March 2005

Volume 16 Number 4
Available by Subscription Only

ISSN 0967-2583

ovum HOLWAY

SYSTEMHOUSE

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

IT AIN'T WHAT YOU DO; IT'S THE WAY THAT YOU DO IT

As many readers know, I have started my presentations for many years with a snatch from a song. I think the first was *'There may be troubles ahead'* but the last was a much more optimistic *'I've got to admit it's getting better'*.

When I chose *'It ain't what you do; it's the way that you do it'* as the theme music for my next talk in March, my colleagues were initially sceptical. Afterall, Ovum's business is perceived to be all about advising customers what to do.

Mature industry

I've written about IT as a mature market many times in the last three years. Indeed, the theme has passed from being controversial to being accepted wisdom now. The absence of a 'next big thing' has removed much of the excitement of the 'what you do' from the market. The IT market largely will continue to be 'more of the same'. Of course, there will be considerable diversity of growth rates between sectors and geographies. But, bluntly, I can't see much fundamental change in the patterns which are already established. Outsourcing, in particular BPO, will continue to record the fastest growth. Offshoring will continue to grow, in turn putting continued margin pressure on fee rates. Software product suppliers will continue to face difficulty in obtaining new licence sales from new customers and will resort to 'consolidation' as the only route to obtain both top- and bottom-line growth. I could go on, but I would merely be repeating messages from the past that you all know and understand well.

It's the way that you do it

Throughout most of the 40-year life of the IT industry, the good times have benefited most companies as in 'a rising tide lifts all boats'. The opposite has been true too in times of recession.

But, this time around, the effects have been rather different.

The chart below, for example, shows the very different performance since 2000 of four of the largest global IT services players. CSC and Accenture have prospered whereas EDS and Capgemini have suffered.

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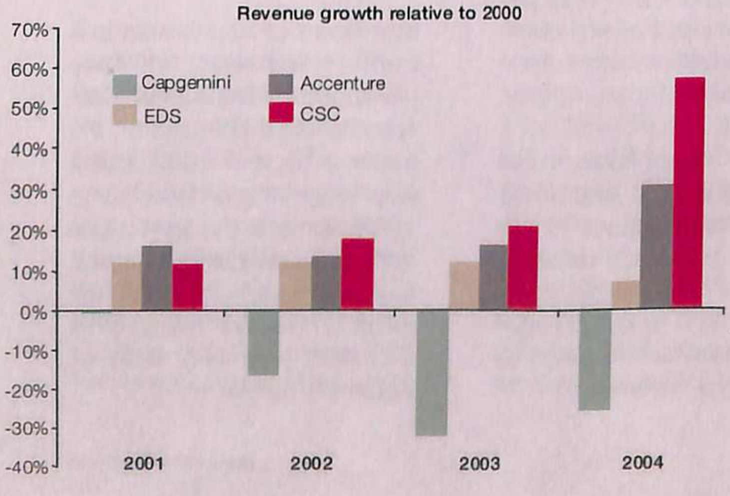
Revenue growth relative to 2000



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INDICES
(changes in February 05)

Holway S/ITS	**+4.6%**	**5377**
FTSE IT (SCS)	**+3.0%**	**504**
techMARK 100	**+5.0%**	**1175**
Nasdaq Comp	**-0.49%**	**2052**

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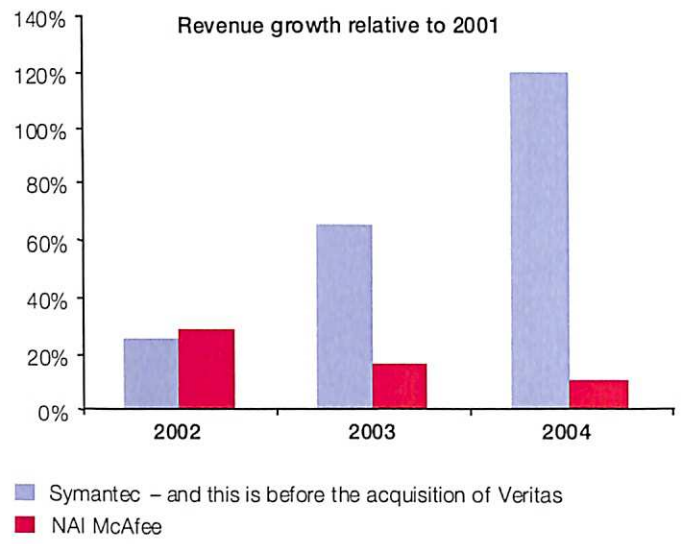
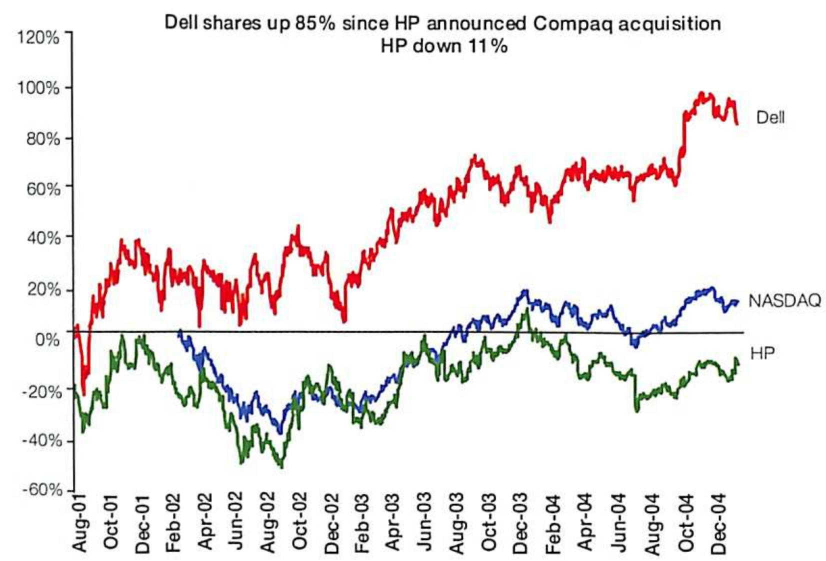
The diversity of performance is just as pronounced in the software area. Although security software has been amongst the hottest areas, one only has to contrast the performance at arch rivals Symantec and McAfee to realise the importance of the 'way that you do it'.



The PC hardware market has been as tough and competitive as it gets in the last few years. Indeed, most would agree that there really isn't too much to differentiate between a Dell PC and an HP PC. But the ways in which these two brand leaders have addressed the market have been quite different and the results for shareholders in stark contrast. If the 'to market' models have been different so have their acquisition strategies; Dell is opposed to acquisitions and HP has undertaken one of the largest acquisitions ever. With Carly Fiorina's departure, people are no longer saying 'The jury is still out'. As far as shareholders are concerned, she's guilty.



I could give you examples in every other sector that Ovum covers. Like O2 managing a 23% increase in revenues in 2004 against Vodafone's 1% reduction. Or Motorola reporting a 34% increase in sales in 2004 because it was more aware of the public's changing attitudes towards the style of their mobile phones, and the desire for clamshells in particular, compared with Nokia's 1% decline.

Style seems to be a word that occurs more and more often as a differentiator. Just ten years ago, style played little part in consumer electronics let alone in corporate IT. People wanted a product for what it did – not its look and feel. If it had been different, Apple would have won the battle of the PCs the first time around! Now Apple is the 'coolest' brand around. MP3 players have been around long before the iPod. But with 10 million+ iPods sold, Apple really has proved that style rules and *'It ain't what you do but the way that you do it'*. This time shareholders have been rewarded too.

If you had bought Apple on that fateful day in 2001 when Carly unveiled her ambitions to buy Compaq, you would be sitting on a near 400% gain – rather than the 15% slump that HP shareholders have suffered by the time she departed.

It's the time that you do it

How many times have people claimed 'someone's already done that' as the reason to give up the fight. The evidence would point in the opposite direction.

Ever heard of Dan Bricklin and Bob Frankson? They developed the first ever VisiCalc spreadsheet that I used on the Apple 2 back in 1980. But it was Mitch Kapor with Lotus 123 that made the first fortune from the genre before Microsoft took over the whole market with Excel. There are many other examples here too, such as Apple and its Mac

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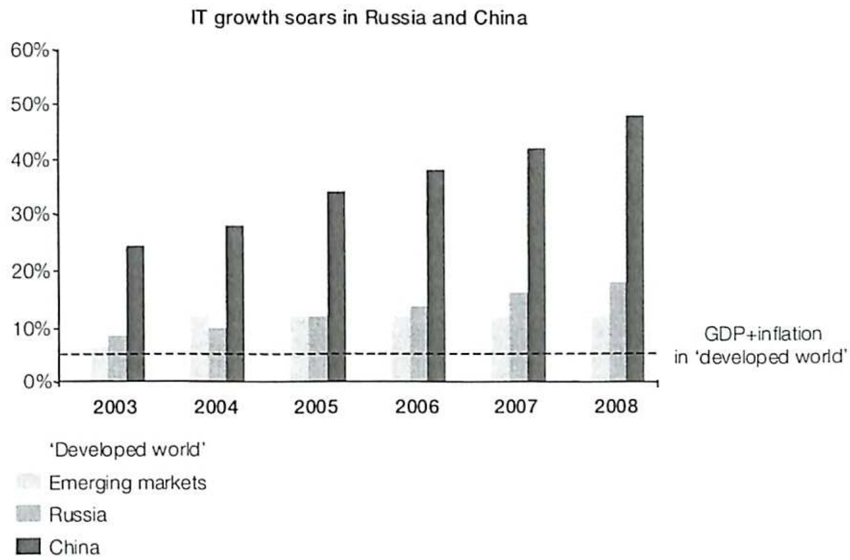
operating system in 1983 which many reckon is still better than Windows! Or Digital's AltaVista search engine which had several years head-start on Google. Or the Webvan approach to distribution depot-based Internet grocery shopping. They went broke but the same principles are used by the about-to-be-floated Ocado and Waitrose.com.

You really have to be pretty smart to hang on to the first-mover advantage. Often a better approach is to find a smarter way of doing something where the technology and the market has been proven by others. That's why so many question the staying power of Research in Motion (RIM) and its ubiquitous BlackBerry.

It's the place that you do it

I happen to believe that the exciting bit of the future is enabling people to do their IT anyplace, anytime, anywhere. I think Mobile Media Centres are going to be huge.

But, so far, all of our thoughts have been about markets in the developed world. Give or take a few percentage points, IT growth throughout the developed world is forecast in the single-digit, 'modest' range. But McKinsey forecasts that, by 2050, China will have a larger GDP than the US. Indeed, India, Brazil and Russia will all have substantially bigger GDPs than the UK. Their appetite for IT is enormous. If you want double-digit IT growth again "Go East". Go to Russia or, even more so, China.



Source: BusinessWeek, 27 September 2004

Conclusion

The days of being in IT, and therefore expecting above-average growth, are gone...forever. You really have got to be much smarter to succeed nowadays.

As the examples I've given show, in the future...*it ain't what you do; it's the way, time and place that you do it.*

(Richard Holway)

36%
17p
patsystems

PATSYSTEMS GROWS 10% IN 2005

Patsystems, the supplier of electronic trading technology, has reported preliminary results for the year ended 31 December 2004. Revenues grew by 10% over the period to £11.8m – however operating losses, excluding £1.9m exceptionals, increased to £1.1m from £1.0m in the previous year. Losses before tax were £2.9m, up 24% on the previous year. An increased tax credit meant that diluted earnings per share came in at 1.4p, down from 1.7p last year.

Comment: Patsystems has spent the year developing its TradeMark product, which accounted for £2.85m of the company's total costs. But the year has been costly in other ways as well, with £160k sunk into an aborted acquisition; £199k to replace a director; and £133k to relocate the UK headquarters. Cash at bank fell by 74% to £1.1m over the year.

Costs are expected to fall to £3m per quarter over 2005, after £3.5m expected costs in the first quarter (excluding any costs associated with implementing new client wins).

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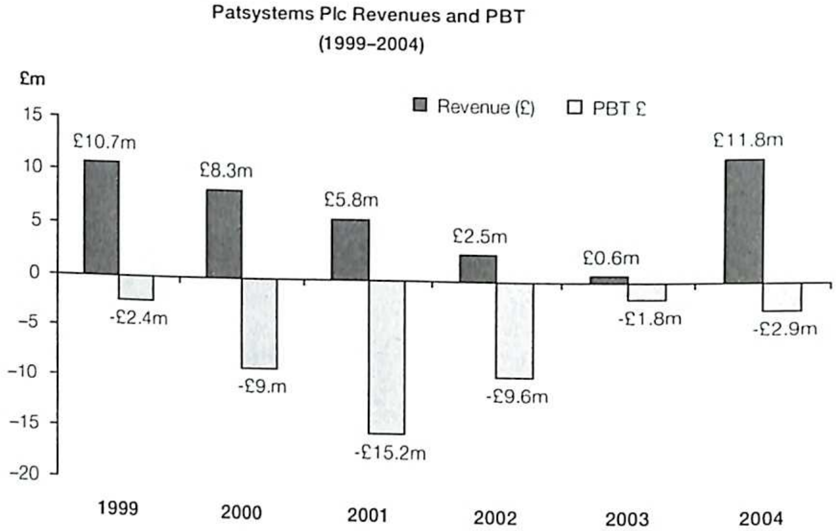
This should reduce the company's annual expenses by around £2.5m, and combined with potential growth from the new TradeMark platform, the year should develop well for the company.

