9.0	-0.2	-2.4	-5.0	n/a
Computer telephony	6.7	6.7	0.0	-1.4	-0.4	na/
TOTAL	**14.2**	**15.7**	**-0.1**	**-3.7**	**-5.4**	**n/a**

Mergers & Acquisitions

Buyer	Seller	Seller Description	Acquiring	Price	Comment
Affine Research & Development Ltd	Indian-based Strategic Software Solutions PVT Ltd (SSS) and UK-based 2DB from IQ-Ludorum	Indian software development subsidiary and UK software consulting division	100%	£2	IQ-Ludorum sold off the two subsidiaries to the brother of one of its directors, for £1 each. Both were considered non-core, and if they had not been sold IQ would have closed them, incurring further costs.
Exult	PwC's international BPO operations	Business Process Outsourcing	100%	$17m	The unit which US-based HR BPO 'pure-play' Exult acquired had an 'aggregate revenue run rate' of $25m p.a. with about $100m total revs remaining from existing contracts, so the price paid represents a PSR of about 0.7 – not exactly a premium. This deal very much supports our view that the BPO market will 'fragmolidate' – as in both *fragm*ent and cons*olidate*. The bit of the market that Exult plays in - 'horizontal' (cross-industry) BPO – is the bit that will consolidate, as the key to success will be economies of scale. The other bit of the BPO market – the bit that will fragment – is very much industry specific. It will attract an increasing number of players focusing on very specific niches.
General Atlantic Partners	Baan from Invensys	ERP software provider	100%	c£81.8m	As expected, an investment group consisiting of General Atlantic Partners and Cerberus Capital Management acquired Baan for c£82m cash. The proceeds will be used by Invensys to pay down debt. In the FY to 31st Mar. 03, Baan increased revenues to c£160.6m (from c£158m) but losses deepened (operating loss of c£19.4m compared to c£18.3m in FY02).
MBO	Minorplanet Systems SA (MPSSA) and Complex Systems SL	Vehicle management systems to commercial fleets	100%	£8.0m	Following the announcement in May that it was moving to a franchised distribution model, Minorplanet plans to sell its Spanish business to the management (for £1m) and in return purchased certain intellectual property. As part of the transaction, Minorplanet will issue 7.3m new shares, which will be placed with institutional investors (c20.5% with GE Capital). The proceeds (c£7.7m) will be reinvested in MPSSA.
MBO	Securicor Information Systems (SIS)	IT consultancy for emergency services, central government, criminal justice and corporate clients	100%	max £30.3m	The management team was backed by Kleinwort Capital. £29.8m is payable in cash on completion. SIS employs more than 500 people and turned over £48.3m in the year to 30th Sep. 02 but made a pre tax loss of £6.5m (pre exceptionals). The sale of SIS completes Securicor's programme of divesting non-core businesses.
MBO	Regent Associates from Communications Equity Associates (CEA)	Technology M&A specialist	100%	n/a	CEA acquired Regent Associates in Dec. 99 as part of its plan to expand further into the IT sector. However, with the downturn in the market, it has decided to focus on its primary industries of communications, media and entertainment. 100% of the holding company of Regent Associates has been acquired by a group of investors consisting of current and some former employees. No institutional investors have been involved.
MBO	TeleWare division from TeleWork	Computer telephony software	100%	c£5.2m	TeleWork sold its computer telephony division to Pinco, a newly formed entity owned by Geoffrey Haworth (technical director of TeleWork). The disposal means TeleWork will now concentrate on its workplace software activities. TeleWare turned over £6.8m in the year to 31st Mar. 03 but was loss making.
Misys	Patient1 product line from Per-Se Technologies Inc.	Computerized Patient Record/Computerized Physician Order Entry (CPR/CPOE) product line	100%	n/a	Patient1 had revenues around $25m in calendar year 2002 and is expected to have a neutral impact on earnings in Misys' current FY, excluding the effect of one-off integration costs. The acquired assets will be managed by Misys' US-based Healthcare Systems unit.
Northgate	Cara Payroll Group Ltd (Carapeople)	Payroll processing solutions	100%	c£13.4m	Carapeople was acquired from a consortium led by Hibernia Development Capital Partners, on a debt-free, cash-free basis. Northgate is committing a further £1.0m subject to the net working capital at completion. In the year to 31st Dec. 02 Carapeople turned over £8.4m. Customers include HP, KLM, PwC, and Irish Health Boards. The acquisition is expected to be earnings enhancing (pre goodwill amortisation and exceptional items) from year one.
Spring Group	Best International Group	IT staff agency	100%	max. £12.5m	This acquisition sees Spring takes the top slot in our UK ITSA rankings. Spring is paying max. £12.5m in cash, loan notes and the assumption of c£2.7m of net liabilities, including invoice discounting of c£5.0m. There's no earnout, as the plan is to integrate the two businesses straight away to achieve *"significant"* savings. Spring CEO, Richard Barfield is confident that a fair proportion of Best's net fee income (£12.8m in FY02) will go straight to the bottom line. The deal provided an exit for VC firm Apax, which backed the formation of Best in 1997.

Forthcoming IPOs

Name	Activity	S/ITS or Dotcom Index	Index Class	Market	Est Issue Price	Est Mkt Cap.	IPO Date
Logcom	Software resale	S/ITS	R	MAIN	N/a	£120.0m	Apr-04
TradingSports	Technology for P2P betting exchangs	S/ITS	SP	AIM	N/a	£12-14m	TBA

FTSE100: NOW WE ARE ONE

So **Capita** has lost its coveted place in the FTSE100. That just leaves one Ovum Holway S/ITS company remaining - **Sage**. Coincidently, although not a "true" S/ITS player, the other company to be demoted was business services player Hays.

