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SYSTEMHOUSE

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

ITSAs: WHY STELLAR ISN'T FOREVER

This time last year, after we had collected data from all the leading UK ITSAs (IT staffing agencies), we realised it was time to take stock of just what a terrible period the market had been through. Those readers with long memories will recall that many of the largest players saw their revenues take a big hit, while the market as a whole shrank by 17% to £2.2bn.

Today we can tell a different tale. After four years of decline, the UK ITSA market has finally picked up – and it's done it in some style. In 2004, the UK's top ten players (by revenue) grew the top line by an average of 27%. Take a look at the table for the full run down, but also take note of the fact that there hasn't been a significant shift in positions – in particular, the top three are unchanged.

The release of pent-up demand

Looking more broadly across the whole of the UK software and IT services market, 2004 – with overall growth of 5.4% – was the best year since 2001. ITSAs clearly did even better. Indeed, we estimate that the IT staffing market grew by 22%, taking the total market size back to 2002 levels. The last time we saw double-digit growth of this kind was in 1998 – just before the market fell off the ledge and began a four-year period of year-on-year declines.

ITSAs have benefited from a release of pent-up demand, particularly in the first half of 2004. CIOs and IT directors who had held on for as long as possible were finally compelled to start investing again here and there in projects. The spike we saw in 2004 is the result of one-off recruitment drives – from both outsourcing contracts – including, of course, the large NHS deals – and project work. In light of the fact that the IT services market more broadly is set to stay in *"modest"* 4-6% territory for the foreseeable future, we are forecasting UK ITSA market growth of 5-6% in the coming two years. Lorien and MSB International, for instance, already started to see growth moderate during the second half of FY04. Towards the end of our forecast period, growth will moderate further as we reach the end of the development period for the NHS programme.

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		UK ITSA revenue latest FY (£m)	Change in UK ITSA revenue
↔	1 (1) Spring Group	417.2	43%
↔	2 (2) Computer People	260.1	27%
↔	3 (3) Hays	246.3	26%
↑	4 (5) Elan Computing	180.0	16%
↓	5 (4) SThree	172.7	21%
↔	6 (6) Alexander Mann	145.0	30%
↔	7 (7) Modis	132.0	25%
↑	8 (9) Parity Group	128.1	13%
↓	9 (8) Lorien	105.0	33%
↑	10 (11) MSB International	89.3	35%

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INDICES
(changes in May 05)

Holway S/ITS	-1.1%	4937
FTSE IT (SCS)	+4.8%	488
techMARK 100	+7.7%	1159
Nasdaq Comp	+7.65%	2068

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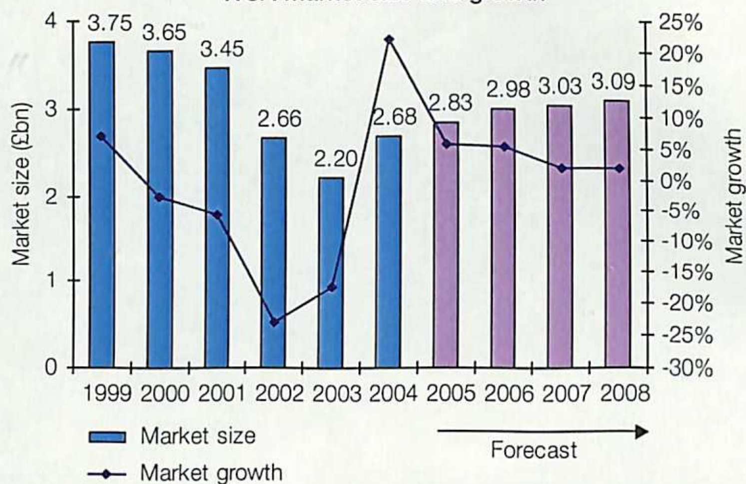
Managing the managed services

The better performing ITSAs (in terms of growing the top line) in our ranking table last year were those who had made significant moves into managed services, and beyond into RPO (recruitment process outsourcing). So what's the difference with managed services versus traditional provision of staff? On a scale of how entrenched an ITSA becomes within an account, contingency business is typically at the lower end.



Managed services arrangements see the ITSA take more responsibility for recruiting staff, but the client is still likely to have contact with candidates. At the extreme end of the spectrum, RPO providers take responsibility for the entire recruitment process.

We have, however, consistently warned that the managed environment is a different ball game. The move from operating on a transaction basis (i.e. supplying contractors as and when) to taking responsibility for a firm's wider recruitment needs should not be underestimated. Successful managed services deals are dependent upon scale and are not renowned for having great margins.

The advantage of having a managed arrangement is greater control over the account. The downside is that these arrangements are often loss making to start with and require real scale to work well. With careful management it should be possible to improve managed services margins – but don't count on it; total recruitment process outsourcing is where the greater margins are to be found. The key issue for players who are not managed services or RPO specialists (for example mid-sized players such as Parity and MSB) is to establish how much managed services business to take on (as a proportion of the total business) in order to gain the benefits without destroying the existing core business.

Getting it wrong

Parity is an unfortunate example of how not to do it. One of the key reasons for its poor financial performance is that it threw itself into managed services – at the expense of its core business. The result was a handful of large, loss making contracts. As Chairman Philip Swinstead puts it, *"you can't turn a Parity into an EDS"*. Parity will now have to backtrack and reconsider just how much managed services business it wants to conduct.

On the other hand, Alexander Mann (AM) has taken the RPO baton and really run with it. It is forecasting revenue growth of c85% in 2005. It has about 20 RPO contracts, with CSC and HP as the flagships. We expect to see AM's margins increase significantly.

The consolidation stalemate

For those ITSAs that lack scale or do not have a niche focus (on RPO or a particular sector, for instance), life will be tough. Lorien is one such player. After three months of talks with a possible buyer, a deal failed to materialise. As we go to print, Lorien has now, following a profit warning in May, become the possible subject of an aggressive takeover by the Concert Party.