Patsystems has not quantified the amount of growth it expects over the coming year, but is positive in what it sees as a buoyant market. The company may well move into the black over the year, but margins could still be pretty thin. *(Samad Masood)*



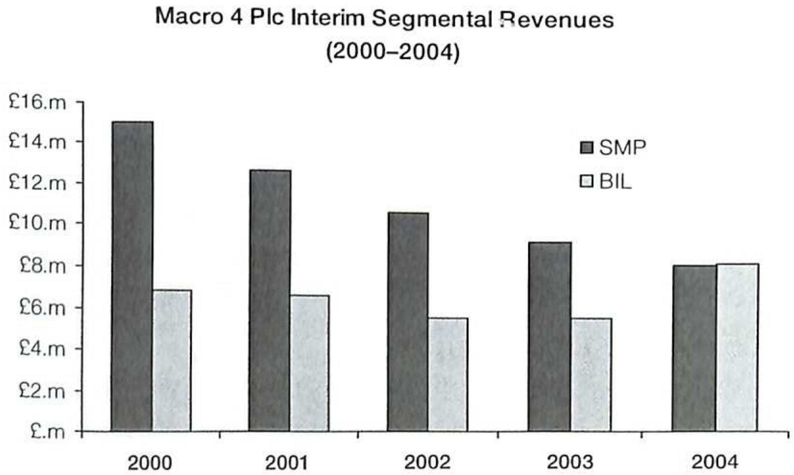
16%
271p

MACRO 4'S BUSINESS LINES EVEN OUT

Macro 4, a provider of mainframe systems software and document management solutions, enjoyed a good six months to 31 December with top line growth of 10% (to £16.6m). The increase was predominantly due to new business revenue worth £7.5m. The company also saw an increase in the number of higher value deals and witnessed a particularly good performance in the UK where revenues increased 26% to £5.8m. Group operating profit (before amortisation and exceptional items) increased 76% to £2.37m. The company moved from a pre-tax loss of £181k to a profit of £863k, and from a loss per share of 2.4p to a diluted EPS of 1.2p per share. Cash balances more than doubled to £7.2m.

Chairman, Bert Morris, said the company regarded *"cash as 'King'"* and had managed the business accordingly. CEO, Ronnie Wilson, said he felt *"encouraged"* about the company's prospects for the rest of the financial year. Traders gave the announcement a warm response pushing shares up 3% to 241p during the early part of the morning.

Comment: 2005 is the big turnaround year for Macro 4. Revenues from the newer and faster growing Business Information Logistics (aka: document management) division have just overtaken that of the mainframe based Systems Management Products division (50.3% vs. 49.6%). On top of that the year-on-year decline in SMP revenues due to departing legacy clients are having less of an affect, with only £3m to £4m per annum coming from such clients. So far Macro 4 has managed this decline well, and will no doubt see it off to the end comfortably.



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In short, the company is stabilising after an arduous few years. But CEO Wilson is characteristically prudent, not wanting to *"overheat the stock"* with promises for the future. And quite right too – Macro 4 is in no position to start boasting of future growth. The company is increasingly reliant on growing its channel partners to expand its market share, and Wilson knows that it can take around three years to develop a stable revenue stream from such partners. Partners currently include IBM for SMP, and for BIL in Europe, Xerox. Danka, and IBM GS – only IBM and Xerox can be considered as mature partners, and even then revenue from each is unpredictable.

Macro 4 should be viewed as two very separate businesses, and this is exactly what FD Graeme Gordon wants to present to the markets by creating separate P&Ls for each in future. This should help investors understand the dynamics of the business easier, but also comes in handy if the company wishes to dispose of either unit. However, Wilson says disposal is definitely not on the cards – unless of course there is a good offer, he adds, mentioning a figure of £100m for the SMP business.

In fact Macro 4 is more likely to acquire technology, particularly for the BIL division, which should be the engine of growth in coming years and also the most interesting part of the business to watch. Yet Wilson and Gordon are right to be cautious about expectations for the full year – just because they have achieved a convincing turnaround does not mean they will sail on through the rest of the year. *(Samad Masood)*

Atos Origin

ATOS ORIGIN: UK IS THE STAR PERFORMER

Fourth quarter and full-year results from **Atos Origin** confirmed that the Paris-based firm put in a steady performance in 2004. For the year as a whole, sales rose 0.9% in organic constant currency terms to euro5.3bn. That's a reasonable performance, given tough market conditions in France in particular, and the distractions of integrating most of the acquired Sema business. Overall, consulting and system integration fell 4% in organic terms, whereas managed operations (i.e. outsourcing) rose 6%.

The star performer for Atos Origin was the UK, where 9% organic growth in Q4 pushed growth for the year up to 6%. Total UK revenues for 2004 totalled euro1,222m, or 23% of the worldwide total.

These numbers emphasise how important the UK is to the new Atos Origin, especially when it is struggling to find any growth at all in its largest - and home - market (i.e. France). But they also underline the arrival of Atos Origin as a major player in the UK IT services market. As we pointed out in our *Market Trends Preview 2005*, the Sema acquisition catapulted Atos Origin from relative obscurity to top ten status in the UK market. The company now has a greater volume of S/ITS business in the UK than HP or LogicaCMG, and is only just behind Capgemini.

To achieve top ten status is one thing. To gain market share when your peers include the likes of Accenture, Capita and CSC is quite another. But there are a number of signs that Atos Origin can keep up with such illustrious company. The fact that the UK business hung on to its major customers and grew the topline during a year of large-scale integration and organisational change does of course bode well. Beyond this, Atos Origin's heightened public sector exposure (c.60% of UK revenues are now from government), ability to manage large scale M&A and core of financial stability at the corporate level mean it is definitely "one to watch" in the upper echelons of the UK IT services market. *(Phil Codling)*

The UK's 10 largest S/ITS players, ranked by revenue

IBM
EDS
Microsoft
CSC
Accenture
Fujitsu
BT
Capita
Capgemini
Atos Origin

COST CUTTING RESULTS IN 2004 PROFIT FOR EDS

EDS' financial results for the full year to 31 December 2004 reveal revenues of $20.6bn – flat compared to 2003 and down 4% on an organic revenue basis (excluding UGS-PLM Solutions, sold in Q2). Net income was $158m compared to a loss of $1.7bn the previous year, driven by cost cutting and stronger contract management.

In Q4, revenues declined by 5% to $5.2bn (in line with guidance) and by 8% on an organic basis. Cost cutting also impacted Q4 profits resulting in a net income of $53m or $0.10 per share compared to a restated loss of $337m or $0.70 per share in Q403.

EMEA Q4 revenues were impacted by the loss of the Inland Revenue contract, though this was partly offset by growth in the region, and fell 7% to $1.4bn. Profits increased by 20% to $231m.

Contract signings for the full year were up by 13% to $14.9bn but were down from $4bn to $3.8bn in Q4.

Comment: The focus for EDS in Q4 has been on cost cutting as well as fixing problem accounts, resulting in a return to profitability in Q4 and in the full year. However, the coming 12 months will see the company shift its focus. EDS is well aware that it needs to start increasing revenues if profitability is to be maintained. With Q404 contract signings falling short of target, it will hope for an improvement over the next few quarters. This will require *"significant investment in new capabilities and market offerings"*. For 2005 that means another year of flat revenues and an increased investment in the business that will lower the expected profit by $0.34 per share. In an interview with the Wall Street Journal, Chairman and CEO, Mike Jordan, stated that contract signings would need to increase by 11% to meet the flat revenue target. That's because it needs to compensate for declines in revenue from ageing contracts.

Investment will include increasing the level of sales and sales-support resources, as well as continuing the effort to increase its business process outsourcing footprint. However, in the UK (where we believe revenues fell by between 1% and 5% in FY04), much of the effort will need to focus on improving the company's image. It had a couple of good wins in Q4 that were extensions or expansions of existing deals (with the MoD and Barclays) but the 'biggie' for EDS would be a win on the MoD's multi-billion pound DII(F) contract tender due to be announced this month. A mega win on this scale would be an indication to the market that EDS' experience on major deals (whether good or bad) continues to be seen by clients as invaluable. A loss on this deal, against a competitor – CSC (which has been growing far faster than EDS over the last few years) – will do nothing to improve its reputation. Of course, once any contracts are won, EDS will also need to prove that it really has adopted a sensible disciplined approach to contract management and demonstrate an improved track record of delivery. *(Georgina O'Toole)*

7.7%
4p

QA NARROWS ITS LOSSES IN 2004

Training specialist **QA** reported its preliminary results for the financial year to 30 November last month. Revenues rose 3.4% to £30.2m. Operating (EBITA) losses were halved in 2004 to £199k. Operating (EBIT) loss before exceptional items fell 41% to £426k, although the improvement is somewhat less if exceptional items are included – losses down 4% at £2.9m. Pre-tax loss was down 26% at minus £2.4m.

In margin terms, EBITA margin improved to -0.7% (versus -1.4% in 2003). EBIT margin improved somewhat less at -9.5% (versus -10.2%). But if we exclude exceptional items, the improvement is greater: an EBIT margin of -1.4% in 2004 (versus -2.5%). Pre-tax margin was -7.9% (versus -11%). Exceptional items were mostly goodwill impairment,

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restructuring charges and a property write-down.

Net operating cash flow improved, but remained negative at minus £387k versus minus £1.7m in 2003. Net cash at year-end turned positive (just – at £261k), thanks to a rights issue that strengthened the balance sheet.

We met with executive chairman Keith Burgess and FD Colin Gibson. They fleshed out the figures slightly – core training revenues rose over the year by 6.5%, which we think is pretty good, and although consulting revenues fell by 8.5%, they represent only 18% of turnover. Outsourcing revenues – contracts where QA manages a client's training function – grew 35%, and are now 40% of sales.

QA is hoping for profitability in 2005 and Burgess says the company is *"poised at break-even"*, but he's making no predictions. Debt was slashed in 2004, and QA is cutting costs while maintaining or even increasing training capacity. Burgess says the company has pretty much dealt with its historical costs problems – the *"legacy stuff"* as he calls it.

Comment: It's especially good to see the outsourcing/managed service revenues growing fast, because this is the way forward for QA. Outsourcing keeps QA's foot in the client's door, generating cross-selling opportunities and delivering a steady (if relatively lower-margin) revenue stream. Burgess sees Parity – currently in reorganisation mode – as the one to beat in this segment. As the former UK MD of Accenture, Burgess pioneered the fusion of outsourcing with consulting. The idea's the same at QA, although cross-selling opportunities are somewhat lower in training!

QA faces two main hurdles. The first is that there's no *"next big thing"* that's driving businesses to get their IT staff trained. QA talks about ITIL and Microsoft's .Net technologies as hot right now, but there's nothing really compelling out there. So revenue growth comes from taking market share, not from rising with the tide. QA's doing that, but it makes life that bit harder.

The second issue is that QA's journey up the value chain will on occasions pitch it against both full-range outsourcers like Accenture, and against some of the HR consulting specialists too. How it manages to collaborate as well as compete with these players will be an important determinant of its success in future.

(Douglas Hayward)

BT REMAINS ON TRACK BUT BTGS FUTURE PROFITABILITY UNCLEAR

BT's Q3 (ending 31 December) results show that turnover was marginally up at £4,584m (3% up if you exclude the neutral impact of declining mobile termination rates). However, EBITDA was down 2% to £1,438m, a margin of 31%. This was primarily due to a 16% fall in EBITDA at BT Retail.

The so-called *"new wave"* businesses all showed impressive growth, with ICT up 21% to £738m, broadband up 98% to £238m, and mobility up 112% to £98m. The core *"traditional"* business of PSTN and *"intermediate services"* (private circuits and ISDN) declined by 10% to £2,405m. However, BT Wholesale's external business was up 10% to £954m, due to growth of wholesale broadband sales.

BT Global Services grew by 10% to £1,543m, and has reached a milestone by achieving a small operating profit for the first time this year – albeit a margin of just 0.5%. The growth engines were the services businesses: Consulting and SI was up 27% at £206m, and Solutions was up 17% at £786m. CS&I and Solutions gained orders of £1.2bn during the quarter, compared with orders of £5.7bn over the last 12 months. In other words, the run rate is declining following the dramatic NHS (National Health Service) wins in early 2004.

Comment: BT GS chief, Andy Green, has been talking to reporters about the division's profit expectations and the need for acquisitions. He does not expect BTGS to return *"a decent return on the capital employed"* in the year to 31 March 05, despite achieving a £9m operating profit in the third quarter and expecting

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profit growth in the fourth. BT GS should be profitable in the next financial year, according to Green. However, insights into profitability over the coming year will be complicated by the company's large NHS related deals.

We do have concerns about the profitability of the NHS projects. The official line is that they will be accounted for at zero profitability until there is clear evidence of profit or loss on individual projects. We can also expect to see the reallocation of business accounts between BT Retail and BT Global Services shortly, a process that may further complicate matters.

Green's talk of acquisitions is positive. We feel the company is facing challenges in terms of project management skills, particularly in these wide-ranging NHS contracts, and hopefully BT can pick up a UK business that can strengthen them here. Green's budget of *"a few hundred million dollars"* should be more than enough to get them what they need – but it needs to be soon to have an impact on the NHS work.

(Samad Masood)

-9.3%
78p

Alphameric

ALPHAMERIC – LOOKING FORWARD TO LIFE WITHOUT ITS RETAIL OPERATION

Alphameric, provider of solutions for the leisure and hospitality sectors, has reported results for its year ending 30 November 2004. Turnover was up 11% to £70m. The company made an operating loss of £3.95m, and a thumping loss after tax of £60m – including a loss of £55m on the disposal of discontinued operations.

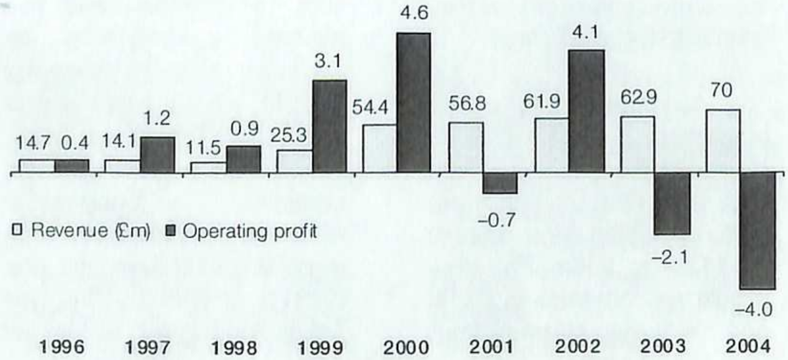
Chairman Rodney Hornstein commented that *"the overall financial results for the year were unsatisfactory because of the very negative effect of the results in the Retail Division. With the sale of the Retail Division concluded, the continuing businesses of the Group are in robust shape to build on their current and past success".*

Comment: The Group is now focused on the Hospitality and Leisure sectors, following divestment of the Retail business in November 2004 (to Torex Retail). Turnover of the continuing operations rose 17% to £41.1m.