We have made our views on Capita clear in Hotnews before, so we will not repeat them again. Except to say that we find it all a rather sad reflection on the investor perceptions of our market at moment. None of the other many previous S/ITS FTSE100 companies - **Autonomy**, **Baltimore**, **CMG**, **Logica**, **Misys**, **Sema** - have ever come close to re-entry. Indeed, CMG and Sema have since been acquired. But with analysts forecasting continued EPS growth and a significant sales prospect list - not least for further implementations of the Congestion Charging Systems both here and abroad - maybe, just maybe, Capita will be the first S/ITS FTSE100 re-entrant. We hope not before too long.

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

	Final - Mar 02		Final - Mar 03	Comparison
REV	£36,224,000		£17,584,000	-51.5%
PBT	-£9,272,000		-£41,227,000	Loss both
EPS	-40.64p		-306.00p	Loss both

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

	Final - Mar 02		Final - Mar 03	Comparison
REV	£4,267,000		£4,784,000	+12.1%
PBT	-£9,247,000		-£5,966,000	Loss both
EPS	-23.90p		-14.60p	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	£5,764,000	-£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

	Final - Mar 02		Final - Mar 03	Comparison
REV	£31,818,000		£36,008,000	+13.2%
PBT	£4,938,000		£5,580,000	+13.0%
EPS	19.48p		21.24p	+9.0%

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

	Final - Dec 01		Final - Dec 02	Comparison
REV	£11,365,995		£6,399,629	-43.7%
PBT	£1,256,609		-£1,972,786	Profit to loss
EPS	6.11p		-13.79p	Profit to loss

Business Systems Group Holdings plc

	Final - Mar 02		Final - Mar 03	Comparison
REV	£24,224,000		£26,475,000	+9.3%
PBT	-£10,510,000		-£2,949,000	Loss both
EPS	-12.84p		-3.44p	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

Chelford Group plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£7,813,000		£7,298,000	-6.6%
PBT	-£1,048,000		-£1,025,000	-2.2%
EPS	-0.18p		-0.18p	+0.0%

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

	Final - Dec 01		Final - Dec 02	Comparison
REV	£2,232,158		£2,391,565	+7.1%
PBT	-£1,369,934		-£983,004	Loss both
EPS	-5.50p		-3.80p	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		16.20p	+27.6%

Comino Group plc

	Final - Mar 02		Final - Mar 03	Comparison
REV	£20,560,000		£24,504,000	+19.2%
PBT	-£576,000		£1,209,000	Loss to Profit
EPS	-3.80p		8.90p	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

	Final - Dec 01		Final - Dec 02	Comparison
REV	£104,900,000		£69,800,000	-33.5%
PBT	-£4,600,000		-£14,200,000	Loss both
EPS	-22.58p		-57.14p	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

	Final - Mar 02		Final - Mar 03	Comparison
REV	£32,841,000		£39,198,000	+19.4%
PBT	£5,928,000		£7,437,000	+25.5%
EPS	20.80p		24.10p	+15.9%

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	1.40p	3.50p	1.61p	+15.0%

Dimension Data plc

	Interim - Mar 02	Final - Sep 02	Interim - Mar 03	Comparison
REV	£786,507,000	£1,489,600,000	£638,206,000	-18.9%
PBT	-£483,468,000	-£1,756,500,000	-£122,668,000	Loss both
EPS	-37.38p	-155.60p	-9.10p	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	1.36p		3.68p	+170.6%

Easynet plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£71,276,000		£92,280,000	+29.5%
PBT	-£292,667,000		-£79,172,000	Loss both
EPS	-440.50p		-71.30p	Loss both

Easyscreen plc

	Final - Mar 02		Final - Mar 03	Comparison
REV	£3,236,111		£2,654,514	-18.0%
PBT	-£4,289,119		-£3,397,842	Loss both
EPS	-9.34p		-5.60p	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

	Interim - Mar 02	Final - Sep 02	Interim - Mar 03	Comparison
REV	£4,323,000	£8,480,000	£4,527,000	+4.7%
PBT	-£414,000	-£1,394,000	£292,000	Loss to profit
EPS	-1.66p	-5.03p	1.18p	Loss to profit

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	£4,512,000	+9.2%
PBT	£7,000	£155,000	£17,000	+142.9%
EPS	-0.38p	0.47p	0.03p	Loss to profit

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

	Final - Mar 02		Final - Mar 03	Comparison
REV	£5,073,000		£6,583,000	+29.8%
PBT	-£2,590,000		-£3,833,000	Loss both
EPS	-10.30p		-13.40p	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 01	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

	Final - Dec 01		Final - Dec 02	Comparison
REV	£24,761,000		£11,578,000	-53.2%
PBT	-£973,000		£1,148,000	Loss to profit
EPS	-3.32p		2.45p	Loss to profit

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	-16.18p	Loss both

Highams Systems Services Group plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep-02	Comparison
REV	£9,630,000	£16,777,000	£5,618,000	-41.7%
PBT	-£370,000	-£298,000	-£212,000	Loss both
EPS	-1.83p	-1.45p	-1.09p	Loss both

Horizon Technology Group plc

	6 months - Dec 01		Final - Dec 02	Comparison
REV	£104,088,000		£202,168,000	n/a
PBT	-£14,156,000		-£7,844,000	Loss both
EPS	-21.33p		-13.16p	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		-31.42p	Loss both