More generally, we were expecting to see a greater level of market consolidation in 2004. The fact that this has not materialised could be down to something resembling a 'stalemate' situation, where sellers feel they are undervalued and buyers feel their potential purchases are too pricey. Additionally, ITSAs tend to have company cultures that they very much want to protect. Alexander Mann, for instance, isn't interested in acquisitions, citing risks of cultural problems. Meanwhile, MSB is keen to acquire but insists the cultural fit must be perfect.

Supersize or specialise?

So in a market where every significant player has seen considerable improvements in top line performance and where there hasn't been any significant change in rankings, just how do you identify the winning strategies? We have long said that to be a 'winner' in the ITSA market, you need to be either very big or very niche. Last year we warned that the one thing ITSAs must not do is stand still. This year, we would add to that one more thing: ITSAs must also create a good balance within their portfolio offering in order to minimise risk and maximise profitability. That might mean adding new, more fertile verticals or providing some managed services. It almost certainly means being prepared for a moderation in market growth and being focused on growing the bottom rather than the top line.

(Kate Hanaghan)

Holway Comment

On the cusp of another IT boom?

Richard Holway

The fact that IT folk are generally an optimist bunch is to be applauded. We, on the other hand, have been generally branded as 'gloomy' since we first forecast future modest growth in IT spend as far back as 1999. Certainly our 2002 message that IT had entered its maturity phase, where future growth would be aligned more to 1×GDP growth than the 3-4×GDP experienced for the previous 40 years, produced a chorus of disagreement.

We in turn have changed our message since 2002. We now believe that the share of GDP enjoyed by the ICT sector in the 'developed world' is in decline and will continue to decline over the next 20 years. The chorus of disagreement has now changed its tune. Critics now say that this is far too gloomy and that ICT will grow in line with GDP!

ICT as a share of Europe's GDP will continue to decline

This is a debate with very serious repercussions. Companies are still going broke today because they failed to take the measures required by these new market conditions. Investors continue to lose money. UK IT staff continue to lose their jobs.

Many of the companies that recognised what was happening have prospered – in particular, those that have trimmed costs relentlessly (particularly through the increased use of offshore development resources) and sensible consolidation-type M&A, thus boosting both top line and bottom line through the elimination of duplicated costs.

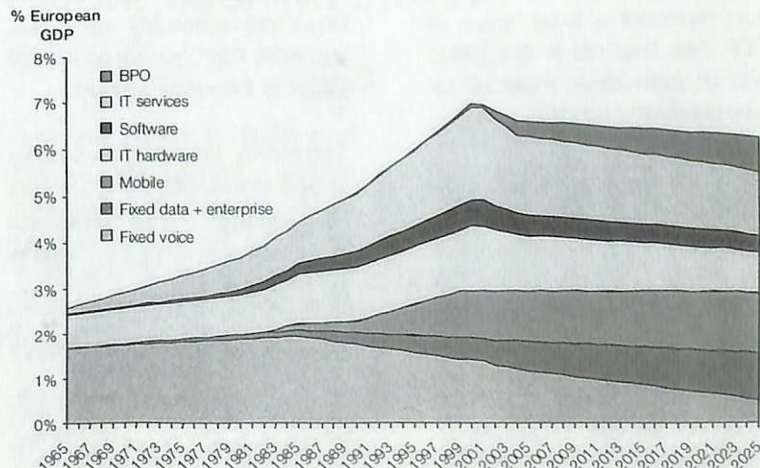
Of course there are – and will continue to be – sectors of the IT market which grow at rates far in excess of GDP. IT-related BPO is one of the most significant examples. But – and this is where our world has changed so dramatically – growth in these areas is more than compensated for by declines in other sectors.

For 40 years we relied on the 'sum of the parts' growing the total. That is just not true anymore as *Figure 1* shows (this amalgamates all aspects of ICT spend in Europe, including hardware and telecoms, as well as our more normal software and IT services).

IT spend in seven-year cycles?

Businessweek (16 May 2005) made an interesting argument for the sector being on the cusp of another major growth phase. The author, Mike Mandel, analysed IT sector growth rates (consumer and business) and showed that it had historically gone through seven-year cycles of high growth followed by another seven-year cycle of modest growth. Despite the dot.com/Y2K 'aberration' of 1999/2000, we have actually been in one of those seven-year periods of IT stagnation. The conclusion being that 'if history is any sign', we are about to start another seven-year period of high growth. But even Businessweek doesn't suggest that it will be business IT spend that will create the bounce back. Mandel suggests that it will be consumer IT spend on things like new music-enabled mobile phones and broadband-enabled video downloads that will spur the new boom.