Excluding the divested business, the company made an operating profit of £4.3m from its continuing operations so Rodney Hornstein's comments seem justified. The Group loss for the year of £60m was mainly a *"book loss"*. There were trading losses for the Retail business but the huge loss on its disposal arose largely through writing off goodwill from earlier years. There was actually cash inflow from the sale and there is more to come dependent on the division's performance in its new home. The continuing businesses generate cash and the company finished the year with a positive cash balance of £13m (£9.1m net of loan note commitments). Our chart shows the operating profit history rather than PBT, due to the distorting effect of this year's write-down.

The other business units – The Leisure Division, which sells to major bookmakers, and the Hospitality Division – both *"performed well"*, with sales growth, respectively, of 15% and 24%. In December (after the results closed), Alphameric moved to boost its Hospitality division further with the acquisition of Timewave Holdings for £4.13m, to widen the scope of its offering into the food and beverage market. Timeweave installs solutions based on Microsoft's Navision ERP product line. *(Philip Carnelley)*

Alphameric plc
9-year Revenue and Operating Profit
Relative to 1996



-2.2%
113p

MORSE

MORSE FACES UP TO DIAGONAL CHALLENGES

Reseller, **Morse**, has increased turnover and profits for the six months to end 31 December 2004. Group turnover saw a 16% rise to £216.6m, including an £18m contribution from the Diagonal acquisition. Specifically in the UK, turnover increased 15% to £144m, although operating margins slipped from 2.3% to 1.6%. Group operating profit (before goodwill amortisation and exceptionals) increased 33% to £4m, taking margins to 1.8% from 1.6%. Pre-tax losses deepened to £7.6m from £6.8m, partly due to restructuring costs of £1.4m. Diluted loss per share was 6.4p, as opposed to 6.2p in the comparable period in 2003. Following the acquisition of Diagonal, 41% of sales and 54% of gross profits are attributable to services.

Chairman Richard Lapthorne said: *"We are confident that, given current trading conditions with our portfolio of solutions to build upon, the Group can look forward to accelerated development in the second half of this year and we are targeting increased gross margins and profitability over the coming years."*

Comment: While Diagonal has added £18m in sales and £1m in profits to Morse's balance sheet, it's too soon to expect anything more than that. Since the acquisition was announced in July, there has followed a period of *"bedding down"*, as CEO Duncan McIntyre puts it. The next stage is to recruit some heavy-hitting sales people to rejuvenate Diagonal's sub-standard (in terms of both its lack of propositions and its lack of resource) sales effort. Morse wants to change the focus of Diagonal's commodity-style reselling of people to the sale of *"business propositions"*.

No doubt the recruitment drive has been a difficult task – finding good people is never easy! There are still some posts that need filling, and obviously the new recruits will take some time to get up to speed. Our concern is that we could well see a gap opening up if existing contracts end before new ones can start.

The other significant challenge for Morse will be establishing offshore/nearshore propositions and blending these to compete effectively in today's market. Diagonal already has some capability here, but Morse is going to have to be prepared to invest and build on this.

The bottom line, however, is that Morse has been increasing the proportion of services revenues since at least 1998, yet margins are still lean. Indeed, the performance of the UK has been pretty disappointing, with profits down and revenue growth minimal outside of Diagonal. The management team has its work cut out and we hope that by the end of the year we can report some progress.

(Kate Hanaghan)

Morse plc 6 months ended 31 December 2004	Turnover £m			Profit before interest and tax £m	
	2004	2003	Change	2004	2003
UK	144.0	124.9	15.3%	-8.1	-5.9
Germany	37.1	29.1	27.6%	0.3	-0.1
France	22.2	21.0	5.7%	-0.8	-1.0
Spain	13.2	12.1	9.5%	0.2	-0.9
TOTAL	216.6	187.1	15.8%	-8.4	-7.9

24.4%
171p

maxima

MAXIMA MAKES EFFICIENCY GAINS

Maxima, the SME consolidator, has released its first set of financial results since its flotation back in November 2004. Maxima has been set-up as an acquisition vehicle, while Azur (an enterprise software systems company) is the company's trading name and first acquisition. Reported results for the holding company only include three days trading for the period. However, pro-forma results (ie, Azur's trading) show the company increased

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revenues by 9% to £6.2m and improved operating profit (before goodwill) by 49% to £765k. PBT improved from £390k to £561k. Efficiency gains made a contribution to the improvement in profits.

Maxima floated at 115p and by the end of February was trading up 24% at 171p.

Comment: Maxima's story to date is clearly quite complex. However, its plan going forward is quite simple: M&A is the name of the game. Now the float and the maiden interims are out of the way, further acquisitions will be the focus. These will be in the shape of both larger acquisitions (to perhaps as much as double the size of the company) and smaller bolt-on purchases. We wouldn't be surprised to see a significant acquisition over the next half-year, as Maxima has an ambitious growth plan. To reach its (very broad) target of becoming a £50m-£100m company in the next three to five years, it's looking to make three or four substantial acquisitions. Along the way, there will be other smaller and more opportunistic purchases.

The management team has the experience to do a good job of integration, and we understand the Group FD, Geoff Bicknell, is now working full time to track down the right targets. We have no doubt there are plenty of companies out there that are ripe for sale. Our concern, however, is that Maxima could find itself under increasing pressure from the larger scale enterprise software suppliers, as they push down into the SME sector – this is certainly a market where there is intense pricing pressure. One thing's for sure: Maxima will continue to morph. The second half of this financial year could be very interesting indeed.

(Kate Hanaghan)

HP'S Q1: THE END OF THE CARLY ERA

HP has reported its 2005 Q1 results, posting a 10% revenue rise (5% if we exclude exchange-rate changes) but with operating margins down in the quarter to 31 January 2005.

Although revenues rose 10% to $21.54bn, costs of sales rose 14%, taking gross margins down. Operating (EBIT) margin fell slightly to 5.4% (from 5.9% in Q1 2004) and pre-tax margin was 4.9% (versus 6%).

HP Services grew a healthy 20% (in dollar terms) to $3.8bn, though operating (EBITDA) margins were down at 7.4% (versus 8.2%), continuing a long-term trend of flat or lowered margins. Software saw sales rise 18% to $240m, with EBITDA loss margin improving to –16.7% (from –24%), continuing a steady margin improvement. Operating cash flow rose more than tenfold to $1.6bn (7.3% of revenues). HP ended the quarter with $13.3bn in cash and equivalents, roughly stable.

EMEA sales grew 12% to $9.3bn – though local-currency growth would have been about half that rate. HP forecasts revenue growth around 5% to 7% in Q2.

Comment: For the first time in years, HP posted no acquisition-related charge, perhaps a symbol that the Fiorina era is truly over. But of course the legacy remains.

The good news is strong growth in services (perhaps 10% or so in local currencies – not bad) and software. Services is the second most profitable business for HP, and the one with the highest growth (excluding financing). It's key to HP's recovery. We think HP should do several things.

First, decide what sort of company it should be. HP competes against a huge array of competitors and - excluding imaging and printing -comes off second best or worse every time. It's beaten by the best-of-breed players like Dell (PCs) and Accenture (services), yet also by its nearest full-range competitor, IBM.

Second, change the strategy and organisation. This may mean selling the PC business, which would help HP's profitability, its cash flow, and its management focus. But whatever gets sold (and bought), reorganisation is not the solution itself – just the precondition.

Third, protect and develop HP Services. It's the only segment combining double-digit growth and positive (if weak) margins. It should be doing better – HP was slow to adopt offshore delivery models, slow coming to the BPO market, and doesn't communicate its Agile

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Enterprise (utility computing) message effectively. HP Services has been starved of investment and management attention. Managed services is doing very well, but remains (to use HP's own phrase) *"sub-scale"* and deserves attention and investment.

HP should also strengthen its business-consulting capabilities, so that it goes more proactively to clients with value-creating ideas, not just reacting to RFPs. Otherwise, it will lose influence with CxO-level execs and with the increasingly important business-unit decision makers.

Lastly, HP should keep the CEO and Chairman roles separate. Good governance says the two roles should be separated, to keep CEOs from becoming overbearing, and to keep them listening to the voice of shareholders and customers. *(Douglas Hayward)*

6%
943p

DICOM IMPROVES BUSINESS MIX

DICOM Group, a provider of information capture (IC) software, has delivered a good set of results for the six months ended 31 December 2004. Total turnover, which includes sales of £2.4m from acquisitions, was up 13% to £86.9m. Organic growth was 9.6%. Operating profits before goodwill amortisation increased 16% to £7.6m, delivering margins of 8.8% (8.5%). Acquisitions contributed a little over £0.5m to this figure. Profit before tax more than doubled to £5.8m taking account of a £2.3m loss incurred on the disposal of a fixed asset investment. Diluted EPS increased from 4.0p to 15.7p. The Group had net funds of £4.2m at the end of the period after spending £19.8m on acquisitions. Operating cash flow was £6.0m - up from £5.7m during the comparable period last year.

During the period, Chris Conway (Chairman of Detica) and Mark Wells (most recently Chairman and CEO of Image Metrics) were appointed to the Board as non-executive directors.

Otto Schmid, the company's Chairman, said: *"...current trading and good growth prospects enable us to view the Group's outlook for the full year with optimism"*.

Comment: This has been a pleasing six months for DICOM and a period that saw its information capture business strengthened. IC now accounts for 92% of operating profits (88% in the comparable period last year). The balance of sales comes from its Samsung General Agency (SGA) division, which sells flat screens into the Swiss market. SGA might seem like an odd bedfellow for the IC business but it still contributes to the overall profitability of the Group. The two companies acquired during the period (TOPCALL and Neurascript) have been added into the IC business.

We're pleased to see a shift in the mix of the IC business taking place, in the favour of higher margin activities. Services now account for 26% of its sales (up from 22%). Meanwhile, the percentage of sales from services and products developed by the group (as opposed to its network of partners) increased from 56% to 58%. We'd like to see this improve further in the concluding six months of the year.

Together with the indication that trading is doing well in the current period, DICOM looks on track to complete the full year in good shape. The question is what impact the newly acquired companies will have. *(Phil Codling)*

UK IS THE HIGHLIGHT IN Q3

CSC released its results for the quarter to end December 2004. Global revenues from continuing operations grew by 5.6% to $3.52bn, which was well below Wall Street analyst expectations. Pre-tax profits were up by 8% to $191.2m, and EPS was up to 82 cents, compared to 68 cents a year ago.

Global revenue growth at constant currency was 3%, and revenues in Europe were up 14.6% in dollar terms (or 5% in constant currency).

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Comment: Given the downward trajectory of CSC's stock price since these results, the disappointment on overall revenue growth seems to have detracted attention from the slightly better than expected showing on earnings. The culprit was that longest-standing bedrock of CSC's business – its US federal interests, where revenues shrank by 4% in the quarter to $1.14bn.

By contrast, the UK remains a star performer for CSC with both private sector and public sector growth. The company doesn't break down quarterly revenues by country, but we'd estimate the UK operation sustained revenue growth in double-digit territory, thanks not least to already signed contracts with customers such as Royal Mail, Marconi and the NHS.

One factor worth noting in the overall performance is CSC's improving cash position. Cash flows from operating activities in the first nine months of FY05 were $960m, which is 43% up on the same period of FY04. Asset-heavy infrastructure outsourcing deals haven't gone away, and CSC hasn't stopped winning them, but a higher proportion of less investment-intensive applications-led deals has been a big help in this regard. Meanwhile, the $775m cash CSC is generating from the already-announced sale of some of its Dyncorp business is a real bonus. No doubt CSC's management in the UK will be staking a claim for their fair share of this windfall. *(Phil Codling)*

INTERVIEW WITH LIS ASTALL, UK MANAGING DIRECTOR OF ACCENTURE

We met earlier this month with Lis Astall, UK MD of **Accenture**. She's been at Accenture for 20 years, most recently as head of the public sector business, before becoming UK managing director in late 2004. She succeeded Ian Watmore, who left to become the UK government's top IT adviser. Interestingly, Astall retains personal responsibility for some of Accenture's UK public-sector business.

The financial year to 31 August 2004 – the latest period the subsidiary can break out – was an excellent one for Accenture UK. Revenues grew by 19% to £1.256bn, bringing it comfortably over the billion-pound threshold. Pretty much all of that growth was organic – a great achievement in today's market for a company of Accenture's size. Astall says the UK was profitable, and we reckon the UK was at least as profitable as Accenture worldwide – and probably more so.

Government is the fastest-growing UK vertical, Astall said, but financial services is also growing fast – and from a much bigger base. Retail is doing well, and even communications and high-tech are coming back. She argues that government is far from played out, despite the big mega-deals being largely allocated by now.

"After the next election, we'll see more shared services across local government, and across smaller central government departments," Astall says.

In service lines, BPO (business process outsourcing) is the new hot button. Margins there are higher than in IT outsourcing, but Astall says they'll probably go the same way as IT outsourcing over time, – it's already happened with payroll BPO. Meanwhile, there's plenty of opportunity – witness the $575m contract renewal with BT earlier this month. BPO has a strong consulting element, or at least leads to consulting engagements: *"We feel that we're part of the client, it's about being integral to the client, and not just being an add-on. You become closer to the client."*

While Astall says that Accenture's fast growth is good, it's putting pressure on staff utilisation, with rates about 5 points higher than she'd like to see them. A lot of demand is being met by drawing on Accenture's global network, but Astall plans a major recruitment campaign this month to target experienced and more senior staff.

The biggest threat in 2005? *"It's IBM"*, she says, adding that Accenture's key strengths include its tight combination of consulting and outsourcing services, its messaging, its strong pipeline, and a relatively wide spread of business across vertical markets.

Amazingly, Accenture's high growth rate is almost totally organic – it's never made a major acquisition. That leads to

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accusations that it's arrogant, and a corporate *"loner"*. With CIOs increasingly buying from consortia or *"ecosystems"* of suppliers, rather than signing monolithic single-source service contracts, that's a drawback.