I-Document Systems Plc

	Interim - Apr 02	Final - Oct 02	Interim - Apr 03	Comparison
REV	£1,158,948	£3,017,602	£1,903,078	+64.2%
PBT	-£559,437	-£1,483,473	-£459,182	Loss both
EPS	-0.46p	-1.11p	-0.33p	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

	Final - Dec 01		Final - Dec 02	Comparison
REV	£35,355,000		£30,244,000	-14.5%
PBT	-£18,138,000		-£35,641,000	Loss both
EPS	-31.96p		-62.64p	Loss both

Innovation Group plc (The)

	Interim - Mar 02	Final - Sep 02	Interim - Mar 03	Comparison
REV	£62,426,000	£100,071,000	£31,172,000	-50.1%
PBT	-£3,474,000	-£391,114,000	-£5,216,000	Loss both
EPS	-3.33p	-202.75p	-2.40p	Loss both

InTechnology plc

	Final - Mar. 02		Final - Mar 03	Comparison
REV	£158,108,000		£156,899,000	-.8%
PBT	-£82,672,000		-£6,675,000	Loss both
EPS	-53.65p		-5.10p	Loss both

Intelligent Environments Group plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£3,111,584		£2,672,065	-14.1%
PBT	-£6,979,561		-£2,873,579	Loss both
EPS	-13.53p		-2.14p	Loss both

IQ-Ludorum plc

	Final- Dec 01		Final - Dec 02	Comparison
REV	£4,192,000		£3,919,300	-6.5%
PBT	-£5,308,000		-£4,965,400	Loss both
EPS	-6.66p		-6.23p	Loss both

iRevolution plc

	Interim - Mar 02	Final - Sep 02	Interim - Mar 03	Comparison
REV	£2,858,000	£5,327,000	£2,025,000	-29.1%
PBT	-£1,779,000	-£3,995,000	-£267,000	Loss both
EPS	-3.90p	-8.60p	-0.60p	Loss both

iSOFT Group plc

	Final - Apr 02		Final - Apr 03	Comparison
REV	£60,102,000		£91,495,000	+52.2%
PBT	£12,178,000		£18,880,000	+55.0%
EPS	7.61p		11.08p	+45.6%

I S Solutions plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£10,873,000		£7,426,000	-31.7%
PBT	-£222,000		-£1,368,000	Loss both
EPS	-1.06p		-5.06p	Loss both

ITNET plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£176,446,000		£178,992,000	+1.4%
PBT	£10,467,000		£7,336,000	-29.9%
EPS	9.12p		3.01p	-67.0%

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	+1.5%
PBT	-£1,373,000		£266,000	Loss to profit
EPS	-3.60p		0.70p	Loss to profit

Kewill Systems plc

	Final - Mar 02		Final - Mar -03	Comparison
REV	£48,144,000		£25,211,000	-47.6%
PBT	-£57,638,000		-£5,855,000	Loss both
EPS	-75.20p		-7.70p	Loss both

Knowledge Support Systems Group plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£1,020,520		£1,562,000	#REF!
PBT	-£9,768,556		-£3,742,000	Loss both
EPS	-12.17p		-4.55p	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 02	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

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

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.

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

	Final - Apr 02		Final - Apr 03	Comparison
REV	£87,068,000		£78,592,000	-9.7%
PBT	-£55,442,000		-£12,798,000	Loss both
EPS	-46.80p		-12.40p	Loss both

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

	Interim - Feb 02	Final - Aug 02	Interim - Feb 03	Comparison
REV	£48,900,000	£124,700,000	£51,000,000	+4.3%
PBT	-£13,000,000	-£3,300,000	-£7,300,000	Loss both
EPS	-10.64p	-4.11p	-8.25p	Loss both

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

	Interim - Feb 02	Final - Aug 02	Interim - Feb 03	Comparison
REV	£14,575,000	£27,472,000	£12,495,000	-14.3%
PBT	£93,000	-£658,000	-£266,000	Profit to loss
EPS	-0.30p	-6.40p	-1.90p	Loss both

Mondas plc

	Final - Apr 02		Final - Apr 03	Comparison
REV	£3,741,673		£3,713,353	-8%
PBT	-£2,177,858		-£2,224,645	Loss both
EPS	-10.10p		-10.10p	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

	Final - Jan 02		Final - Jan 03	Comparison
REV	£145,987,000		£84,062,000	-42.4%
PBT	£1,889,000		-£421,000	Profit to loss
EPS	6.40p		-2.32p	Profit to loss

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

	Final - Apr 02		Final - Apr-03	Comparison
REV	£92,564,000		£85,215,000	-7.9%
PBT	£8,658,000		£28,109,000	+224.7%
EPS	2.91p		10.33p	+255.0%

NSB Retail Systems plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£93,816,000		£73,359,000	-21.8%
PBT	-£93,470,000		-£196,232,000	Loss both
EPS	-22.63p		-49.05p	Loss both

OneclickHR plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£5,651,936		£4,689,010	-17.0%
PBT	-£2,281,447		-£3,473,846	Loss both
EPS	-4.50p		-6.40p	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

	Interim - Apr 02	Final - Oct 02	Interim - Apr 03	Comparison
REV	£3,394,000	£6,666,000	£4,175,000	+23.0%
PBT	-£1,148,000	-£2,113,000	-£498,000	Loss both
EPS	-1.75p	-3.10p	-0.76p	Loss both

Rage Software plc

	Final - Jun 01		Final - Jun 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