Figure 1 ICT's share of GDP in Europe



Source: Ovum

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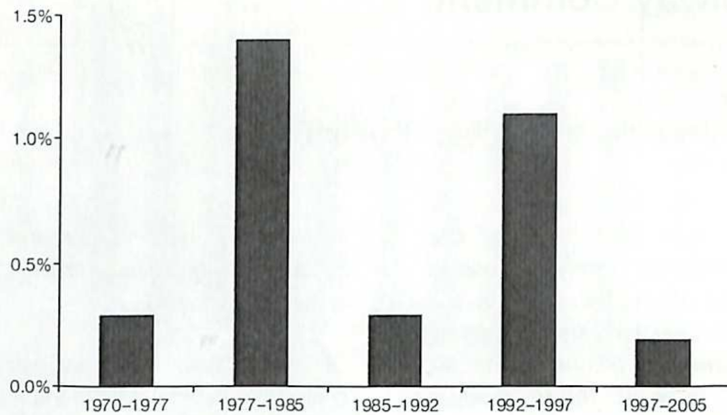
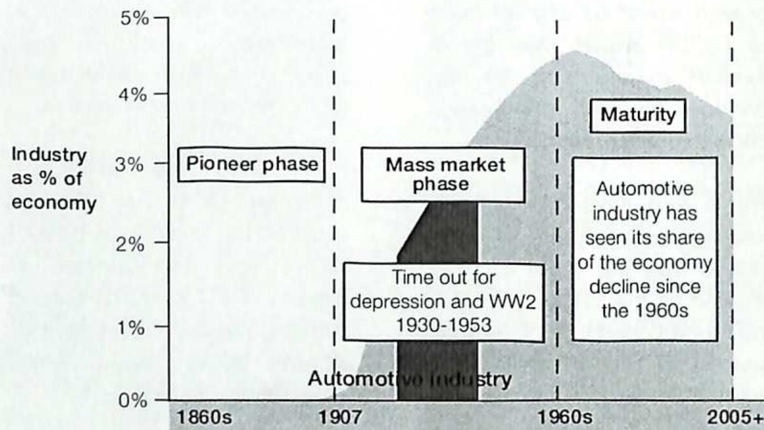
We have severe doubts about that. Sure, these are areas which will show good growth but, unlike past cycles, they will merely represent displacement spend by consumers. In other words the declines in other sectors will mean that there is little movement in the total spent.

Figure 2 Change in IT share of US domestic demand



Source: US Bureau of Economic Analysis and Businessweek (16 May 2005)

Figure 3 Automobile industry's share of GDP



Source: Ovum

Learning from history

Indeed, 'if history is any sign' we really should be looking at what has happened in other sectors which have been built on engineering or technological innovation. I could provide many examples from railways and canals to air travel to illustrate my point. But the one I have used several times before is the automobile sector.

I'm sure that back in the 1960s, the optimistic car-makers of the day believed that their market growth would just go on and on forever. Indeed, in many respects it has! Three times more cars on the UK's roads, miles driven up even more, the birth of the two or more car family, fantastic advances in reliability, performance and efficiency and consistently high innovation making new models into 'must haves' because of undreamt of features like air conditioning or satellite navigation. But, despite all this, automobiles now represent a lower share of GDP than they did in the 1960s and an even lower share of our own personal expenditure budgets.

There are some other very hard lessons to be learnt from the history of the automobile sector. In the 1960s, practically all the cars on America's roads were built in the US...now it's barely 60%. Cheaper offshore manufacturing has taken many jobs away.

Consolidation now means that 80% of the world's cars are built by just six global groups. Many of the most famous marques have gone. Common components and floor plans are essential to any kind of success. And, as MG Rover has eventually found out, you really can't survive as a small player in the volume market.

This month, several of the world's largest automobile manufacturers have reported dismal results and seen their debt ratings reduced to junk bond status.

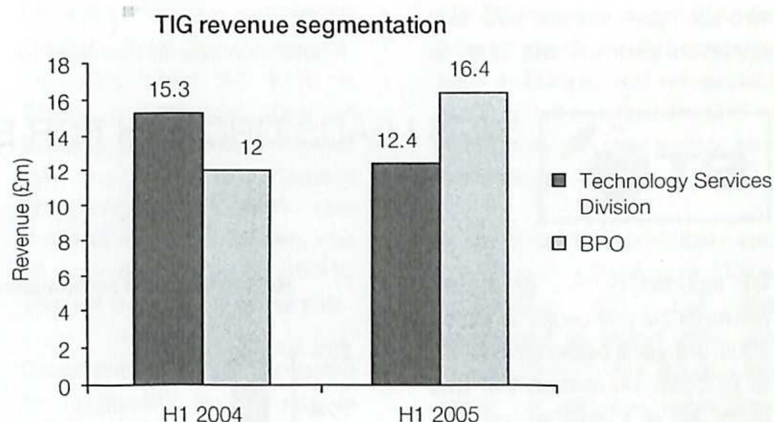
Does any of this sound familiar?

Surely 'if history is any sign' isn't it about time we all faced the reality that ICT's future is much more likely to follow the pattern of the automobile sector than to somehow defy gravity and grow forever?

Future reality is far from 'gloomy'. We happen to believe that Jon Moulton at Alchemy's plans for MG Rover back in 2000 were right. Turn it into a niche sports car brand and come out of volume production. There are plenty of analogous situations in ICT. Small, niche ICT companies with their own IPR will always create the opportunity for growth and wealth creation. Conversely, better to be part of the inevitable consolidation process whilst you still have some value than to wait for the receivers to do the job for you. *(Richard Holway)*

THE INNOVATION GROUP: A COMPANY IN TRANSITION

Shares in **The Innovation Group** (TiG) fell by 21% following the company's first half results, revealing losses before tax up 46% to £5m on revenue that grew 5%. A fall in US Public Sector business, and a delayed implementation in the period were concerns for investors. However, TIG's revenues and profits are weighted towards the second half, and expectations for the full year are still positive.



Comment: TIG is a company in transition, with a lot of changes in its business model yet to work their way to the top line. We spoke with the senior management at the results briefing to understand how they see the future of the business.

CEO Hassan Sadiq's main drive has been to grow the company's BPO services in the face of declining software revenue. TIG made £16.4m this half from the provision of outsourced claims administration, as well as supply chain services to the insurance industry. According to Sadiq these supply chain services – managing the garages, builders, and plumbers used by insurance firms to deliver on claims – are key to winning BPO deals in the claims management market.

So far, TIG's BPO division has grown rapidly, with year on year revenue up 35%. It is also a global business, with BPO operations in the UK, South Africa, Germany and Australia. Ultimately, Sadiq plans to enter the US, Canada and Japan on the back of the company's software presence in these countries. However it is still early days. TIG has yet to prove it can sustain its BPO growth in the longer term – but the potential could be huge if it is proved right.