Astall argues strongly that this loner image is now a myth. Equally she says that having grown through outsourcing, each major outsourcing deal is like a mini-acquisition and required many of the same skills. *"Over half our workforce have come through outsourcing contracts."*

Accenture has another key strength, she argues. It's good at *"engaging with complexity"* when managing client programmes – in other words, getting a holistic view of the client. She says this allows Accenture to spot the connections that can drive business value from IT. In other words, it gets a small job from a client and uses it as the springboard to generate a lot more business.
Now does that sound familiar?
(Douglas Hayward)

DELL JUGGERNAUT CONTINUES

Dell shares dropped 3% in after hours trading after the PC giant said US consumer sales in January were slightly slower than had been anticipated. For the quarter ended 28 January 2005, the company raked in revenues of $13.5bn (+17%) with operating profits of $1.18bn and operating margins of 8.8% (8.5% last year). However, net income fell 11% to $667m due to a one-off charge for repatriating billions of dollars in overseas profits under the American Jobs Creation Act. Turnover increased 22% in EMEA where sales (coincidently) accounted for 22% of total FY05 revenues (US 67%, Asia-Pacific 11%).

For the year, this brings Dell's total sales figure to $49.2bn (+19%) with operating profits of $4.3bn (+20%) and net income of $3bn (+15%). Cash flow was $1.8bn, while total cash and investments at the end of Q4 stood at a best ever figure of $14.1bn.

Comment: These double-digit growth figures are something any of us would be proud of – but Wall Street was expecting more. When you're Dell, failure to raise the bar time after time can be a real disappointment for industry watchers. The improvement in operating profits does, however, mean Dell can now boast an 8.8% margin versus the 5.3% generated by the number two ranked player, HP.

Dell's next goal is to hit $80bn in annual sales. Although the company is not tying itself to a target date, Wall Street analysts have reportedly said this could happen within three years. Of course, there is one other significant feature of that $80bn figure: it is exactly what HP achieved for its last FY. And of course, it is with regards to HP's current 'personnel' problems that Dell can really rub its hands. The longer HP spends seeking a successor for Fiorina, the better that is for Dell.

Services accounted for $1bn in the quarter – up 32%. Using its network of partnerships, Dell's role is to take responsibility for the delivery of a range of services (professional services, managed services, deployment services, support services and training and certification). Professional services and managed services were *"particularly good"* during the period. For example, we saw Dell ink a multi-country, multi-million Euro agreement with Philips Electronics to provide global managed desktop services and hardware. There was also the similar but much smaller deal with Bombardier. In addition, Dell opened European and Japanese *"Enterprise Command Centers"*, from where it provides support for server and storage customers and controls service delivery. So some real progress on the services front, and a tangible warning to IT services companies – and in particular support services companies – that Dell is being taken seriously by the CIO.

Paul Bell, President of EMEA told analysts that Dell doesn't now view itself as a PC company. It's a *"diversified technology company"*. Internally it is focused on, as we have said, enterprise services but also printing as growth areas. And we have no doubt that it will become an increasing force to be reckoned with – across all of Europe.

Just one final note on HP. Of course, the longer HP spends seeking a successor for Fiorina,

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the better that is for Dell. Generally, our understanding is that there are subtle signs Dell is winning as HP stutters. This is manifesting itself in particular in cases where Dell has received the cold shoulder from a client in the past. This attitude is thawing slightly, with an increased willingness to at least talk to Dell.

The juggernaut continues.
(Kate Hanaghan)

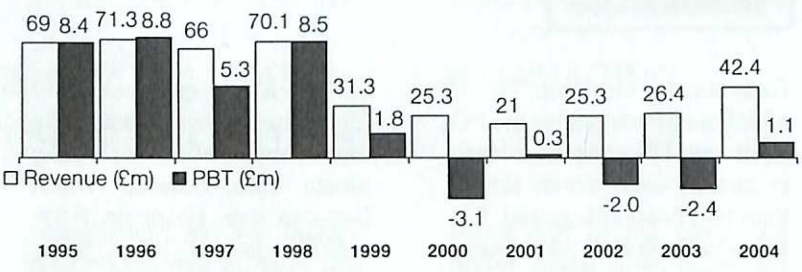
11.4%
69p

microgen
Information Management Services

ACQUISITIONS PROVIDE HEALTHY GROWTH AT MICROGEN

Microgen has announced its results for the full year to 31 December 2004, showing strong revenue growth of 60% to £42.4m. Operating profit was £86,000 compared to a £2.6m loss last year. Profit before tax was £1.1m, up from a £2.4m loss last year, and boosted by £606,000 income from disposals and £426,000 net finance income. At the bottom line, diluted earnings per share were 0.2p, up from a 3.2p loss last year.

Microgen plc
10 year Revenue and PBT Record
Relative to 1995



Comment: There is no doubt that Microgen's senior team, led by executive chairman Martyn Ratcliffe and group finance director Mike Philips, know how to digest acquisitions. The company has bought five companies in the past three years, and the rapid and profitable integration of its most recent purchase, AFA Systems, is a testament to Ratcliffe and Philips' skill.

For example, AFA had reported first half losses of £1.2m before Microgen took it over in September 2004, but by November it was already making profitable contributions – no doubt helped by a 40% headcount reduction, but still an indication of the speed and efficiency behind Microgen's integration. Once acquired, *"it is almost impossible to find the original business within Microgen. That is how well we integrate and that is what drives profitability,"* explained Ratcliffe in the analyst briefing.

Acquisitions are still very much part of the strategy for Microgen going forward, and the company is regularly looking at potential purchases. However Microgen is very prudent regarding its acquisitions, meaning that the company may not find a suitable target this year.

One interesting area to watch over 2005 is Microgen's new Aptitude technology, a recently created platform that reduces the cost of Microgen's product development, as well as providing an integration engine for clients and a business process management layer. Microgen will be selling Aptitude as a standalone product – putting it right in the space of EAI and BPM markets.

Finally, Microgen's management have also changed the organisational structure of the business. The company is no longer organised along the three service lines of Software, Managed Service, and Consultancy. Instead these now become horizontal categories that span three new divisions: Billing, Pricing, Payment – including Microgen's legacy print business and energy pricing business; Financial Services, which incorporates AFA; and Solutions.

Simultaneously Microgen has centralised its consulting functions so that the company now has higher utilisation – indeed Ratcliffe claims that consultants' fees rates grew 19% across the company over the year because of this. Certainly, Microgen seems to know how to keep itself healthy despite an aggressive acquisition strategy, all of which bodes well for the coming year. *(Samad Masood)*

Mergers & Acquisitions

Buyer	Seller	Seller Description	Acquiring	Price	Comment
Autonomy	NCorp	Privately held company founded and spun off by Autonomy's CEO Mike Lynch in February 2000	100%	n/a	This acquisition continues Autonomy's rationalisation of its business arms, and follows the purchase of the outstanding shares of digital media company Dremedia in May 2003. The technology itself has applications in two key areas - online commerce and fraud detection, and we expect Autonomy to use this to develop a third verticalised solution alongside its Aungate and Audentify offerings, which target compliance and call centres respectively.
Bond International Software	Prairie Developments Inc	Based in Minnesota, develops front office software for the permanent and temporary staffing agency markets under the brand name eEmpACT.		$2.83m in cash	Bond is becoming something of a consolidator in its market, and PDI will further grow the company's US business. This acquisition comes almost exactly a year after Bond bought another competitor, EZaccess for at least £4.1m. At the time, the EZaccess product had 90 customers on maintenance contracts in the UK, and c50 in the US, generating revenues of $2.5m in FY03. PDI itself acquired Allegro software in 2003 and Dataforce in 2004.
Getronics	PinkRoccade	Dutch IT services company	100%	euro 350m	Getronics now has the backing it needs for a takeover of rival PinkRoccade, after the Dutch government agreed to sell its 25% stake in the former state-owned company. Getronics will tender a cash offer of euro 14.30 per share (the number it previously thought of) valuing PinkRoccade at euro 350m. We've long said that we think this merger makes sense on paper. Now it will up to the company's management to make it work. Many mergers which look logical on paper have trouble in their execution!
IBM	Equitant	Irish financial outsourcing company	100%	n/a	An interesting, though not unexpected purchase for IBM, which has been moving further down the BPO route ever since its acquisition of PwC Consulting. What is surprising is the high-tech sector focus that Equitant seems to have - we wonder how long it will be before clients like HP decide they don't want their main rival in charge of their cash management and back office! According to reports in the media, IBM is focusing on the potential "*business transformation outsourcing*" opportunities this purchase could generate for it. Equitant already seems to add consulting on top of its outsourcing service, and utilises offshore resources - with IBM BCS, the two companies should be able to make a compelling technology based BTO proposition. Whether IBM will be able to take this to other markets and sectors is another matter entirely.
Interregnum	Audio Visual Machines (AVM)	Designs, supplies, programs and supports audio visual systems	83%	£200k in cash and £300k in loan notes	Interregnum is a technology merchant bank with revenues that increased more than 300% to £3.3m, while operating losses reduced slightly to £719k in the six months to 31 Dec. 04. It has an advisory business alongside its investment portfolio - as well as other subsidiary companies. AVM will boost group revenues nicely. But with pre-tax profits of just £29k, it won't be pulling Interregnum back into the black in the short term.
MBO	Anite Group - disposal of Datavance	Paris-based IT consultancy	100%	euro 19m in cash	This announcement makes sense as it supports Anite's strategy of disposing of non-core peripheral businesses so that it can concentrate on growing in its principal markets of public sector, travel and telecoms. Datavance makes up just over half of the turnover within Anite's International business - revenue in FY04 was euro 28.8m (£20.2m) and pre-tax profits were euro 2.9m (£2m) - and employs a total of 330 full time employees (out of a total of 517 in the division as a whole).
MphasiS BFL Group	Princeton Consulting	UK-based, focused on business process consulting, mainly in the CRM area	100%	£7.7m in cash	We've been expecting this sort of purchase for a while. Our concerns would be that acquiring a local player (and therefore paying UK salaries) might reduce margins compared to those offshore players that bring Indian consultants over to the UK for client engagements. However, the better quality of sales MphasiS should get out of Princeton should reduce this affect. Princeton claims that more than 50% of its revenue is from BT - a company that has not shied away from the offshore model to date. The problem here is that MphasiS will be fighting for work with other incumbent BT suppliers such as TCS, Infosys, HCL, and BT's own Indian joint venture MBT.
Northgate Information Solutions	MVM Holdings - acquired from Anglia Water	Supplier of software applications and outsourcing solutions to public safety, local government and HR markets	100%	£13m in cash	Northgate continues to build its product portfolio in the local government market and with this acquisition is sticking to its strategy of targeting 'bolt-ons' with adjacent capabilities. We would expect Northgate's existing local authority customers to increase their spend with the company to include some of the newly acquired application software (with little additional sales effort on Northgate's part).
Sage	Symfonia	Warsaw-based accounting software for SMEs	100%	£10.3m in cash	Last month it was Switzerland, this month it's Poland. This is textbook Sage. The accounting firm enters a new country by buying a leading local player. It then applies the Sage model of extracting as much revenue from recurring support as possible. The next phase is typically to add depth by purchasing CRM or HR products, for instance, or by adding an industry specialisation. The size of the acquisition is also significant. Sage always 'eats' little but often - never suffering from the dreaded 'acquisition indigestion'.
Tikit	ResSoft Ltd	IT Systems Integrator and Software Developer	100%	£2m, £1.6m of which will be paid in cash with the rest in shares.	Tikit is emerging as a significant consolidator in its niche market, where it has so far carved a very healthy business. ResSoft will be the third acquisition since August 2004. So far, Tikit has shown that it can swallow these little bite-sized acquisitions quite comfortably. Yet the purchase of ResSoft may be less straightforward than its previous complementary additions of LecSoft and NIS. Both companies seem to have a significant overlap in clients and partners and Tikit will have to manage the integration of the two businesses intelligently to avoid sales conflicts and additional costs.

Recent IPOs

Name	Activity	Index Class	Market	Issue Price	Market Cap.	IPO Date	Price end Feb 05	Change since IPO
Adamind	Media adaptation software for mobiles and PDAs	SP	AIM	132p	£46.7m	21-Feb-05	154p	17%
Qonnectis	Utility sector technology and IT services	CS	AIM	4p	N/A	24-Feb-05	4p	0%