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

	Interim - Mar 02	Final - Sep 02	Interim - Mar 03	Comparison
REV	£89,133,000	£202,158,000	£85,363,000	-4.2%
PBT	-£14,131,000	-£5,914,000	-£1,820,000	Loss both
EPS	-11.20p	-5.10p	-1.80p	Loss both

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

	Interim - Mar 02	Final - Sep 02	Interim - Mar 03	Comparison
REV	£278,821,000	£551,731,000	£282,056,000	+1.2%
PBT	£65,146,000	£129,154,000	£74,259,000	+14.0%
EPS	3.50p	6.99p	4.00p	+14.3%

SBS Group plc

	Interim - Feb 02	Final - Aug 02	Interim - Feb 03	Comparison
REV	£16,996,000	£32,089,000	£13,026,000	-23.4%
PBT	-£606,000	-£2,048,000	-£459,000	Loss both
EPS	-6.60p	-19.40p	-3.00p	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 Systems plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£17,373,850		£22,683,192	+30.6%
PBT	-£281,001		£1,893,520	Loss to profit
EPS	-4.00p		5.90p	Loss to profit

Computer Software Group

	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	-2.18p		-1.24p	Loss both

Sopheon plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£13,963,000		£12,353,000	-11.5%
PBT	-£34,631,000		-£16,179,000	Loss both
EPS	-76.20p		-19.40p	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

	Interim - Mar 02	Final - Sep 02	Interim - Mar 03	Comparison
REV	£111,590,000	£221,870,000	£111,517,000	-0.1%
PBT	£1,570,000	£6,532,000	£3,797,000	+141.8%
EPS	0.30p	2.40p	1.60p	+433.3%

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%

Tadpole Technology plc

	Interim - Mar 02	Final - Sep 02	Interim - Mar 03	Comparison
REV	£9,744,000	£16,724,000	£2,803,000	-71.2%
PBT	-£2,842,000	-£11,140,000	-£7,516,000	Loss both
EPS	-1.50p	-5.70p	-3.60p	Loss both

Telecity plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£32,628,000		£24,954,000	-23.5%
PBT	-£35,392,000		-£40,604,000	Loss both
EPS	-25.20p		-20.20p	Loss both

Telework Systems plc

	Final - Mar 02		Final - Mar 03	Comparison
REV	£15,713,000		£14,241,000	-9.4%
PBT	-£3,954,000		-£2,742,000	Loss both
EPS	-2.25p		-1.52p	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 02	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

	Final - Mar 02		Final - Mar 03	Comparison
REV	£5,384,299		£3,927,749	-27.1%
PBT	£1,415,606		£596,643	-57.9%
EPS	9.44p		4.12p	-56.4%

Touchstone Group plc

	Final - Mar 02		Final - Mar 03	Comparison
REV	£14,187,000		£14,249,000	+0.4%
PBT	£1,770,000		£1,526,000	-13.8%
EPS	10.90p		9.20p	-15.6%

Trace Group plc

	Final - May 01		Final - May 02	Comparison
REV	£15,656,000		£20,630,180	+31.8%
PBT	£3,183,000		£2,045,620	-35.7%
EPS	17.12p		8.65p	-49.5%

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

	Final - Mar 02		Final - Mar 03	Comparison
REV	£41,567,000		£27,756,000	-33.2%
PBT	-£470,000		-£4,980,000	Loss both
EPS	-1.36p		-27.20p	Loss both

Tribal Group plc

	Final - Mar 02		Final - Mar 03	Comparison
REV	£45,651,000		£105,659,000	+131.4%
PBT	£4,680,000		£7,855,000	+67.8%
EPS	6.60p		5.50p	-16.7%

Ultima Networks plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£4,391,000		£2,026,000	-53.9%
PBT	£513,000		£165,000	-67.8%
EPS	0.30p		0.10p	-66.7%

Universe Group plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£58,990		£34,487	-41.5%
PBT	£1,392		£1,327	-4.7%
EPS	0.40p		2.50p	+525.0%

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

	Final - Dec 01		Final - Dec 02	Comparison
REV	£6,456,000		£7,542,000	+16.8%
PBT	£726,000		£70,000	-90.4%
EPS	2.12p		-0.74p	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

	Final - Apr 02		Final - Apr 03	Comparison
REV	£515,100,000		£453,900,000	-11.9%
PBT	-£507,800,000		-£157,000,000	Loss both
EPS	-184.66p		-57.09p	Loss both

XKO Group plc

	Final - Mar 02		Final - Mar 03	Comparison
REV	£38,880,000		£43,627,000	+12.2%
PBT	-£14,938,000		-£545,000	Loss both
EPS	-56.40p		-2.90p	Loss both