On the software side, TIG has begun a joint venture in Pakistan with offshore services provider Netsol, and in March it announced a partnership with IBM. The deal with Netsol is a straightforward attempt to reduce development costs, while the IBM relationship could have a significant positive impact on software revenue if managed correctly. Unfortunately, both of these relationships require short-term investment, and this means TIG may struggle to improve its margins over the coming year. *(Kate Hanaghan)*

ITRAIN'S FUTURE LOOKING STRONG

Training software provider, **iTrain**, released its results for the full year ended 31 December 2004 with revenue just coming in line with expectations. Turnover for the year grew 25% to £1.09m, just below the £1.1m forecast by the company earlier this year. Excluding the £59.8k contribution from the acquisition of Applied Interactive, revenue grew 17.7% to £1.03m.

Operating profit grew significantly over the period to £67k from £19.3k, with operating margins jumping to 6% from 2% in the previous year. Profit before tax stood at £70k up from £16k, and diluted earnings per share grew to 0.10p from 0.03p.

Comment: Although a UK company, iTrain's major marketplace has to date been in Germany. But the company expects significant UK growth in 2005 now that it has put in place the *"building blocks"*, as its chairman Derek Moore describes them. The first of these involved purchasing a stake in the UK market through Applied Interactive in October 2004. Since then the company signed a £185k deal with a luxury car maker through Applied Interactive, to provide continued maintenance, development and technical support of a suite of CRM software.

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The second phase is to partner with software companies to develop bespoke training packages based on iTrain software. So far the company has two such partnerships, both with unnamed partners and both in their early stages of development. iTrain claims that it has already generated £1m in revenue in the first four months of 2005, so it looks like the strategy is working.

If sales continue at this pace for the rest of the year, iTrain should achieve turnover of £3m, in line with expectations. Although still small, we may see this company successfully carving a niche for itself in its home market. *(Samad Masood)*

S/ITS LEADS GROWTH FOR BT AGAIN

BT reported positive preliminary results for the year ended 31 March 2005, with profit before tax up 20% to £2,343m, on revenue that was pretty flat at £18,623m, up only £104m on the previous year.

BT is a good example of the new shape of the ICT sector as a whole. Significant declines in BT's core consumer voice revenues were only just compensated for by rises in its so called New Wave activities; resulting in total revenues which actually declined in real terms.

Once again BT Global Services has proved its worth. The division reported revenue up 10% to £6,381m in the year, and also reported its first full year operating profit of £7m, compared to a £105m loss last year.

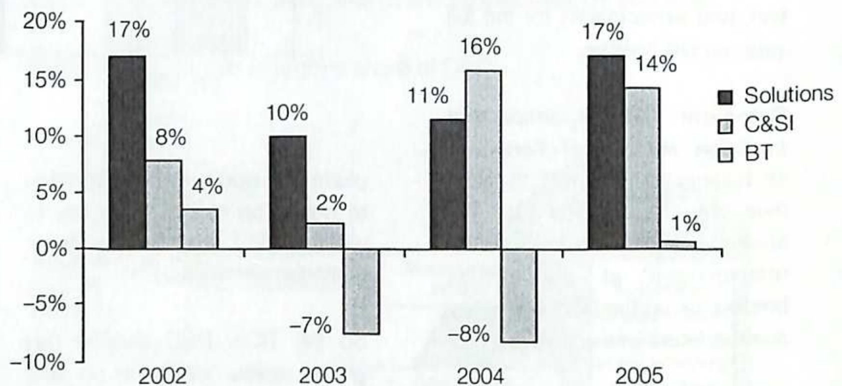
As in 2004, the S/ITS bits of BT GS continued to be the division's strongest performers:

• BT Global Solutions (the bit that does network management and a little BPO) increased its revenues by 17% in the full year to £3,202m. Operating profit was up 8% to £284m, resulting in margins of almost 9%, slightly reduced on last year.

• BT Consulting & System Integration grew revenues by 14% to £824m and operating profit by the same percentage to £32m. Operating margins have remained flat at just under 4%.

Comment: S/ITS has been BT's

Revenue growth comparison for BT Group vs. BT S/ITS



engine for growth for another year. But it is unclear how long these operations can deliver the kind of high organic growth that is needed to cover the rest of BT's largely declining business.

Moreover, this S/ITS revenue threatens to be particularly lumpy, and costs are typically front-loaded. For example, the costs of supporting new networked IT services contracts were one of the reasons that profit before goodwill amortisation and exceptional items was 1% down at £2,864 million for the year.

Also, in the fourth quarter there was an 8% decline in CS&I revenue, due to higher initial revenue from the NHS contracts that BT billed in Q4 last year. The NHS deal could still be expected to generate growth in coming years. However, as Accenture found to its cost recently, suppliers cannot book revenue from the NHS contracts until successful delivery and payment. So it is not easy to say when and how much BT can expect from this deal in the next 12 months.

The company is clearly pleased with its £1.5bn eight-year outsourcing deal with Reuters, gained through the purchase of Radianz in March. But it will need more of these large deals if it is to maintain its organic growth and, bluntly, there are no more NHS scale deals we can see on the horizon for BT. In any event, BT will need to demonstrate it has the programme management skills to deliver on such large deals before it is entrusted with more of that magnitude.

Overall BT could find organic growth in S/ITS harder to come by in the next few years, and we suspect that acquisitions will therefore be a significant part of its strategy. *(Samad Masood)*

EDS'S RECOVERY CONTINUES IN Q1

EDS has posted another quarter of fragile profits. The outsourcer said that headline net and pre-tax margins for its first quarter to 31 March 2005 turned positive, but revenues, operating margins and cash flow all worsened.

Worldwide revenues fell 5% to $4.94bn. Excluding currency changes, acquisitions and divestments, the organic revenue fall was greater – at 8%. EDS managed a mere 0.2% operating (EBIT) margin in Q1, compared with 0.7% in the same quarter last year. Excluding exceptional items, the operating margin was essentially breakeven, at 0.1% (versus 0.5% in 2004). Pre-tax margin and net margin from continuing operations were both breakeven (versus –0.8% and –0.7% respectively in 2004). These results include the effect of stock-option expensing, which drags down profitability.