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

AFA Systems plc				
	Final - Dec 02		Final - Dec 03	Comparison
REV	£6,013,000		£6,467,000	+7.6%
PBT	-£10,638,000		-£3,044,000	Loss both
EPS	-41.90p		-8.30p	Loss both
AIT Group plc				
	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£10,031,000	£19,648,000	£8,017,000	-20.1%
PBT	£1,030,000	£2,018,000	£1,558,000	+51.3%
EPS	3.59p	7.49p	2.87p	-20.1%
Alphameric plc				
	Interim - May 03	Final - Nov 03	Interim - May 04	Comparison
REV	£26,169,000	£62,897,000	£31,158,000	+19.1%
PBT	-£2,704,000	-£3,530,000	-£2,350,000	Loss both
EPS	-2.50p	-3.50p	-2.10p	Loss both
Alterian plc				
	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£1,825,000	£5,668,000	£2,511,000	+37.6%
PBT	-£2,449,000	-£3,232,000	-£1,808,000	Loss both
EPS	-5.40p	-7.10p	-3.60p	Loss both
Anite Group plc				
	Interim - Oct 03	Final - Apr 04	Interim - Oct 04	Comparison
REV	£199,128,000	£188,763,000	£188,763,000	-5.2%
PBT	-£112,480,000	-£28,763,000	-£28,763,000	Loss both
EPS	-34.20p	-8.60p	-8.60p	Loss both
Argonaut Games plc				
	Interim - Jan 03	Final - Jul 03	Interim - Jan 04	Comparison
REV	£6,933,000	£5,317,000	£4,373,000	-36.9%
PBT	£1,096,000	-£10,882,000	£2,387,000	+117.8%
EPS	1.13p	-11.20p	-2.24p	Profit to Loss
Asite plc				
	Final Dec 02		Final Dec 03	Comparison
REV	£1,575,000		£1,697,000	+7.7%
PBT	-£5,391,000		-£2,457,000	Loss both
EPS	-4.70p		-2.10p	-55.3%
Atlantic Global plc				
	Interim - Jun 03	Final Dec 03	Interim - Jun 04	Comparison
REV	£907,000	£1,956,000	£988,000	+8.9%
PBT	£231,000	£496,000	£121,000	-47.6%
EPS	0.56p	1.35p	0.23p	-58.9%
AttentiV Systems Group				
	Final - Sep 03		Final - Sep 04	Comparison
REV	£25,655,000		£32,071,000	+25.0%
PBT	£1,130,000		£3,322,000	+194.0%
EPS	5.90p		4.60p	-22.0%
Autonomy Corporation plc				
	Final - Dec 02		Final - Dec 03	Comparison
REV	£33,998,600		£33,568,410	-1.3%
PBT	£3,924,000		£4,650,000	+18.5%
EPS	0.03p		0.03p	+0.0%
Aveva Group plc				
	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£16,837,000	£38,113,000	£24,368,000	+44.7%
PBT	£1,363,000	£6,109,000	-£163,000	Profit to loss
EPS	5.19p	22.42p	-1.94p	Profit to loss
Axon Group plc				
	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£24,616,000	£50,210,000	£26,685,000	+8.4%
PBT	£2,036,000	£4,020,000	£2,923,000	+43.6%
EPS	2.40p	4.60p	3.40p	+41.7%
Brady plc				
	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£1,012,273	£2,386,644	£1,940,299	+91.7%
PBT	£157,053	£628,628	£823,300	+424.2%
EPS	0.70p	2.60p	2.55p	N/a
Bond International Software plc				
	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£3,370,000	£7,037,000	£4,239,000	+25.8%
PBT	£155,000	£451,000	£711,000	+358.7%
EPS	0.64p	2.19p	2.40p	+275.0%
Business Systems Group Holdings plc				
	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£10,457,000	£22,643,000	£12,624,000	+20.7%
PBT	-£407,000	-£117,000	£196,000	Loss to profit
EPS	-0.52p	-0.15p	0.46p	Loss to profit
Capita Group plc				
	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£531,600,000	£1,080,600,000	£620,200,000	+16.7%
PBT	£37,300,000	£93,500,000	£48,100,000	+29.0%
EPS	3.13p	8.42p	4.37p	+39.6%
Charteris plc				
	Final - Jul 03		Final - Jul 04	Comparison
REV	£12,174,000		£13,822,000	+13.5%
PBT	-£625,000		£541,000	Loss to Profit
EPS	-1.26p	-1.26p	0.81p	Loss to profit
Chelford Group plc				
	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£4,339,000	£9,877,000	£5,603,000	+29.1%
PBT	-£623,000	-£373,000	£135,000	Loss to profit
EPS	-0.07p	-0.03p	-0.02p	Loss both
Civica plc				
	Final - Sep 03		Final - Sep 04	Comparison
REV	£90,304,000		£75,760,000	-16.1%
PBT	£9,317,000		-£2,059,000	-122.1%
EPS	11.30p		-8.70p	-177.0%
Clarity Commerce plc				
	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£4,853,000	£13,325,000	£8,236,000	+69.7%
PBT	£194,000	£511,000	£306,000	+57.7%
EPS	1.12p	2.49p	1.41p	+25.9%
Clinical Computing plc				
	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£1,150,000	£1,858,828	£728,000	-36.7%
PBT	-£397,000	-£1,236,892	-£631,000	Loss both
EPS	-1.60p	-4.50p	-2.00p	Loss both
CMS Webview plc				
	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£905,000	£1,629,000	£442,000	-51.2%
PBT	-£116,000	-£543,000	-£778,000	Loss both
EPS	-0.17p	-0.92p	-0.97p	Loss both
CODASciSys plc				
	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£34,223,000	£68,026,000	£34,039,000	-.5%
PBT	£1,319,000	£3,861,000	£1,904,000	+44.4%
EPS	3.10p	9.90p	4.50p	+45.2%
Comino Group plc				
	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£11,323,000	£24,507,000	£12,229,000	+8.0%
PBT	£603,000	£1,713,000	£560,000	-7.1%
EPS	2.60p	6.90p	2.20p	-15.4%
Compel Group plc				
	Interim - Dec 03	Final - Jun 04	Interim - Dec 04	Comparison
REV	£29,328,000	£63,335,000	£41,512,000	+41.5%
PBT	-£260,000	-£327,000	£277,000	Loss to profit
EPS	-0.80p	-0.90p	0.80p	Loss to profit

Computacenter plc				
	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£1,255,599,000	£2,482,713,000	£1,255,436,000	-.0%
PBT	£32,020,000	£65,161,000	£33,218,000	+3.7%
EPS	11.60p	24.60p	12.30p	+6.0%
Computer Software Group plc				
	Final - Feb 03		Final - Feb 04	Comparison
REV	£3,584,000		£3,941,000	+10.0%
PBT	-£1,399,000		-£343,000	Loss both
EPS	-0.97p		0.47p	Loss both
Cornwell Management Consultants plc				
	Final - Dec 02		Final - Dec 03	Comparison
REV	£7,222,660		£13,901,439	+92.5%
PBT	£105,338		£1,229,334	+1067.0%
EPS	n/a		n/a	Loss both
Corpora plc				
	Final - Jun 03		Final - Jun 04	Comparison
REV	N/a		£499,381	N/a
PBT	-£1,189,000		-£2,649,553	Loss both
EPS	n/a		-16.10p	Loss both
DCS Group plc				
	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£30,200,000	£52,800,000	£19,500,000	+92.5%
PBT	-£4,000,000	-£7,000,000	£2,800,000	Loss to profit
EPS	-17.16p	-31.07p	10.78p	Loss to profit
Dealogic Holdings plc				
	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£13,469,000	£30,966,000	£16,394,000	+21.7%
PBT	£5,313,000	£12,883,000	£4,878,000	-8.2%
EPS	N/a	N/a	N/a	N/a
Delcam plc				
	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£9,816,000	£20,451,000	£10,306,000	+5.0%
PBT	£504,000	£1,348,000	£662,000	+31.3%
EPS	6.40p	20.45p	8.60p	+34.4%
Detica Group plc				
	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£22,304,000	£53,523,000	£32,620,000	+46.3%
PBT	£3,160,000	£8,775,000	£3,617,000	+14.5%
EPS	10.00p	35.30p	13.40p	+34.0%
Diagonal plc				
	Interim - May 03	Final - Nov 03	Interim - May 04	Comparison
REV	£30,611,000	£56,312,000	£24,752,000	-19.1%
PBT	£324,000	-£2,815,000	-£300,000	Profit to loss
EPS	-0.28p	-3.42p	-0.73p	Loss both
Dicom Group plc				
	Interim - Dec 03	Final - Jun 04	Interim - Dec 04	Comparison
REV	£77,121,000	£156,197,000	£86,908,000	+12.7%
PBT	£2,775,000	£7,757,000	£5,866,000	+111.4%
EPS	4.00p	8.20p	15.70p	+292.5%
Dimension Data plc				
	Final - Sep 03		Final - Sep 04	Comparison
REV	£1287,248,741		£1,386,910,700	+7.7%
PBT	-£244,385,906		-£2,449,390	Loss both
EPS	-17.68p		-1.56p	Loss both
DRS Data & Research Services plc				
	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£7,750,000	£13,528,000	£9,728,000	+25.5%
PBT	£892,000	£2,104,000	£1,134,000	+27.1%
EPS	1.87p	4.50p	2.38p	+27.3%
Earthport Plc				
	Final - Jun 03		Final - Jun 04	Comparison
REV	£512,881		£925,611	+80.5%
PBT	-£12,932,259		-£6,636,211	Loss both
EPS	-6.40p		-1.50p	-76.6%
Easyscreen plc				
	Final - Mar 03		Final - Mar 04	Comparison
REV	£2,654,514		£2,206,624	-16.9%
PBT	-£3,397,842		£3,237,428	Loss both
EPS	-5.60p		-5.08p	Loss both
Eidos plc				
	Final - Jun 03		Final - Jun 04	Comparison
REV	£169,048,000		£150,057,000	-11.2%
PBT	£17,354,000		-£1,951,000	-111.2%
EPS	13.70p		-2.10p	-115.3%
Electronic Data Processing plc				
	Final - Sep 03		Final - Sep 04	Comparison
REV	£8,686,000		£8,319,000	-4.2%
PBT	£284,000		£1,032,000	+263.4%
EPS	3.97p		2.61p	-34.3%
Empire Interactive plc				
	Interim Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£18,826,000	£30,438,000	£12,127,000	-35.6%
PBT	£2,101,000	£611,000	-£883,000	Profit to loss
EPS	3.10p	1.57p	-1.30p	Profit to loss
Epic Group plc				
	Interim - Nov 03	Final - May 04	Interim - Nov 04	
REV	£3,726,000	£7,296,000	£3,873,000	+3.9%
PBT	£821,000	£1,364,000	£893,000	+8.8%
EPS	2.20p	3.90p	2.40p	+9.1%
Eurolink Managed Services plc				
	Final- Mar 03		Final- Mar 04	Comparison
REV	£9,152,009		£7,365,000	-19.5%
PBT	£204,000		-£196,000	Profit to loss
EPS	1.22p		-1.36p	Profit to loss
Ffastfill Plc				
	Final - Mar 03		Final - Mar 04	Comparison
REV	£1,372,000		£2,651,000	+93.2%
PBT	-£4,926,000		-£2,547,000	Loss both
EPS	-10.05p		-3.43p	Loss both
Financial Objects plc				
	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£5,663,000	£10,427,000	£4,589,000	-19.0%
PBT	-£1,175,000	-£12,055,000	£125,000	Loss to profit
EPS	-4.44p	-43.96p	0.45p	Loss to profit
Flightstore Group plc				
	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£112,178	£274,112	£36,963	-67.0%
PBT	-£563,651	-£1,020,176	-£563,424	Loss both
EPS	-0.70p	-1.17p	-0.62p	Loss both
Flomerics Group plc				
	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£4,430,000	£10,221,000	£4,881,000	+10.2%
PBT	-£144,000	£455,000	-£106,000	Loss both
EPS	-0.98p	2.74p	-0.71p	Loss both
Focus Solutions Group plc				
	Interim - Sep 03	Final - Mar 04	Interim Sep 04	Comparison
REV	£2,581,000	£5,388,000	£1,921,000	-25.6%
PBT	-£663,000	-£382,000	-£809,000	Loss both
EPS	-2.10p	-1.00p	-2.80p	Loss both
GB Group plc				
	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£5,537,000	£11,916,000	£5,232,000	-5.5%
PBT	-£242,000	-£10,000	-£231,000	Loss both
EPS	-0.30p	0.00p	-0.20p	Loss both

Gladstone Plc				
	Final - Aug 03		Final - Aug 04	Comparison
REV	£7,935,138		£7,649,463	-3.6%
PBT	£183,583		£498,926	+171.8%
EPS	0.45p		1.19p	+164.4%
Glotel plc				
	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£41,796,000	£90,499,000	£58,141,000	+39.1%
PBT	£135,000	£754,000	£1,170,000	+766.7%
EPS	0.10p	1.20p	2.10p	+2000.0%
Group NBT plc				
	Final - Jun 03		Final - Jun 04	Comparison
REV	£6,245,000		£7,675,000	+22.9%
PBT	-£166,000		£412,000	Loss to Profit
EPS	0.10p		3.40p	Loss to Profit
Gresham Computing plc				
	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£4,870,000	£10,245,000	£6,136,000	+26.0%
PBT	-£1,068,000	-£1,955,000	-£587,000	Loss both
EPS	-2.24p	-4.05p	-1.19p	Loss both
Harrier Group plc				
	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£4,255,000	£9,029,851	£6,096,000	+43.3%
PBT	£12,812	£200,381	£194,816	+1420.6%
EPS	0.52p	0.55p	0.04p	-92.3%
Harvey Nash Group plc				
	Interim - Jul 03	Final - Jan 04	Interim - Jul 04	Comparison
REV	£64,317,000	£130,911,000	£78,907,000	+22.7%
PBT	-£4,448,000	-£4,536,000	£292,000	Loss to profit
EPS	N/a	-8.75p	0.18p	Loss to profit
Highams Systems Services Group plc				
	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£4,754,000	£8,559,000	£4,496,000	-5.4%
PBT	-£102,000	-£293,000	-£195,000	Loss both
EPS	-0.52p	-1.50p	-0.83p	Loss both
Horizon Technology Group plc				
	Interim - Jun 03	Final Dec 03	Interim - Jun 04	Comparison
REV	£80,839,000	£168,434,440	£101,488,400	+25.5%
PBT	£199,000	£461,680	£1,839,310	+824.3%
EPS	0.13p	0.30p	1.97p	+1415.4%
ICM Computer Group plc				
	Final - Jun 03		Final - Jun 04	Comparison
REV	£77,843,000		£77,542,000	-.4%
PBT	£3,673,000		£4,380,000	+19.2%
EPS	12.30p		14.00p	+13.8%
IDOX plc				
	Final - Oct 03		Final - Oct 04	Comparison
REV	£4,472,305		£9,555,000	+113.6%
PBT	-£595,060		£89,000	Loss to Profit
EPS	-0.42p		0.23p	Loss to Profit
INCAT International				
	Final - Aug 02		Final - Aug 03	Comparison
REV	£83,633,982		£64,024,991	-23.4%
PBT	-£1,036,012		£2,288,242	Loss to profit
EPS	n/a		n/a	n/a
Innovation Group plc (The)				
	Final - Sep 03		Final - Sep 04	Comparison
REV	£58,514,000		£58,051,000	-.8%
PBT	-£24,088,000		-£7,349,000	Loss both
EPS	-7.67p		-1.98p	Loss both
InTechnology plc				
	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£80,058,000	£221,868,000	£132,420,000	+65.4%
PBT	-£3,547,000	-£4,080,000	-£2,167,000	Loss both
EPS	-0.98p	-0.35p	-1.61p	Loss both
Intelligent Environments Group plc				
	Final - Dec 02		Final - Dec 03	Comparison
REV	£2,672,065		£3,485,000	+30.4%
PBT	-£2,873,579		-£209,928	Loss both
EPS	-2.14p		-0.02p	Loss both
Interactive Digital Solutions plc				
	Interim - Mar 03	Final - Sep 03	Interim - Mar 04	Comparison
REV	£165,741	£191,153	£76,243	-54.0%
PBT	-£545,498	-£1,143,000	-£556,463	Loss both
EPS	-0.33p	-0.65p	-0.31p	Loss both
Intercede Group plc				
	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£878,000	£1,605,000	£535,000	-39.1%
PBT	-£269,000	-£661,000	-£558,000	Loss both
EPS	-0.80p	-2.90p	-1.10p	Loss both
iTrain plc				
	Final - Dec 01	Final - Dec 02	Interim - Jun 03	Comparison
REV	£436,768	£856,381	£294,539	-32.6%
PBT	-£15,065	-£318,863	-£89,946	Loss both
EPS	n/a	-5.94p	n/a	n/a
INVU plc				
	Interim - Jul 03	Final - Jan 04	Interim - Jul 04	Comparison
REV	£785,000	£1,997,000	£1,015,000	+29.3%
PBT	-£457,000	-£1,377,000	-£576,000	Loss both
EPS	-1.50p	-0.36p	-0.61p	Loss both
IQ-Ludorum plc				
	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£1,289,900	£2,502,000	£847,210	-34.3%
PBT	-£1,067,568	-£1,092,000	-£242,216	Loss both
EPS	-0.01p	-1.37p	0.01p	Loss both
iSOFT Group plc				
	Final - Apr 03		Final - Apr 04	Comparison
REV	£91,495,000		£149,260,000	+63.1%
PBT	£18,880,000		£17,593,000	-6.8%
EPS	11.08p		6.57p	-40.7%
I S Solutions plc				
	Interims - Jun 03	Final - Dec 03	Interims - Jun 04	Comparison
REV	£3,236,000	£5,985,000	£2,849,000	-12.0%
PBT	£119,000	-£188,000	-£151,000	Loss both
EPS	-0.21p	-0.89p	-0.61p	Loss both
ITNET plc				
	Interim - Jun 03	Final Dec 03	Interim - Jun 04	Comparison
REV	£91,215,000	£188,478,000	£104,560,000	+14.6%
PBT	£8,730,000	£17,893,000	-£16,601,000	Profit to loss
EPS	7.53p	17.04p	-16.39p	Profit to loss
K3 Business Technology Group plc				
	Final - Dec 02		Final - Dec 03	Comparison
REV	£8,088,000		£7,002,000	-13.4%
PBT	£266,000		-£199,000	Profit to Loss
EPS	0.70p		-0.60p	Profit to Loss
Kewill Systems plc				
	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£10,530,000	£22,147,000	£13,198,000	+25.3%
PBT	£499,000	£1,529,000	£741,000	+48.5%
EPS	0.60p	2.70p	1.00p	+66.7%
Knowledge Technology Solutions Plc				
	Final - Jun 03		Final - Jun 04	Comparison
REV	£160,708		£770,185	+379.2%
PBT	-£705,651		-£904,181	Loss both
EPS	-0.73p		-0.71p	Loss both