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 30-Jun-03	Capitalisation 30-Jun-03	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 30-Jun-03	Share price move since 31-May-03	Share price % move in 2003	Capitalisation move since 31-May-03	Capitalisation move (£m) in 2003
AFA Systems	SP	£0.19	£7.3m	Loss	1.21	160	8.76%	1.32%	£0.65m	£2.75m
Affinity Internet Holdings	CS	£0.28	£9.1m	Loss	0.17	2115	0.00%	-26.67%	-£0.04m	-£3.42m
AIT Group	CS	£0.89	£21.4m	Loss	1.22	584	187.10%	154.29%	£13.94m	£13.05m
Alphameric	SP	£0.51	£53.3m	8.0	0.86	234	12.71%	0.00%	£6.00m	-£0.03m
Alterian	SP	£0.54	£21.2m	Loss	4.43	268	-6.96%	44.59%	-£1.30m	£6.70m
Anite Group	CS	£0.33	£114.2m	Loss	0.56	194	-0.75%	41.49%	£0.06m	£35.20m
Argonaut Games	SP	£0.07	£6.4m	Loss	0.45	70	-18.18%	-61.43%	-£1.71m	-£10.54m
Autonomy Corporation	SP	£1.76	£200.9m	58.1	5.91	54	-5.38%	0.57%	-£10.79m	-£17.77m
Aveva Group	SP	£4.15	£70.7m	19.5	1.96	2075	8.21%	17.40%	£5.30m	£10.90m
Axon Group	CS	£1.03	£53.6m	24.3	1.24	586	25.77%	79.82%	£11.16m	£23.96m
Baltimore Technologies	SP	£0.34	£18.2m	Loss	0.52	349	6.25%	-24.44%	£1.10m	-£4.84m
Bond International	SP	£0.26	£3.7m	Loss	0.58	392	30.77%	45.71%	£0.93m	£1.22m
Business Systems	CS	£0.07	£6.5m	Loss	0.25	61	20.83%	52.63%	£1.59m	£2.69m
Capita Group	CS	£2.26	£1,505.4m	20.3	1.68	61092	-3.42%	-8.69%	-£55.63m	-£141.49m
Charteris	CS	£0.20	£8.4m	Loss	0.44	217	27.87%	-13.33%	£2.00m	-£1.01m
Chelford Group	CS	£0.01	£0.0m	Loss	0.01	130	-98.93%	-99.30%	-£4.30m	-£6.68m
Clarity Commerce	SP	£0.59	£8.2m	Loss	1.08	468	0.00%	-15.83%	£0.07m	-£1.42m
Clinical Computing	SP	£0.43	£10.8m	Loss	4.51	343	-4.49%	30.77%	-£0.43m	£2.61m
CODASciSys (was Science Systems)	CS	£2.60	£66.0m	10.5	0.99	2016	-7.14%	6.12%	-£5.10m	£5.10m
Comino	SP	£2.23	£30.9m	17.2	1.26	1712	20.27%	74.51%	£5.29m	£13.28m
Compass Software	SP	£0.75	£8.9m	13.4	0.71	500	7.14%	13.64%	£0.59m	£1.10m
Compel Group	R	£0.72	£22.3m	Loss	0.35	572	32.41%	-13.33%	£5.64m	-£3.27m
Computacenter	R	£3.55	£666.9m	17.9	0.35	530	7.25%	26.79%	£45.10m	£148.00m
Computer Software Group	SP	£0.03	£8.2m	Loss	2.72	223	-4.73%	-19.38%	£0.06m	£3.60m
DCS Group	CS	£0.12	£3.0m	Loss	0.04	192	48.39%	9.52%	£1.07m	£0.38m
Delcam	SP	£1.19	£7.2m	8.6	0.38	458	0.00%	-4.80%	£0.00m	-£0.35m
Detica	CS	£3.66	£81.8m	13.9	2.09	915	9.58%	2.23%	£7.10m	£1.80m
Diagonal	CS	£0.62	£55.5m	Loss	0.87	894	6.96%	20.59%	£4.05m	£9.85m
Dicom Group	R	£4.83	£100.5m	13.2	0.67	1479	11.56%	19.14%	£10.50m	£16.20m
Dimension Data	R	£0.22	£298.5m	Loss	0.14	39	-16.35%	-25.00%	-£50.43m	-£90.72m
DRS Data & Research	SP	£0.44	£15.1m	11.9	1.18	395	22.54%	45.00%	£3.01m	£4.71m
Easynet	CS	£1.28	£79.3m	Loss	0.86	35	0.79%	61.39%	£0.38m	£30.18m