Net operating cash flow as a percentage of revenues was a very low 0.9%, versus 4.3% in 2004. Free cash flow was negative (at minus $82m), although the outflow was halved compared to Q1 2004.

In Europe, revenues fell 12% in constant currency terms to $1.5bn, partly from the loss of the UK Inland Revenue outsourcing contract (won by Capgemini). Operating profit fell 41% to $139m. The only other major unit to suffer a double-digit revenue fall was the AT Kearney consulting unit, which saw revenues fall 12% to $204m, with an operating margin of -5.4%. The unit is effectively up for sale.

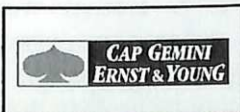
Comment: EDS has trumpeted its profitability and a rise in contract signings – Q1 was the strongest quarter for signings since 2002, according to CEO Mike Jordan – as a sign that things are looking up after a terrible 2004. And there are indeed reasons for cheer; EDS did well last quarter to land the £4bn UK Ministry of Defence DII(F) outsourcing mega-deal to replace the void left by the Inland Revenue deal.

What's interesting is the way that EDS used its troubled contract with the US Navy Marine Corps as a reference to customers when lobbying to win the DII contract; it presented the contract as a valuable learning experience, rather than trying to sweep the Marine Corps episode under the carpet. Turning a weakness into a strength was a smart move, showing that EDS is far from beaten psychologically.

The DII deal should give EDS the boost it needs to start bouncing back in Europe, and we suspect that rivals will no longer see EDS as the kid they can steal sweets from in the playground.

In the meantime, profitability and cash flow are still very poor. EDS is addressing this, but the turnaround is taking time. It's doing some good things, like selling off non-core businesses, stripping out costs from its huge technical infrastructure, and strengthening its position in high-growth areas like HR outsourcing, with the launch of its ExcellerateHRO brand. We also expect to see some new offerings from EDS that play on its infrastructure strengths. The possible divestment of AT Kearney would be a good move, too.

EDS can't recover by cost cutting forever, it's got to start growing again. But it's a stronger company than it was just a few months ago, and the MoD DII win shows that it's still capable of pulling in big jobs. Moreover, it's almost certainly better at managing the profitability of new contracts, and that in itself could be a reassuring factor for potential clients looking for a strong and stable supplier. *(Douglas Hayward)*



CAPGEMINI SEES "RAMPANT" UK GROWTH IN Q1

Capgemini has announced Q1 revenues, posting a stunning 15.9% growth (19.1% in organic and constant-currency terms) to euro1,708m. Growth was stronger in Europe (22%), but the previously ailing US business grew as well (8%).

Bookings reached euro1,438m. They stabilised at euro1,162m on a year-on-year basis for Consulting, Technology Services and Local Professional Services, but decreased in Outsourcing by euro212m, reaching euro276m.

The UK and Ireland continued its rampant growth, up 62% (65% in organic and constant-currency terms) to euro423m, a reflection of the Inland Revenue Aspire outsourcing mega-deal. It's now overtaken France to be the

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number one geography worldwide, arguably a major milestone.

The service split is looking healthier, too. Outsourcing is now 36% of revenues, versus 28% in the first half of 2004, thanks partly to deals like Aspire. Utilisation rates are climbing steadily - reaching 78% in system integration and 65% in consulting. Chargeout rates are stable.

Comment: The most obvious point is the contribution of just one key mega-deal – Aspire. The UK's growth supplied 11 percentage points of the 15.9% top-line growth that Capgemini recorded worldwide in Q1. That growth is mostly a reflection of Aspire, which is already profitable (about 8% operating margin, we reckon - Capgemini is not buying market share there). Although Capgemini stresses that its growth strategy relies essentially on mid-sized deals, it's clearly the mega-deals that are tipping the balance between success and failure.

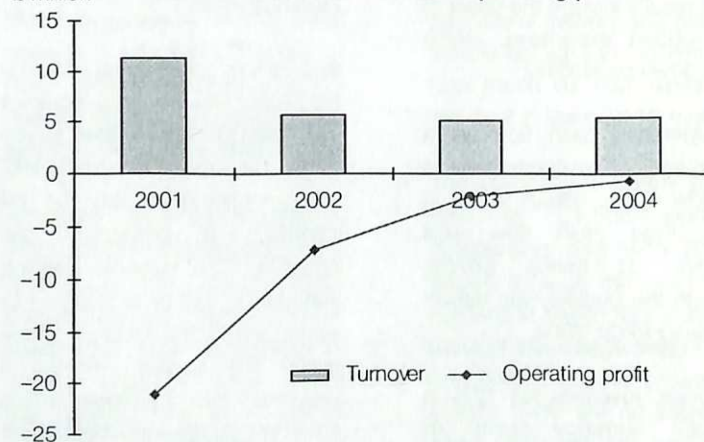
If Capgemini can replicate the Aspire story with the other mega-deals it's signed in the last year or so, it's on track for recovery. But let's not get carried away; there's still a long way to go before Capgemini is back to really robust health. *(Douglas Hayward)*

MEDIASURFACE SHAKES OFF ITS PAST TO SHINE

In April 2005, web content management provider **Mediasurface** announced the results of its first six months of trading since floating on AIM in August 2004. Revenues increased 29% to £3.7m. Pre-tax profit was £140k compared to a pre-tax loss of £150k in the comparable period last year. Each of the company's revenue streams grew – licence sales by 36%, consultancy and training by 44%. Recurring revenues grew 11% on an annualised basis. The table on the right shows the key indicators for H1 2005 and 2004.

Key financial measures

Half years (£000)	H1 2005	H1 2004	Change
Turnover	3,661	2,840	29%
Gross profit	3,556	2,764	29%
Operating profit	124	(146)	n/a
Net profit	139	(153)	n/a



Comment: This was actually Nottingham-based Mediasurface's first net profit for any period, at least since it began publishing financial statements. But the published statements tell quite a story, as the chart on the right shows.