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

LogicaCMG plc

	Final - Dec 02		Final - Dec 03	Comparison
REV	£1,827,400,000		£1,706,600,000	-6.6%
PBT	-£731,800,000		-£33,000,000	Loss both
EPS	-102.90p		-6.30p	Loss both

Lorien plc

	Interim - May 03	Final - Nov 03	Interim - May 04	Comparison
REV	£44,503,000	£94,714,000	£57,372,000	+28.9%
PBT	-£28,000	-£425,000	-£227,000	Loss both
EPS	-1.00p	-3.20p	1.00p	Loss both

Macro 4 plc

	Interim - Dec 03	Final - Jun 04	Interim - Dec 04	Comparison
REV	£15,061,000	£31,240,000	£15,596,000	+0.2%
PBT	-£181	£1,042,000	£863,000	Loss to profit
EPS	-2.40p	1.90p	1.20p	Loss to profit

Manpower SoftWare plc

	Final - May 03		Final - May 04	Comparison
REV	£3,560,541		£5,146,663	+44.5%
PBT	-£802,388		£388,906	Loss to profit
EPS	-1.80p		1.00p	Loss to profit

Marlborough Stirling plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£55,986,000	£114,600,000	£49,764,000	-11.1%
PBT	-£3,118,000	£2,500,000	£4,779,000	Loss to profit
EPS	-1.70p	0.60p	2.30p	Loss to profit

Maxima Holdings plc

	Interim - Nov 03		Interim - Nov 03	Comparison
REV	£5,687,000		£6,194,000	+8.9%
PBT	£557,000		£800,000	+43.6%
EPS	3.02p		4.34p	+43.7%

Mediasurface plc

	Final - Sep 03		Final - Sep 04	Comparison
REV	£5,160,933		£5,403,482	+4.7%
PBT	-£2,229,267		-£737,394	Loss both
EPS	-2.40p		-0.60p	Loss both

Microgen plc

	Final - Dec 03		Final - Dec 04	Comparison
REV	£26,416,000		£42,444,000	+60.7%
PBT	-£2,356,000		£1,118,000	Loss to profit
EPS	-3.20p		0.20p	Loss to profit

Minorplanet Systems Plc

	Final - Aug 03		Final - Aug 04	Comparison
REV	£88,600,000		£33,800,000	-61.9%
PBT	-£52,300,000		-£17,400,000	Loss both
EPS	-54.57p		-22.23p	Loss both

Misys plc

	Interim - Nov 03	Final - May 04	Final - Nov 04	Comparison
REV	£471,100,000	£899,900,000	£437,000,000	-7.2%
PBT	£14,400,000	£23,100,000	£12,700,000	-11.8%
EPS	4.10p	4.30p	1.40p	-65.9%

Mondas plc

	Final - Apr 03		Final - Apr 04	Comparison
REV	£3,713,353		£3,974,732	+7.0%
PBT	-£2,224,645		-£1,779,554	Loss both
EPS	-10.10p		-6.60p	Loss both

Morse plc

	Interim - Dec 03	Final - Jun 04	Interim - Dec 03	Comparison
REV	£187,074,000	£390,008,000	£216,592,000	+15.8%
PBT	-£6,788,000	-£12,431,000	-£7,593,000	Loss both
EPS	-6.20p	-11.90p	-6.40p	Loss both

MSB International plc

	Interim - Jul 03	Final - Jan 04	Interim - Jul 04	Comparison
REV	£33,777,000	£67,297,000	£44,352,000	+31.3%
PBT	£103,000	£311,000	£272,000	+164.1%
EPS	0.30p	0.76p	0.89p	+196.7%

NCC Group plc

	Final - May 03		Final - May 04	Comparison
REV	£12,291,000		£15,316,000	+24.6%
PBT	£1,461,000		£1,403,000	-4.0%
EPS	N/a		N/a	N/a

Ncipher Plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£7,107,000	£12,988,000	£6,391,000	-10.1%
PBT	-£328,000	-£585,000	£73,000	Loss to profit
EPS	-1.75p	-2.80p	0.04p	Loss to profit

Netcall plc

	Final - Jun 03		Final - Jun 04	Comparison
REV	£2,387,203		£2,414,211	+1.1%
PBT	-£331,777		-£827,931	Loss both
EPS	-0.60p		-1.30p	Loss both

Netstore plc

	Interim - Dec 03	Final - Jun 04	Interim - Dec 04	Comparison
REV	£10,602,000	£20,681,000	£10,111,000	-4.6%
PBT	-£672,000	-£687,000	£321,000	Loss to profit
EPS	n/a	-0.14p	0.56p	n/a

Northgate Information Solutions plc

	Interim - Oct 03	Final - Apr 04	Interim - Oct - 04	Comparison
REV	£50,564,000	£93,611,000	£96,816,000	+91.5%
PBT	£402,000	-£10,086,000	£3,881,000	+865.4%
EPS	0.10p	-2.86p	0.24p	+140.0%

NSB Retail Systems plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£32,907,000	£64,348,000	£21,632,000	-34.3%
PBT	-£14,658,000	-£28,755	£435,000	Loss to profit
EPS	-3.69p	-7.03p	0.01p	Loss to profit

OneclickHR plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£2,712,382	£4,797,967	£4,797,967	+76.9%
PBT	£64,829	-£1,523,443	-£730,170	Profit to loss
EPS	0.10p	-2.50p	-0.66p	Profit to loss

Orca Interactive

	Final - Dec 03		Final - Dec 04	Comparison
REV	£1,380,000		£2,840,000	+105.8%
PBT	-£2,760,000		-£1,010,000	Loss to profit
EPS	-0.22p		-0.06p	Loss both

Parity Group plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£80,904,000	£175,952,000	£90,312,000	+11.6%
PBT	-£13,807,000	-£18,722,000	£14,000	Loss to profit
EPS	-7.39p	1.04p	-0.08p	Loss both

Patsystems plc

	Final - Dec 03		Final - Dec 03	Comparison
REV	£10,673,000		£11,775,000	+10.3%
PBT	-£2,369,000		-£2,929,000	Loss both
EPS	-1.70p		-1.40p	Loss both

Phoenix IT Group plc

	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£29,100,000	£58,311,590	£41,500,000	+42.6%
PBT	£5,310,000	£9,317,065	£6,423,000	+21.0%
EPS	N/a	N/a	N/a	N/a

Pilat Media Global plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£2,977,898	£9,422,607	£5,607,249	+88.3%
PBT	-£1,244,612	£595,047	£434,918	Loss to Profit
EPS	-2.83p	0.64p	0.65p	Loss to Profit

PC Medics Group Plc

	Final - Mar 03		Final - Mar 04	Comparison
REV	£574,561		£1,160,363	+102.0%
PBT	-£824,548		-£134,991	Loss both
EPS	-0.49p		-0.04p	Loss both

Pixology plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£1,442,680	£2,528,038	£1,888,623	+30.9%
PBT	-£287,585	-£1,919,177	-£835,547	Loss both
EPS	1.64p	-12.70p	-3.16p	Loss both

Planit Holdings plc

	Interim - Oct 03	Final - Apr 04	Interim - Oct 04	Comparison
REV	£13,045,000	£26,926,000	£14,035,000	+7.6%
PBT	£742,000	£1,547,000	£761,000	Loss to profit
EPS	0.40p	1.00p	0.40p	Loss to profit

Prologic plc

	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£3,225,000	£7,542,000	£3,628,000	+12.5%
PBT	N/a	£676,000	-£18,000	#VALUE!
EPS	N/a	N/a	N/a	Profit to Loss

PSD Group plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£18,449,000	£37,604,000	£20,378,000	+10.5%
PBT	-£464,000	£249,000	£1,583,000	Loss to profit
EPS	-2.70p	-1.50p	3.70p	Profit to Loss

QA plc

	Final - Nov 02		Final - Nov 03	Comparison
REV	£32,823,000		£29,158,000	-11.2%
PBT	-£63,006,000		£3,346,000	Loss both
EPS	-67.70p		-4.40p	Loss both

Quantica plc

	Interim - May 03	Final - Nov 03	Interim - May 04	Comparison
REV	£11,527,000	£24,897,000	£13,789,000	+19.6%
PBT	-£215,000	£779,000	£763,000	Loss to profit
EPS	-0.53p	1.29p	1.15p	Loss to profit

Raft International plc

	Final - Oct 03		Final - Oct 04	Comparison
REV	£8,562,000		£7,261,000	-15.2%
PBT	-£999,000		-£991,000	Loss both
EPS	-1.47p		-1.45p	Loss both

Red Squared plc

	Final - Sep 03		Final - Sep 04	Comparison
REV	£2,303,795		£1,696,513	-26.4%
PBT	-£189,470		-£466,614	+146.3%
EPS	-0.94p		-2.32p	+146.8%

Retail Decisions plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£14,723,000	£30,227,000	£15,430,000	+4.8%
PBT	£1,103,000	£2,947,000	£2,502,000	+126.8%
EPS	0.69p	0.50p	0.76p	+10.1%

RM plc

	Final - Sep 03		Final - Sep 04	Comparison
REV	£215,494,000		£263,264,000	+22.2%
PBT	£6,219,000		£7,054,000	+13.4%
EPS	5.20p		4.30p	-17.3%

Royalblue Group plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£27,857,000	£56,489,000	£28,459,000	2%
PBT	£3,847,000	£9,425,000	£4,090,000	0.06316603
EPS	8.50p	23.40p	8.80p	0.03529418

Sage Group plc

	Final - Sep 03		Final - Sep 04	Comparison
REV	£560,345,000		£687,585,000	+22.7%
PBT	£151,037,000		£181,144,000	+19.9%
EPS	8.14p		9.85p	+21.0%

Sanderson Group plc

	Final - Sep 02		Final - Sep 03	Comparison
REV	£14,517,000		£15,430,000	+6.3%
PBT	-£845,000		-£932,000	Loss both
EPS	n/a		n/a	n/a

SDL plc

	Final - Dec 03		Final - Dec 04	Comparison
REV	£64,378,000		£62,690,000	-2.6%
PBT	-£804,000		£457,000	Loss both
EPS	-3.30p		-1.77p	Loss both

ServicePower Technologies plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£996,000	£2,638,000	£780,000	-21.7%
PBT	-£1,146,000	-£1,624,000	-£1,586,000	Loss both
EPS	-2.21p	-2.67p	-2.34p	Loss both

Sirius Financial Systems plc

	Final - Dec 02		Final - Dec 03	Comparison
REV	£22,683,192		£20,523,966	-9.5%
PBT	£1,893,520		-£581,160	Profit to Loss
EPS	5.90p		-3.90p	Profit to Loss

Sirvis IT plc

	Interim - Nov 03	Final - May 04	Interim - Nov 04	Comparison
REV	£528,000	£3,230,000	£3,948,000	+647.7%
PBT	£129,000	£321,000	£345,000	+167.4%
EPS	0.76p	0.60p	0.16p	-78.9%

smartFOCUS plc

	Final - Dec 02		Final - Dec 03	Comparison
REV	£1,840,000		£2,150,000	+16.8%
PBT	-£1,400,000		-£550,000	Loss both
EPS	-1.20p		-0.56p	Loss both

Sopheon plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£5,123,000	£6,734,000	£2,083,000	-59.3%
PBT	-£5,718,000	-£5,806,000	-£1,261,000	Loss both
EPS	-6.90p	-6.30p	-1.20p	Loss both