Easyscreen	SP	£0.20	£11.3m	Loss	4.25	118	-21.57%	-20.00%	-£2.94m	-£2.04m
Eidos	SP	£1.37	£191.6m	Loss	1.87	6822	-16.77%	8.33%	-£37.78m	£16.88m
Electronic Data Processing	SP	£0.85	£21.0m	Loss	2.48	2603	54.55%	117.95%	£7.40m	£11.39m
Empire Interactive	SP	£0.08	£4.6m	Loss	0.18	125	43.13%	0.00%	£1.68m	-£0.43m
Epic Group	CS	£1.07	£27.2m	17.3	3.77	1014	-5.33%	38.31%	-£3.87m	£7.73m
Eurolink Managed Services	CS	£0.32	£3.3m	68.1	0.35	315	1.61%	-8.70%	£0.05m	-£0.32m
Financial Objects	SP	£0.31	£8.7m	Loss	0.68	135	-15.07%	-21.52%	-£1.40m	-£2.20m
Flomerics Group	SP	£0.72	£10.6m	15.9	0.90	2750	22.22%	4.38%	£2.00m	£0.64m
Focus Solutions Group	SP	£0.25	£6.4m	Loss	0.98	126	8.89%	68.97%	£0.64m	£2.70m
GB Group	SP	£0.20	£16.3m	13.0	0.95	127	11.27%	43.64%	£2.22m	£5.32m
Gladstone	SP	£0.13	£5.6m	8.1	0.31	331	23.26%	165.00%	£1.13m	£3.50m
Glotel	A	£0.60	£22.8m	Loss	0.23	309	15.53%	11.21%	£3.29m	£2.49m
Gresham Computing	CS	£3.10	£145.8m	126.5	12.59	3333	17.42%	406.12%	£21.68m	£116.16m
Harrier Group	CS	£0.11	£3.3m	Loss	0.35	88	-10.00%	32.35%	-£0.29m	£0.87m
Harvey Nash Group	A	£0.33	£18.2m	Loss	0.08	186	-2.99%	-7.14%	-£0.46m	-£1.32m
Highams Systems Services	A	£0.09	£1.7m	Loss	0.10	250	2.86%	5.88%	£0.05m	£0.07m
Horizon Technology	R	£0.34	£23.1m	Loss	0.11	123	36.73%	63.41%	£6.54m	£11.14m
Host Europe	CS	£0.01	£11.9m	Loss	0.87	371	-22.22%	-25.00%	-£3.67m	-£3.87m
Hot Group (was RexOnline)	CS	£0.14	£6.7m	Loss	2.35	161	14.89%	-3.57%	£1.08m	£2.74m
I S Solutions	CS	£0.12	£3.1m	Loss	0.42	457	36.11%	113.04%	£0.87m	£1.67m
I-Document Systems	SP	£0.12	£16.1m	Loss	5.35	15	-2.89%	0.00%	-£0.97m	-£0.37m
ICM Computer Group	CS	£1.71	£33.8m	Loss	0.49	950	13.25%	-6.30%	£3.90m	-£2.30m
IDS Group	SP	£0.23	£13.1m	Loss	0.43	256	24.32%	76.92%	£2.60m	£5.65m
Innovation Group	SP	£0.13	£56.9m	Loss	0.57	58	17.78%	15.22%	£10.37m	£34.56m
InTechnology	CS	£0.67	£92.5m	Loss	0.59	2660	8.13%	10.83%	£7.60m	£9.70m
Intelligent Environments	SP	£0.07	£9.9m	Loss	3.72	77	7.41%	107.14%	£0.65m	£5.35m
IQ-Ludorum	SP	£0.02	£1.2m	Loss	0.31	20	50.00%	-45.45%	£0.46m	-£1.00m
iRevolution	CS	£0.02	£1.0m	Loss	0.19	34	0.00%	20.00%	£0.34m	£0.45m
iSOFT Group	SP	£2.99	£370.2m	27.0	4.05	2718	5.28%	16.80%	£19.10m	£69.00m
ITNET	CS	£2.34	£171.0m	14.9	0.96	669	8.84%	21.56%	£13.82m	£30.32m
Izodia (was Infobank)	SP	£0.44	£25.9m	Loss	6.86	6985	0.00%	0.00%	£0.00m	£0.00m
Jasmin	SP	£1.25	£5.9m	7.4	0.84	833	11.86%	-18.83%	£0.39m	-£1.30m
K3 Business Technology	SP	£0.13	£6.6m	6.2	0.82	96	19.05%	47.06%	£1.29m	£2.33m
Kewill	SP	£0.50	£38.1m	Loss	1.51	978	18.56%	102.04%	£5.99m	£19.09m
Knowledge Support Systems Group	SP	£0.17	£12.6m	Loss	8.08	77	0.00%	-17.07%	£0.03m	-£2.47m
LogicaCMG	CS	£1.43	£1,076.4m	37.1	0.59	1962	3.80%	-4.50%	£43.39m	-£48.48m