Clearly, this was one of the many companies that sought to ride high on the era of unreasonable exuberance, and found itself falling to earth when that era ended. To be fair, it has been investing heavily in its products and building up other aspects of its business. Indeed, it has an evenly balanced business between the UK and the mainland, plus a contribution from the US.

In the content management market where Mediasurface plays, there are a range of 'gorillas' that survived the dotcom bust, some better than others, and all are seeking to be the silverback prime. They include EMC and IBM, and Oracle is entering this market too. As we have said before, the only way a minnow like Mediasurface can survive and shine is by 'sticking to its knitting'. Web content management, where Mediasurface plays, is seen as a not very interesting area any more by the big guys, so looks like a good place to be for a smaller player. However, the need for web content management is as great as ever, as government and corporate web presences moves from the 'wow' into the 'so what?' era.

(David Bradshaw)

RM DIPS INTO LOSSES BUT LOOKS FORWARD TO BUILDING SCHOOLS FOR THE FUTURE

As expected, **RM**'s results for the six months to 31 March 2005 revealed essentially flat turnover and a slight operating loss.

RM plc Six months to 31 March	Turnover (£m)		
	H1 2005	H1 2004	Change
Infrastructure software & services	37.9	34.2	11%
Education software & services	22.9	22.3	3%
Hardware & distribution	48.4	52.4	-8%
TOTAL	109.2	108.9	0.3%

Turnover was up £300k to £109.2m. This includes sales from recent acquisitions and a growth in education projects revenue - which replaced sales from one-off hardware shipments in the comparable period in 2004. The company has turned in an operating loss of £595k, in contrast with a profit of £2.2m last year. Loss before tax came in at £4.8m, compared to last year's profit of £766k. Diluted loss per share was 5.3p from last year's 0.0p.

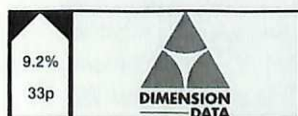
CEO Tim Pearson described RM's first half as a *"satisfactory"* performance in a market that was broadly flat. In fact like-for-like revenue growth (excluding the one-off hardware sales from last year and the TTS acquisition from this year) was a respectable 7.6%. As expected, a return to a more normal seasonal sales pattern led to a slight loss for the period but RM is confident of "modest turnover growth" (and presumably profitability) for the year as a whole.

Building Schools for the Future?

But it's the longer-term outlook that holds the most promise for RM thanks to the government's £30bn/15-year programme, known as Building Schools for the Future (BSF), to rebuild or refurbish all English secondary schools. As the largest provider of software and IT services to the UK education sector, RM is one of the players most likely to benefit from this spending spree, which will shape the secondary school ICT market for the next ten years. Certainly with its scale, experience of large PFI contracts, educational IPR and understanding of the education market, RM ought to be a winner under BSF. It's no wonder then that RM is putting a sizeable bet on the initiative. It is investing heavily in the bidding process – next year it plans to bid on pretty much all of the 38 BSF contracts due, at a cost of around £4m – but it does not expect to book any revenues from the Programme until at least 2007.

We're pleased to see RM also talking openly about the risks that BSF carries. One of the biggest dangers for RM is that the contract awards are based primarily on the strength of the construction companies' bids rather than that of their ICT partners. Although RM is choosing its building partners carefully it is also mitigating the risk of losing out completely by partnering with other ICT companies, which will use its IPR in their bids.

One thing is for sure, thanks to BSF, and other recent initiatives, education is shaping up to be one of the more interesting segments in the UK public sector market over the next few years. The extent that RM continues to dominate the market will be decided as partnerships are forged and BSF contracts are awarded over the next couple of years. *(Tola Sargeant)*



DIMENSION DATA SEES MARGINS SLOWLY IMPROVE

Dimension Data, the Cisco reseller with ambitions to move itself into a services powerhouse, has reported its 2005 first-half results. Worldwide, sales rose 15.4% to $1.3bn (DiData reports in US dollars, although it's based in South Africa) during the six months to 31 March 2005. Margins are slowly recovering and were all positive for the second successive half year, although they are far from robust. Worldwide, EBIT margin was 2.3% (compared to 0.8% in H1

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2004) and pre-tax margin was 1.7% (versus 1.2%). Net margin was 0.9% (versus 0.4%).

The UK did comparatively well. Revenues grew 23% in dollar terms to $122m, or 15.7% in local terms to about £64.5m (using DiData's internal exchange rates). Operating (EBITDA) margin was unchanged at 4.9% – three times the margin in Continental Europe, but well below the level in the African home market. Gross margins fell very slightly to 22.7% (from 23%). DiData said the margin decline reflected a higher revenue contribution from the lower-margin Merchants call centre business.

Comment: As we've said before, turning from reseller into services house is not easy. DiData wants to move from relying on very low-margin product sales to specialising in higher-value services based around network integration and managed services. There's a way to go yet, especially as product sales worldwide are growing almost as fast as managed services and three times faster than consulting and SI.

We think Dimension Data has a good grasp of technical infrastructure issues – at least those around networking – and can do good system-integration 'plumbing' work. That's not to be dismissed lightly. But systems integration is a service line under price pressure, and plumbing work won't make DiData a services giant by itself. Moving up the food chain – and selling to business executives not just to IT folk – is the challenge for DiData – selling more consulting-heavy services that deliver greater business value to customers is important if it wants to raise margins.