Spring Group plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£145,749,000	£360,197,000	£229,194,000	+57.3%
PBT	-£4,538,000	-£18,946,000	£1,548,000	Loss to profit
EPS	-2.67p	-12.92p	1.03p	Loss to profit

StatPro Group plc

	Final - Dec 03		Final - Dec 04	Comparison
REV	£8,426,000		£9,072,000	+7.7%
PBT	£146,000		£162,000	+11.0%
EPS	0.60p		5.30p	Loss both

Stilo International Plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£1,034,000	£2,279,000	£1,231,000	+19.1%
PBT	-£827,000	-£1,445,000	-£368,000	Loss both
EPS	-1.57p	-2.61p	-0.52p	Loss both

Superscape plc

	Final - Jan 03		Final - Jan 04	Comparison
REV	£855,000		£1,100,000	+28.7%
PBT	-£9,198,000		-£6,969,000	Loss both
EPS	-17.10p		-7.10p	Loss both

SurfControl plc

	Final - Jun 03		Final - Jun 04	Comparison
REV	£46,209,392		£47,859,580	+3.6%
PBT	£5,602,649		£7,890,650	+40.8%
EPS	13.12p		19.73p	+50.3%

Synstar plc

	Interim - Mar 03	Final - Sep 03	Interim - Mar 03	Comparison
REV	£111,517,000	£222,978,000	£107,818,000	-3.3%
PBT	£3,797,000	£8,716,000	-£14,534,000	Profit to loss
EPS	1.60p	3.60p	-9.40p	Profit to loss

Systems Union Group plc

	Final - Dec 03		Final - Dec 04	Comparison
REV	£78,427,000		£104,230,000	+32.9%
PBT	£6,124,000		£4,614,000	-24.7%
EPS	5.80p		3.90p	-32.8%

Tadpole Technology plc

	Final - Sep 03		Final - Sep 04	Comparison
REV	£5,318,000		£4,831,000	-9.2%
PBT	-£9,566,000		-£2,767,000	Loss both
EPS	-4.30p		-1.00p	Loss both

Telecity plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£11,827,000	£23,536,000	£12,235,000	+3.4%
PBT	-£2,935,000	-£9,522,000	-£2,745,000	Loss both
EPS	-1.40p	-4.70p	-1.20p	Loss both

Tikit Group plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£3,880,000	£9,558,000	£5,890,000	+51.8%
PBT	£235,000	£713,000	£429,000	+82.6%
EPS	0.80p	2.90p	2.90p	+262.5%

Torex Retail

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£31,751,000	£67,600,000	£28,940,000	-8.9%
PBT	£1,033,000	£9,920,000	£1,962,000	+89.9%
EPS	0.08p	8.04p	0.43p	+437.5%

Total Systems plc

	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£2,000,586	£3,843,856	£1,696,642	-15.2%
PBT	£381,061	£715,938	£136,878	-64.1%
EPS	2.50p	4.94p	1.03p	-58.8%

Touchstone Group plc

	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£6,953,000	£14,901,000	£7,749,000	+11.4%
PBT	£159,000	£555,000	-£196,000	Profit to loss
EPS	3.50p	1.50p	-2.41p	Profit to loss

Trace Group plc

	Interim - Nov 03	Final - May 04	Interim - Nov 04	Comparison
REV	£7,478,000	£15,472,000	£7,314,000	-2.2%
PBT	£117,000	£822,000	£201,000	+71.8%
EPS	0.38p	4.69p	0.77p	+102.6%

Triad Group plc

	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£16,573,000	£36,534,000	£22,799,000	+37.6%
PBT	-£849,000	-£759,000	£170,000	Loss to profit
EPS	-5.60p	-5.20p	1.08p	Loss to profit

Tribal Group plc

	Final - Mar 03		Final - Mar 04	Comparison
REV	£105,659,000		£185,744,000	+75.8%
PBT	£7,855,000		£5,322,000	-32.2%
EPS	5.50p		-1.40p	Profit to loss

Ultima Networks plc

	Final - Dec 02		Final - Dec 03	Comparison
REV	£2,026,000		£1,770,000	-12.6%
PBT	£165,000		£169,000	+2.4%
EPS	0.10p		0.09p	-10.0%

Ultrasis Group plc

	Final - Jul 02		Final - Jul 03	Comparison
REV	£563,000		£548,000	-2.7%
PBT	-£13,656,000		-£12,864,000	Loss both
EPS	-1.00p		-0.53p	Loss both

Universe Group plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£18,967,000	£42,129,000	£20,349,000	+7.3%
PBT	£206,000	-£2,730,000	-£224,000	Profit to Loss
EPS	0.50p	-7.00p	-0.38p	Profit to Loss

Vega Group plc

	Interim - Oct 03	Final - Apr 04	Interim - Oct 04	Comparison
REV	£21,093,000	£44,127,000	£24,519,000	+16.2%
PBT	£763,000	£1,918,000	£1,280,000	Loss to profit
EPS	2.40p	5.74p	3.73p	Loss to profit

Vianet Group plc

	Final - Sep 03		Final - Sep 04	Comparison
REV	£33,714		£291,507	+764.6%
PBT	-£2,056,476		-£1,806,949	Loss both
EPS	-3.10p		-1.50p	Loss both

VI Group plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£4,365,000	£8,823,000	£5,053,000	+15.8%
PBT	-£227,000	-£1,250,000	-£99,000	Loss both
EPS	-0.78p	-3.92p	-0.60p	Loss both

Wealth Management Software plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£3,969,000	£7,300,000	£3,069,000	-22.7%
PBT	£208,000	£5,000	£148,000	-28.8%
EPS	0.62p	-0.05p	0.39p	-37.1%

Workplace Systems International plc

	Final - Mar 03		Final - Mar 04	Comparison
REV	£14,241,000		£10,664,000	-25.1%
PBT	-£3,555,000		-£7,398,000	Loss both
EPS	-1.52p		-4.80p	Loss both

Xansa plc

	Interim - Oct 03	Final - Apr 04	Interim - Oct 04	Comparison
REV	£225,700,000	£419,500,000	£189,500,000	-16.0%
PBT	-£12,400,000	-£29,000,000	£4,900,000	Loss to profit
EPS	-4.75p	-11.92p	1.15p	Loss both

XKO Group plc

	Final - Mar 03		Final - Mar 04	Comparison
REV	£43,627,000		£45,400,000	+4.1%
PBT	-£545,000		-£2,323,000	Loss both
EPS	-2.90p		-9.70p	Loss both

XN Checkout Holdingsplc

	Final - Dec 02		Final - Dec 03	Comparison
REV	£13,803,000		£14,315,000	+3.7%
PBT	-£5,481,000		-£2,242,000	Loss both
EPS	N/a		N/a	N/a

Xpertise Group plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£5,535,000	£10,767,000	£6,227,000	+12.5%
PBT	-£1,190,000	-£2,140,000	-£311,000	Loss both
EPS	-0.54p	-0.70p	-0.07p	Loss both

Holway/SYSTEMHOUSE S/ITS Share Prices and Capitalisation

	SCS Cat.	Share Price 28-Feb-05	Capitalisation 28-Feb-05	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 28-Feb-05	Share price move since 31-Jan-05	Share price % move in 2005	Capitalisation move since 31-Dec-04
AIT Group	CS	£0.39	£20.52m	5.4	1.04	256	4.0%	25.8%	£0.86m
Alphameric	SP	£0.78	£92.66m	-	1.47	358	-9.3%	-2.5%	-£9.50m
Alterian	SP	£1.04	£40.58m	-	7.16	518	-3.3%	1.0%	-£1.37m
Anite Group	CS	£0.63	£222.18m	-	1.18	368	8.6%	11.0%	£17.63m
Argonaut Games	SP	£0.03	£3.04m	-	0.57	33	0.0%	0.0%	£0.00m
Atlantic Global	SP	£0.48	£10.88m	38.9	5.56	1610	30.1%	25.0%	£2.52m
AttentiV Systems	SP	£0.55	£33.32m	11.5	1.30	809	2.8%	-15.4%	£0.91m
Autonomy Corporation	SP	£2.01	£217.76m	64.4	6.49	61	16.5%	19.5%	£31.96m
Aveva Group	SP	£6.70	£147.59m	43.7	3.87	3350	-1.6%	1.7%	-£1.41m
Axon Group	CS	£1.90	£98.96m	30.6	1.97	1086	5.8%	28.4%	£5.47m
Bond International	SP	£1.10	£27.61m	27.5	3.93	1685	7.9%	33.5%	£2.02m
Brady	SP	£1.08	£30.13m	-	12.63	1333	-1.4%	19.3%	-£0.42m
Business Systems	CS	£0.17	£13.89m	14.2	0.61	139	-2.9%	10.0%	-£0.42m
Capita Group	CS	£3.79	£2,516.79m	33.4	2.33	102519	5.8%	3.7%	£137.70m
Charteris	CS	£0.46	£19.57m	56.2	1.61	506	2.2%	18.2%	£0.43m
Chelford Group	CS	£2.33	£15.40m	33.2	1.56	40435	1.1%	81.6%	£0.17m
Civica	CS	£2.48	£112.01m	-	1.24	1414	8.8%	8.3%	£9.05m
Clarity Commerce	SP	£0.67	£10.60m	23.4	1.68	532	0.0%	-1.5%	£0.00m
Clinical Computing	SP	£0.26	£8.04m	-	4.33	206	-13.6%	-21.5%	-£1.26m
CMS Webview	CS	£0.02	£1.40m	-	0.86	125	0.0%	7.7%	£0.00m
CODASciSys	CS	£3.68	£93.34m	29.2	1.37	2849	1.4%	8.9%	£1.27m
Comino	SP	£2.23	£30.93m	33.2	1.26	1712	-1.1%	1.4%	-£0.35m
Compel Group	CS	£0.99	£33.26m	-	0.53	788	7.7%	7.7%	£2.36m
Computacenter	R	£2.90	£549.34m	11.3	0.28	433	-7.9%	-0.3%	-£49.84m
Computer Software Group	SP	£0.63	£27.49m	18.3	6.98	532	0.0%	1.6%	-£0.22m
Cornwell Management Consultants	CS	£1.55	£25.69m	-	1.85	1110	11.0%	16.2%	£2.41m
Corpora	SP	£0.21	£7.75m	-	15.53	539	-6.8%	32.3%	-£0.57m
DCS Group	CS	£0.16	£4.07m	-	0.08	271	20.4%	54.8%	£0.69m
Dealogic	SP	£1.65	£115.44m	-	3.75	717	-7.0%	22.2%	-£8.75m
Delcam	SP	£2.25	£13.61m	9.9	0.67	865	18.4%	14.8%	£2.12m
Detica	CS	£7.58	£169.32m	18.9	3.16	1894	0.7%	-1.9%	£1.12m
Dicom Group	R	£9.43	£200.51m	30.4	1.28	2889	6.0%	15.1%	£15.18m
Dimension Data	R	£0.37	£493.32m	-	0.38	65	-12.0%	-3.3%	-£67.12m
DRS Data & Research	SP	£0.44	£15.04m	8.5	1.11	395	16.0%	6.1%	£2.07m
Earthport	SP	£0.01	£7.25m	-	7.83	9	6.4%	-21.9%	£0.44m
Easyscreen	SP	£0.15	£14.08m	-	6.38	87	1.7%	-1.7%	£0.24m
Eidos	SP	£0.59	£83.34m	-	0.49	2924	-17.9%	-26.9%	-£17.82m
Electronic Data Processing	SP	£0.84	£20.38m	32.0	2.34	2557	6.4%	12.1%	£1.22m
Empire Interactive	SP	£0.08	£5.60m	-	0.22	137	-7.0%	-17.5%	-£0.42m
Epic Group	CS	£0.78	£18.48m	18.5	2.53	738	-13.9%	-16.2%	-£2.59m
Eurolink Managed Services	CS	£0.40	£139.75m	33.5	18.99	395	5.3%	8.2%	£7.08m
Ffastfill	SP	£0.09	£17.77m	-	6.70	76	35.2%	43.1%	£4.62m
Financial Objects	SP	£0.52	£14.47m	-	1.39	226	-1.9%	1.0%	-£0.28m
Flightstore Group	SP	£0.02	£1.88m	-	6.87	170	-6.3%	0.0%	-£0.13m
Flomerics Group	SP	£0.65	£9.52m	21.6	0.93	2500	-1.5%	-2.3%	-£0.15m
Focus Solutions Group	SP	£0.30	£8.20m	-	1.52	151	-16.9%	-25.3%	-£1.67m
GB Group	SP	£0.36	£28.65m	-	2.41	231	28.8%	41.6%	£6.47m
Gladstone	SP	£0.29	£14.53m	24.0	1.69	725	8.4%	27.5%	£2.74m
Glotel	A	£1.05	£39.95m	30.7	0.44	543	2.5%	2.5%	£0.96m
Gresham Computing	CS	£3.08	£152.69m	-	14.97	3306	5.1%	11.4%	£7.43m
Group NBT	CS	£1.28	£24.72m	35.6	3.22	640	-6.9%	23.7%	-£1.83m
Harrier Group	CS	£0.13	£3.88m	10.1	0.43	103	-23.2%	-30.3%	-£1.17m
Harvey Nash Group	A	£0.86	£53.91m	-	0.41	491	-6.0%	-5.0%	-£3.45m
Highams Systems Services	A	£0.08	£2.55m	-	0.23	222	28.0%	45.5%	£0.56m
Horizon Technology	CS	£0.83	£60.41m	39.1	0.30	305	1.5%	7.1%	£0.11m
I S Solutions	CS	£0.14	£3.41m	-	0.57	512	0.0%	-5.2%	£0.00m
ICM Computer Group	CS	£4.10	£85.34m	28.7	1.10	2278	-1.2%	0.0%	-£1.02m
IDOX	SP	£0.11	£21.01m	48.9	4.70	14	-9.1%	1.1%	-£2.10m
INCAT International	SP	£1.57	£37.99m	-	0.59	981	-1.9%	1.6%	£6.89m
In Technology	CS	£0.55	£77.56m	-	0.49	2200	-0.9%	-27.6%	-£0.71m
Innovation Group	SP	£0.48	£210.72m	-	3.60	210	32.4%	38.1%	£51.58m
Intelligent Environments	SP	£0.04	£6.73m	-	2.52	47	-14.6%	-30.0%	-£0.79m
Interactive Digital Solutions	SP	£0.02	£3.79m	-	15.6	760	28.8%	16.9%	£0.85m
Intercede Group	SP	£0.19	£9.31m	-	5.1	308.3	-5.1%	0.0%	-£0.50m
Invu	SP	£0.20	£18.17m	-	9.10	2053	1.3%	-15.2%	£1.35m
IQ-Ludorum	SP	£0.01	£1.10m	-	0.44	18	3.8%	-9.8%	£0.04m
iSOFT Group	SP	£3.53	£806.08m	116.8	5.40	3211	-4.1%	2.4%	-£47.84m
ITNET	CS	£3.23	£236.91m	-	1.26	921	0.0%	-1.5%	£0.00m
iTrain	SP	£0.08	£6.10m	-	7.13	91	-3.1%	-4.6%	-£0.20m
K3 Business Technology	SP	£0.94	£12.45m	9.4	1.78	714	-2.1%	-11.0%	-£0.27m
Kewill	SP	£0.65	£51.16m	19.7	2.31	1285	5.3%	13.5%	£2.62m
Knowledge Technology Solutions	SP	£0.08	£11.31m	-	70.66	1525	1.7%	38.6%	£0.19m
LogicaCMG	CS	£1.81	£1,359.16m	-	0.80	2479	2.5%	-6.1%	£33.79m
Lorien	A	£0.70	£13.04m	-	0.14	700	40.0%	33.3%	£3.72m