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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 30-Jun-03	Capitalisation 30-Jun-03	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 30-Jun-03	Share price move since 31-May-03	Share price % move in 2003	Capitalisation move since 31-May-03	Capitalisation move (£m) in 2003
London Bridge Software	SP	£0.44	£74.3m	Loss	1.20	1088	-6.45%	74.00%	-£5.17m	£31.93m
Lorien	A	£0.61	£11.4m	Loss	0.10	610	6.09%	-12.86%	£0.70m	-£2.30m
Macro 4	SP	£0.72	£15.0m	Loss	0.38	290	20.00%	58.24%	£2.50m	£5.54m
Manpower SoftWare	SP	£0.18	£7.8m	Loss	2.38	186	67.44%	111.76%	£3.09m	£4.09m
Marlborough Stirling	SP	£0.27	£61.0m	Loss	0.50	193	-5.26%	-23.94%	-£3.34m	-£19.14m
MERANT	SP	£1.33	£137.6m	Loss	1.75	642	2.70%	57.40%	£4.17m	£48.77m
Microgen	CS	£0.48	£28.8m	Loss	1.14	203	-6.86%	137.50%	-£1.90m	£17.10m
Minorplanet Systems	SP	£1.17	£93.7m	Loss	0.75	2379	3.10%	-5.28%	£10.69m	£3.69m
Misys	SP	£2.57	£1,439.4m	19.1	1.39	3197	15.90%	46.02%	£203.40m	£425.60m
MMT Computing	CS	£0.97	£11.9m	Loss	0.43	574	0.00%	8.43%	£0.06m	£1.09m
Mondas	SP	£0.34	£7.3m	Loss	1.96	453	21.43%	36.00%	£1.37m	£2.28m
Morse	R	£1.31	£169.7m	Loss	0.36	522	2.76%	2.35%	£5.15m	£3.85m
MSB International	A	£0.62	£12.8m	Loss	0.15	326	16.98%	13.76%	£1.90m	£1.69m
Myratech.net	CS	£0.03	£0.7m	Loss	0.42	19	-9.09%	-16.67%	-£0.07m	-£0.15m
Ncipher	SP	£1.33	£33.0m	Loss	3.71	532	14.66%	118.03%	£4.20m	-£44.20m
NetBenefit	CS	£0.22	£3.5m	Loss	0.58	108	-2.27%	75.51%	£0.00m	£1.56m
Netstore	CS	£0.29	£27.7m	Loss	4.17	193	9.43%	50.65%	£2.60m	£9.40m
Nettec	CS	£0.07	£8.4m	Loss	0.51	0	16.67%	3.70%	£1.22m	£0.16m
Northgate Information Solutions	CS	£0.28	£78.9m	12.8	0.96	107	-0.89%	6.73%	-£1.41m	£4.52m
NSB Retail Systems	SP	£0.08	£24.4m	Loss	0.33	652	50.00%	3.45%	£7.38m	£1.06m
OneclickHR	SP	£0.07	£4.2m	Loss	0.89	181	3.57%	-3.33%	£0.28m	£0.00m
Parity	A	£0.11	£17.7m	Loss	0.10	1875	7.14%	-30.77%	£1.49m	-£7.21m
Patsystems	SP	£0.10	£13.2m	Loss	1.69	89	0.00%	-20.83%	£0.69m	-£2.41m
Pilat Media Global	SP	£0.26	£11.4m	Loss	1.55	1275	45.71%	54.55%	£10.99m	£4.17m
Planit Holdings	SP	£0.24	£20.8m	6.3	0.93	979	20.51%	-11.32%	£3.54m	-£1.16m
PSD Group	A	£1.78	£44.7m	85.3	1.01	807	12.70%	-4.05%	£5.13m	-£1.67m
QA (was Skillsgroup)	CS	£0.07	£7.2m	Loss	0.22	33	26.09%	31.82%	£1.73m	£2.12m
Quantica	A	£0.29	£11.7m	Loss	0.45	234	-3.33%	-13.43%	-£0.40m	-£1.80m
Raft International	SP	£0.08	£5.1m	Loss	0.76	119	7.14%	150.00%	£0.54m	£3.09m
Rage Software	SP	£0.00	£2.6m	Loss	0.22	10	0.00%	-75.00%	£0.00m	-£5.47m
Retail Decisions	SP	£0.06	£17.9m	Loss	0.63	81	4.35%	50.00%	£1.70m	£6.60m
RM	SP	£0.96	£86.2m	Loss	0.43	2729	-2.05%	6.11%	-£1.35m	£3.85m
Royalblue Group	SP	£3.53	£111.0m	16.5	1.95	2074	-4.73%	50.00%	-£5.34m	£39.44m
Sage Group	SP	£1.62	£2,063.8m	21.8	3.74	62308	1.09%	21.80%	£19.78m	£379.28m
SBS Group	A	£0.04	£0.6m	Loss	0.02	35	-60.00%	-65.00%	-£0.85m	-£0.70m
SDL	CS	£0.56	£29.9m	Loss	0.52	370	14.43%	85.00%	£3.73m	£13.73m
ServicePower	SP	£0.17	£9.6m	Loss	2.15	170	-15.00%	112.50%	-£1.34m	£5.53m
Sherwood International	SP	£1.29	£59.7m	430.0	1.14	4298	22.86%	67.53%	£11.10m	£24.59m
Sirius Financial (was Policymaster)	SP	£0.98	£17.4m	8.7	0.77	650	0.00%	-11.36%	£0.09m	-£2.11m
Sopheon	SP	£0.15	£12.5m	Loss	1.01	212	-35.87%	13.46%	-£7.01m	£1.42m
Spring Group	A	£0.68	£103.3m	Loss	0.35	756	17.24%	47.83%	£15.90m	£34.25m
Staffware	SP	£3.68	£53.4m	19.9	1.37	1633	-5.16%	54.74%	-£2.83m	£19.17m
StatPro Group	SP	£0.28	£9.2m	Loss	1.28	344	22.22%	37.50%	£1.82m	£2.70m
SurfControl (was JSB)	SP	£6.38	£194.1m	Loss	5.17	3188	2.82%	52.69%	£5.36m	£68.16m
Synstar	CS	£0.62	£100.8m	16.8	0.45	376	-1.59%	5.98%	-£1.60m	£5.70m
Systems Union (was Freecom)	SP	£0.77	£80.0m	10.4	1.07	588	-1.29%	5.52%	-£0.48m	£5.22m
Tadpole Technology	SP	£0.08	£20.2m	Loss	1.21	187	0.00%	-9.99%	-£0.00m	-£2.27m
Telecity	CS	£0.07	£13.5m	Loss	0.54	9	-3.57%	107.69%	-£0.50m	£6.98m
Telework Systems	SP	£0.10	£19.1m	Loss	1.34	0	2.63%	77.27%	£2.17m	£9.14m
Tikit Group	CS	£0.83	£9.7m	7.7	1.18	717	2.48%	1.23%	£0.29m	£0.10m
Torex Group	CS	£5.03	£261.7m	14.0	1.62	9757	14.99%	55.81%	£34.11m	£109.01m
Total Systems	SP	£0.61	£6.4m	10.4	1.65	1151	18.45%	43.53%	£1.04m	£2.00m
Touchstone Group	SP	£1.02	£10.6m	11.1	0.74	971	20.00%	2.00%	£1.83m	£0.20m
Trace Group	SP	£0.49	£7.4m	7.2	0.36	388	15.48%	4.30%	£1.07m	£0.37m
Transeda	SP	£0.02	£1.1m	Loss	0.19	35	0.00%	-41.67%	-£0.16m	-£0.98m
Transware	CS	£0.03	£3.0m	Loss	0.23	39	-7.69%	-57.14%	-£0.26m	£0.46m
Triad Group	CS	£0.49	£7.4m	Loss	0.27	359	25.97%	67.24%	£1.60m	£3.04m
Tribal Group	CS	£3.18	£166.5m	Loss	1.58	1924	-4.51%	32.85%	-£7.54m	£43.06m
Ultima Networks	R	£0.02	£4.3m	20.0	2.14	55	155.68%	125.00%	£2.65m	£2.41m
Universe Group	SP	£0.27	£10.4m	10.7	346.54	1178	6.00%	17.78%	£0.57m	£2.38m
Vega Group	CS	£0.68	£12.6m	Loss	0.35	553	0.75%	13.45%	£0.19m	£1.69m
VI group	SP	£0.17	£6.3m	Loss	0.85	330	37.50%	6.45%	£1.87m	£0.56m
Vocalis Group	SP	£0.03	£4.1m	Loss	2.38	26	0.00%	0.00%	£0.66m	£0.66m
Warthog	SP	£0.19	£9.3m	15.9	1.05	442	58.33%	8.57%	£3.51m	£1.02m
Wealth Management Software	SP	£0.18	£7.6m	Loss	0.69	138	44.00%	125.00%	£2.30m	£4.19m
Xansa (was F.I. Group)	CS	£0.87	£291.3m	Loss	0.64	2218	-7.98%	57.27%	-£26.12m	£108.52m
XKO Group	SP	£0.66	£18.3m	Loss	0.42	440	20.00%	80.82%	£3.07m	£8.46m
Xpertise Group	CS	£0.01	£1.0m	Loss	0.22	50	25.00%	-66.67%	£0.29m	-£1.69m