DiData is rightly using its core technical integration skills as the base for its move up the value chain and away from product reselling. We can't help thinking that more focus – geographically, especially – would help here, as would strengthening the consulting capabilities, both in technical architecture and in business terms. Would an acquisition help? Well, yes, but it's not likely. Now, if DiData had some cash from selling some non-core geographies...
(Douglas Hayward)

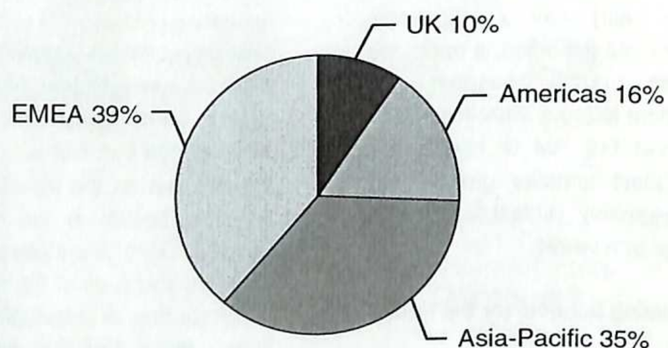
AVEVA ANNOUNCES RESULTS AND BUYS REALITYWAVE

Aveva Group, the engineering software and services company, announced its full year results as well as the acquisition of streaming technology provider, Realitywave, for £3.2m in March.

Revenue for the year ended 31 March 2005 has leapt 50% to £57.5m, with the help of £13.8m from the acquisition of Tribon in May 2004. Organic revenue growth was just under 15%, to £43.7m.

Operating profit has fallen 5% to £5.8m, due to a £531k loss from Tribon. Excluding this loss, operating profit would have grown by 3%. Similarly, profit before tax fell 5% to £5.7m, including Tribon. Diluted earnings per share fell 40% to 13.41p.

Aveva revenue by region (FYE 31 March 2005)



Comment: The profits fall at Aveva is due to £2.3m of exceptional costs and £2.7m of goodwill amortisation relating to the acquisition of Tribon. According to Aveva, excluding these costs would have resulted in profit before tax up 60% to £10.7m, with adjusted earnings per share of 36.7p – up 40%.

Unfortunately profitability may not improve in the short term as Aveva ramps up investment in its VNET product. Aveva has already invested £3m in VNET, which has generated revenue of £3.2m since its launch in April 2003. The company plans to pump a further £2m into development, deployment and sales over the next 12 months in order to achieve the 50% revenue growth from the product that Aveva expects over the next three years.

The acquisition of Realitywave could also put pressure on

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margins in the near term. However, given Aveva's track record with Tribon – with which it managed to generate £3.3m of post merger cost savings – we feel confident that the company can successfully integrate Realitywave without any major problems.

Looking at the business overall, it is clear that the Asia-Pacific region holds the future for Aveva. Revenue from the region more than doubled to £20.3m (2004: £8.7m) over the year, representing 35% of total revenue. The EMEA region is also strong, with revenue up 43% to £27.9m. This has been due to existing customers expanding their use of Aveva products, as well as the demand for infrastructure development in Central and Southern Europe, particularly in the energy sector. *(Samad Masood)*

SAGE IS ANYTHING BUT 'BORING'

When **Sage** issued a characteristically terse update on its trading performance for the six months to 31 March 2005, it looked like we were in for another 'boring' set of performance figures, with growth in both the top line and bottom line year-on-year.

The detailed results confirmed what we suspected: total revenue was £382m (up from £333m in the same half-year in 2004), operating profit was £103m (£90m) and net profit was £70m (£60m). Sage's operating margin dropped very slightly from 27.1% in H1 2004 to 27.0% in H1 2005. However, Sage is still raising its interim dividend to 0.922p per share (2004: 0.611p).

Sectorially, Sage had software revenues of £145m and service revenues of £237m. Sage says that its organic growth was 6% excluding currency effects, which depressed the value of its North American earnings. Sage says it now has 4.5m customers, an increase of 149,000 over a year ago. Curiously, these numbers exclude CRM customers.

As the table shows, the UK is now Sage's smallest major market but also its most profitable market, though the US generates the same operating profit from a larger revenue. The slight dip in UK operating margin is due to property costs.

Sage £ million	H1 2005		H1 2004	
	Revenue	Op margin	Revenue	Op margin
UK	97	38%	91	40%
North America	155	24%	129	23%
Europe	101	24%	90	23%
Rest of World	28	20%	17	15%

In the UK, organic revenue growth was 5%. This was driven by both the small enterprise market and the medium enterprise market. (Readers of Sage's reports should note Sage refers to the medium enterprise market – with 50-250 employees – as the 'mid market', a term everyone else uses to mean companies over this size but not yet global multinationals.) Apparently, the medium enterprise market is still growing and Sage expects growth to continue in the UK. Sage also said that the lower operating margin in the UK was due to building costs – and that it expects an ongoing £1m per year cost increase from moving to new head offices.

In contrast to the UK, Sage is finding trading conditions less good in Mainland Europe – this is also what we hear from many other software companies. That said, Sage achieved 6% organic growth and a 1% improvement in operating margin, much of this due to migration of users (especially in France) to more sophisticated products. Sage also made two small European acquisitions, Simultan in Switzerland (in January 2005) and Symfonia in Poland, and it looks forward to growth particularly in the latter.

In North America, Sage grew its 'core' accounting revenues by 6% and its CRM business by 14%, but shrank its much smaller 'non-core' revenues by 6%, leading to an overall organic growth of 7%.

Comment: These results show that Sage is continuing to earn its status as a reliable ('Boring') UK software company. The organic growth looks good, though not spectacular.