Holway/SYSTEMHOUSE S/ITS Share Prices and Capitalisation

	SCS Cat.	Share Price 28-Feb-05	Capitalisation 28-Feb-05	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 28-Feb-05	Share price move since 31-Jan-05	Share price % move in 2005	Capitalisation move since 31-Dec-04
Macro 4	SP	£2.71	£50.34m	48.3	1.61	1091	16.1%	48.2%	£6.98m
Manpower SoftWare	SP	£0.28	£12.23m	-	2.38	284	-16.0%	-12.7%	-£2.33m
Marlborough Stirling	SP	£0.28	£63.53m	28.0	0.55	200	-11.8%	-21.1%	-£8.51m
Maxima Holdings	SP	£1.71	£19.98m	-	3.23	1244	24.4%	74.5%	£6.68m
Mediasurface	CS	£0.14	£10.90m	-	1.82	1048	21.3%	90.0%	£1.91m
Microgen	CS	£0.69	£69.58m	-	1.64	293	11.4%	21.2%	£7.11m
Minorplanet Systems	SP	£0.06	£9.30m	-	0.10	128	-5.7%	47.1%	-£0.56m
Misys	SP	£2.28	£1,189.24m	134.1	1.17	2837	5.8%	9.0%	-£14.94m
Mondas	SP	£0.17	£4.31m	-	1.09	220	-21.4%	-10.8%	-£1.18m
Morse	R	£1.13	£149.60m	-	0.38	452	-2.2%	17.7%	-£1.80m
MSB International	A	£0.71	£14.45m	52.2	0.22	371	11.0%	-15.1%	£1.44m
NCC Group	CS	£2.51	£81.84m	-	5.34	1503	6.8%	30.4%	£5.22m
Ncipher	SP	£2.43	£65.25m	-	5.02	970	4.8%	14.9%	£2.96m
Netcall	SP	£0.25	£16.60m	-	6.88	510	26.3%	32.9%	£3.45m
Netstore	CS	£0.44	£43.10m	39.2	3.04	295	14.9%	17.2%	£5.60m
Northgate Information Solutions	CS	£0.66	£328.06m	-	2.40	255	1.1%	2.7%	£0.31m
NSB Retail Systems	SP	£0.29	£102.29m	-	1.59	2522	-0.9%	9.4%	-£0.52m
OneclickHR	SP	£0.04	£5.76m	-	1.20	97	-6.1%	10.7%	-£0.37m
Parity	A	£0.09	£25.26m	34.9	0.14	1458	20.7%	-11.4%	£14.13m
Patsystems	SP	£0.17	£25.17m	-	2.14	159	36.0%	38.8%	£6.67m
PC Medics Group	CS	£0.01	£1.68m	-	1.45	227	-10.7%	-3.8%	-£0.20m
Phoenix IT	CS	£2.90	£176.37m	-	3.03	1074	11.5%	5.8%	£15.92m
Pilat Media Global	SP	£0.41	£20.70m	8.8	2.20	2050	6.5%	10.8%	£1.26m
Pixology	SP	£1.68	£33.50m	-	13.24	1200	3.7%	-12.5%	£1.20m
Planit Holdings	SP	£0.26	£23.82m	26.0	1.17	1083	6.1%	8.3%	£1.37m
Prologic	CS	£0.71	£7.10m	-	0.94	855	0.0%	-8.4%	£0.00m
PSD Group	A	£2.85	£71.24m	57.0	1.89	1295	-5.0%	9.6%	-£3.75m
QA	CS	£0.04	£10.03m	-	0.34	16	7.7%	12.0%	£0.72m
Quantica	A	£0.61	£24.80m	18.3	0.95	492	14.0%	31.2%	£3.05m
Raft International	SP	£0.11	£7.20m	-	0.99	173	0.0%	27.9%	£0.00m
Red Squared	CS	£0.08	£2.34m	-	1.38	453	-2.9%	-8.3%	-£0.07m
Retail Decisions	SP	£0.34	£98.87m	39.5	3.25	459	-6.2%	19.3%	-£6.50m
RM	SP	£1.76	£157.87m	40.0	0.73	5029	-4.1%	1.4%	-£6.73m
Royalblue Group	SP	£5.45	£178.10m	22.8	3.15	3206	24.6%	22.5%	£35.13m
Sage Group	SP	£2.07	£2,654.38m	20.9	4.74	79423	4.6%	2.1%	£115.69m
Sanderson Group	SP	£0.68	£27.30m	-	1.77	1038	3.8%	10.7%	£1.02m
SDL	CS	£1.40	£78.00m	-	1.24	930	1.8%	4.1%	£1.40m
ServicePower	SP	£0.30	£21.74m	-	4.85	295	-13.2%	-13.2%	-£3.32m
Sirius Financial	SP	£0.89	£15.37m	-	0.75	590	2.3%	6.0%	£0.35m
SiRViS IT plc	CS	£0.09	£9.84m	-	3.0	75.0	21.1%	40.8%	£1.71m
smartFOCUS plc	SP	£0.10	£7.01m	-	3.3	1027.0	2.7%	5.2%	£0.19m
Sopheon	SP	£0.30	£34.67m	-	5.15	432	17.6%	26.3%	£6.26m
Spring Group	A	£1.04	£163.52m	-	0.47	1156	2.0%	13.0%	£3.14m
StatPro Group	SP	£0.45	£14.70m	8.4	1.62	556	29.0%	32.8%	£3.30m
Stilo International	SP	£0.04	£3.38m	-	1.48	75	-6.3%	-16.7%	-£0.23m
Superscape VR	SP	£0.49	£61.94m	-	56.3	247.5	3.2%	-17.6%	£27.36m
SurfControl (was JSB)	SP	£6.45	£195.84m	44.8	4.09	3225	7.5%	17.3%	£19.22m
Systems Union	SP	£1.10	£118.10m	27.5	1.13	846	0.0%	-4.8%	£0.00m
Tadpole Technology	SP	£0.07	£26.24m	-	5.43	169	1.8%	-30.0%	£0.47m
Telecity	CS	£0.19	£52.38m	-	2.23	25	-3.8%	2.7%	-£2.04m
Tikit Group	CS	£1.70	£20.99m	32.6	2.20	1474	12.6%	5.6%	£2.35m
Torex Retail	SP	£1.04	£190.13m	-	19.21	2588	11.9%	36.6%	-£111.65m
Total Systems	SP	£0.53	£5.52m	15.1	1.44	990.6	10.5%	-1.9%	£0.53m
Touchstone Group	SP	£0.93	£10.29m	-	0.72	886	1.6%	0.0%	£0.17m
Trace Group	SP	£0.80	£12.15m	15.7	0.79	640	-0.6%	-0.6%	-£0.08m
Triad Group	CS	£0.52	£13.24m	34.2	0.36	385	-13.3%	-9.6%	-£2.04m
Tribal Group	CS	£1.34	£100.45m	-	0.54	812	0.8%	-6.9%	£0.75m
Ultima Networks	R	£0.02	£3.32m	10.2	1.64	40	-13.3%	-13.3%	-£0.51m
Ultrasis Group	SP	£0.01	£6.95m	-	7.90	16	121.4%	131.3%	£3.81m
Universe Group	SP	£0.23	£13.78m	-	0.33	1000	15.4%	11.1%	£1.84m
Vega Group	CS	£1.97	£39.99m	27.7	1.12	1611	-0.5%	0.8%	-£0.20m
VI group	SP	£0.12	£4.47m	-	0.51	240	-7.7%	-15.8%	-£0.37m
Vianet	CS	£0.05	£6.76m	-	205.35	44	7.7%	-8.7%	£3.48m
Wealth Management Software	SP	£0.13	£6.43m	-	0.88	102	-3.6%	10.4%	-£0.24m
Workplace Systems	SP	£0.16	£27.99m	-	2.62	0	0.0%	-8.8%	£0.00m
Xansa	CS	£0.96	£327.41m	8.8	0.78	2449	4.7%	2.7%	£17.16m
XKO Group	SP	£0.81	£22.32m	-	0.52	540	-5.3%	11.7%	-£1.24m
XN Checkout Holdings	SP	£2.37	£63.91m	-	4.63	2413	6.1%	57.1%	£10.84m
Xpertise Group	CS	£0.01	£3.76m	-	0.82	36	44.0%	20.0%	£1.15m

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

INDEX CONTINUES SOLID START TO THE YEAR

The temperature outside might have dropped, but the Ovum Software and IT Services (S/ITS) Index has continued its 'warm' start to the year. It gained 4.6% during February, outdoing both the FTSE IT SCS (3.0%) and FTSE 100 (2.8%) indices. Driving the S/ITS Index were the IT staff agencies, who between them registered a 12% increase on the previous month.

Leading the pack was **Lorien** with its 40% increase in share price to 70p. During the month the company issued a statement confirming it had received a takeover approach. Our view is that a merger with an equal-sized or larger partner is the best route for its core ITSA business. Ultimately, it needs to choose between the ITSA business and its market research business – it should retain one and sell the other one off.

28-Feb-05	
S/ITS Index	5376.93
FTSE IT (SCS) Index	504.42
techMARK 100	1175.20
FTSE 100	4968.50
FTSE AIM	1145.60
FTSE SmallCap	2940.87

SCSI Index =1000 on 15th April 1989

Changes in Indices	S/ITS Index	FTSE 100	techMARK 100	FTSE IT SCS Index	FTSE AIM Index	FTSE Small Cap
Month (01/02/05 to 28/02/05)	+4.60%	+2.81%	-4.98%	+3.00%	+6.83%	+2.46%
From 15th Apr 89	+437.69%	+141.94%				
From 1st Jan 90	+484.39%	+110.35%				
From 1st Jan 91	+659.59%	+129.98%				
From 1st Jan 92	+414.61%	+99.29%				
From 1st Jan 93	+237.41%	+74.55%				+111.98%
From 1st Jan 94	+222.05%	+45.35%				+57.38%
From 1st Jan 95	+258.66%	+62.08%				+68.40%
From 1st Jan 96	+138.08%	+34.67%	+48.90%		+20.16%	+51.47%
From 1st Jan 97	+100.82%	+20.64%	+28.48%		+17.36%	+34.71%
From 1st Jan 98	+77.16%	-3.25%	+23.18%	-49.56%	+15.48%	+27.13%
From 1st Jan 99	+36.42%	-15.54%	-19.29%	-65.12%	+42.91%	+42.01%
From 1st Jan 00	-53.13%	-28.31%	-68.91%	-86.43%	-40.73%	-5.07%
From 1st Jan 01	-35.78%	-20.15%	-54.19%	-74.12%	-20.32%	-7.61%
From 1st Jan 02	+12.06%	-4.77%	-20.20%	-40.26%	+27.60%	+14.02%
From 1st Jan 03	+98.21%	+26.09%	+81.14%	+48.26%	+90.01%	+61.53%
From 1st Jan 04	+14.98%	+10.98%	+15.78%	+0.16%	+37.13%	+18.82%
From 1st Jan 05	+9.17%	+3.20%	-1.77%	+3.84%	+13.90%	+6.62%

End Feb 05	Move since 1/1/99	Move since 1/1/00	Move since 1/1/01	Move since 1/1/02	Move since 1/1/03	Move Since 1/1/04	Move Since 1/1/05	Move in Feb 05
System Houses	23.0%	-52.1%	-35.5%	16.2%	131.5%	20.7%	10.0%	4.0%
IT Staff Agencies	-64.1%	-68.8%	-50.2%	-10.2%	35.1%	-11.4%	12.0%	11.9%
Resellers	86.8%	-10.0%	19.0%	32.5%	79.1%	-6.5%	3.0%	-5.9%
Software Products	84.3%	-55.7%	-67.8%	3.7%	71.8%	5.9%	8.7%	4.8%
Holway S/ITS Index	36.4%	-53.1%	-35.8%	12.0%	98.2%	15.0%	9.2%	4.6%

Another gainer was **Parity**, which saw its shares make a 'recovery' during the month, after ending January at 7p following a profit warning. Shares hit 8.9p at the end of February.

Across the other sectors of the S/ITS industry that we follow, software companies gained 4.8% during the month, services companies gained 4.0% while resellers dropped 5.9%. **Computacenter** lost 7.9% during the month to rest at 290p. Unfortunately, it continued its decline on the first day of March. It was a different tale for DICOM, which gained 6.0% during the month, Indeed, **DICOM** was the only reseller in our index to remain in positive territory. The company announced growth in revenues and profits for the six months to December 2004 and looks to be on track to complete the full year in good shape. The question is just what impact its newly acquired companies will have. *(Kate Hanaghan)*