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SMALLER THE COMPANY... BIGGER THE GAIN

30-Jun-03		
	S/ITS Index	3569.93
	FTSE IT (SCS) Index	410.42
	techMARK 100	774.90
	FTSE 100	4031.20
	FTSE AIM	641.40
SCSI Index = 1000 on 15th April 1989	FTSE SmallCap	2102.23

Changes in Indices	S/ITS Index Index	FTSE 100	techMARK 100	FTSE IT SCS Index	FTSE AIM Index	FTSE Small Cap
Month (01/06/03 to 30/06/03)	+10.13%	-0.92%	+3.69%	+6.88%	+4.24%	+3.56%
From 15th Apr 89	+256.99%	+96.30%				
From 1st Jan 90	+287.99%	+70.67%				
From 1st Jan 91	+404.32%	+86.60%				
From 1st Jan 92	+241.67%	+61.69%				
From 1st Jan 93	+124.02%	+41.62%				+51.53%
From 1st Jan 94	+113.82%	+17.93%				+12.50%
From 1st Jan 95	+138.13%	+31.50%				+20.37%
From 1st Jan 96	+58.07%	+9.27%	-1.82%		-32.73%	+8.28%
From 1st Jan 97	+33.33%	-2.12%	-15.28%		-34.29%	-3.70%
From 1st Jan 98	+17.62%	-21.50%	-18.78%	-58.96%	-35.34%	-9.12%
From 1st Jan 99	-9.43%	-31.47%	-46.78%	-71.62%	-19.99%	+1.51%
From 1st Jan 00	-68.88%	-41.83%	-79.50%	-88.96%	-66.81%	-32.14%
From 1st Jan 01	-57.36%	-35.22%	-69.80%	-78.94%	-55.39%	-33.96%
From 1st Jan 02	-25.60%	-22.74%	-47.38%	-51.39%	-28.56%	-18.49%
From 1st Jan 03	+31.60%	+2.30%	+19.44%	+20.63%	+6.39%	+15.47%

End Jun 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 Jun 03
System Houses	-25.8%	-71.1%	-61.1%	-29.9%	39.6%	9.7%
IT Staff Agencies	-74.6%	-77.9%	-64.8%	-36.5%	-4.4%	1.2%
Resellers	59.0%	-23.4%	1.3%	12.7%	52.5%	32.9%
Software Products	41.6%	-65.9%	-75.3%	-20.3%	32.0%	9.5%
Holway Internet Index	165.9%	-67.7%	-52.5%	-14.0%	31.3%	15.9%
Holway S/ITS Index	-4.1%	-67.1%	-54.9%	-21.3%	39.3%	10.1%

There were more gains for the technology indices this month with the Holway S/ITS index beating the rest with a 10.1% gain to 3569.9 – well off the 20% gain we saw last month but impressive nonetheless. The techMARK100 and FTSE IT (SCS) indices also rose, by 3.7% and 6.9% respectively.

The latter-mentioned index is the best indication of the performance of the larger S/ITS companies, whereas the Holway S/ITS index reflects the performance of all S/ITS companies no matter what size. In other words the smaller companies have shown some large gains. Indeed, at the top of the risers list for June, **Atlantic Global** was up 189% to 90p, **AIT Group** was up 187% to 89p and **Ultima Networks** was up 155.7% to 2p. Atlantic Global now commands a PSR of 13.1 – well above the average, which this month was <1. Many of the smaller companies that showed high double-digit gains in the month continue to be loss making and remain on low PSRs, such as **DCS Group** (0.04), **IQ-Ludorum** (0.31) and **VI Group** (0.85). **Misys**, **Gresham** and **Spring** were the best performing larger S/ITS companies (i.e. valued at more than £100m) with increases of 15.9%, 17.4% and 17.2% respectively.

Across the categories, software products companies, IT services companies and ITSAs all saw their share prices increase by less than 10%. The ITSAs were the worst performing with a 1.2% average rise. The average share price of the resellers was exaggerated by Ultima Networks (see above). Without Ultima, the increase was a much more staid 13%.

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