Sage is getting further into the outsourcing market, having introduced payroll outsourcing in the US. We know of other

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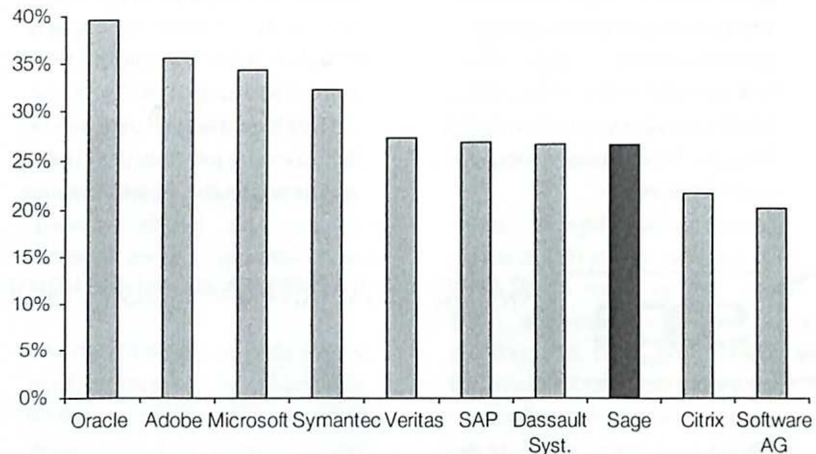
outsourcing initiatives not yet announced that will take Sage further. We believe this is an important area to be in as software customers increasingly want choice, and offering these services extends Sage's addressable market. It is also going to be important in combating SAP, the 'gorilla' in the overall business software market that is now targeting Sage's core SME markets.

Sage talked about the launch of its ACCPAC hosted CRM services. While we see this as useful, we do not think Sage is in a position to take on salesforce.com on its home turf, at least not like this. We think a hosted version of SalesLogix would make much more sense!

Why? Because other CRM vendors are getting ready to offer their customers a choice between 'on prem' and hosted software on the same products. Siebel is talking about this, Rightnow already does this, and we think some other vendors will follow suite soon. However, one vendor that can't follow suite is salesforce.com – it does not seem to have designed its product for on-premise implementation.

Top operating margin performers amongst software vendors



Sage will start to report its results according to IFRS in the first half of its financial 2006. We'd like Sage to be a bit more sensible about the very high amount of 'goodwill' that it carries on its balance sheet.

We do find ourselves in agreement on one point: that software development is a core operational activity of a software company, so needs to be recognised in the operating expenses as it occurs, not at some ambiguous future date. All the same, Sage says that it will be required to capitalise software development by the IFRS rules (though the rules also specifically forbid capitalising research). Go figure – we can't!

Finally, we have to say that we're a bit fed up of calling Sage boring when in fact it's actually quite exciting – there are only a handful of software companies of any size making an operating margin of approaching 30%, as the chart shows. *(David Bradshaw)*

CSC POSTS HEALTHY Q4

CSC has posted healthy Q4 results for the period to 1 April 2005. Worldwide, Q4 revenues were $3.88bn. Excluding the sale of some DynCorp units, that equates to a 6% rise in constant currency terms (8% in dollars). Europe, where DynCorp had little business anyway, saw revenues rise a healthy 14% in constant currency terms (19% in dollars) to reach $1.28bn.

For the full year, worldwide revenues were $14.1bn – up 2% in constant currencies (4.5% in dollar terms) on a continuing-operations basis (a 5% decline if we include the DynCorp effect).

Keith Wilman, president and CEO of CSC's European Northern Region, said that European growth is driven largely by the Northern Region, (the UK, Ireland and Netherlands) where FY 2005 growth was *"in the high teens"*. The region in turn was driven largely by a strong showing in the UK, he said. The Netherlands is also doing well, driven in part by a shift from consulting and system integration to outsourcing, primarily small but profitable deals. The Nordics are also doing well, he added.

After the splurge of outsourcing mega-deals, the pipeline – like that of many competitors – looks less lumpy. Wilman says the pipeline is dominated by *"what we used to call midmarket deals"*. Consulting and systems integration remain profitable in the Northern region, he added.

Comment: Why is the Northern

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region rocking? Partly the megadeal effect - several large outsourcing deals won in 2003 - such as Royal Mail, National Grid, and the NHS in the UK, and SAS in the Nordics - brought in their first full year of revenues. So perhaps we shouldn't expect to see that 14% growth next year.

As we've said many times in the past, the formula for high growth right now - at least for larger companies - is to combine outsourcing and consulting to offer clients hybrid 'transformational outsourcing' services, something CSC is doing successfully. Interestingly, CSC has tweaked its line on consulting slightly, in a sign that the market for consulting is recovering somewhat. Previously, it sold consulting work in the region only to established outsourcing clients. Now, it will go for standalone consulting work - though only with large clients.

Wilman says he doesn't see consulting/SI as a foot in the door for outsourcing services. In his experience, the revenue pull-through is the other way around - from outsourcing to consulting. And the emphasis continues to be on transformational outsourcing deals, not standalone consulting work. We think that's a sensible balance - give the consultants interesting challenges and keep them learning, but don't let them zoom off too far in their own direction. *(Douglas Hayward)*

PHOENIX IT REGISTERS ANOTHER YEAR OF RISES

Support services firm **Phoenix IT Group** has announced its results for the full year ended 31 March 2005. Revenue grew 51% to £88.3m, with operating profit before goodwill amortisation, exceptional items and share option costs up 46% to £15.8m.

Profit before tax grew 8% to £10m, after costs including £1.9m for Phoenix's floatation, £805k for share options costs, and a further £1m in amortisation. However, diluted earnings per share fell 11% to 13.3p.

Phoenix IT plc FYE: 30 March	Revenues £m		
	2005	2004	Change
UK IT services	61.1	53.6	14.0%
Trend Networks	23.7	0.0	-
Product sales	0.8	1.9	-57.9%
France	2.7	2.8	-3.6%
TOTAL	88.3	58.3	51.5%

Comment: Phoenix is one of those IT support companies that can tick all the right boxes: It's got outstanding operating margins (18.4% excluding costs relating to the IPO), a well-received and developing managed services offering and partnerships that give it access to growth markets in the NHS and BPO. We have been impressed with how well the company has developed over the past couple of years in particular.

What sets Phoenix apart from many other UK support players is that it works predominantly through partnerships with much larger outsourcers and systems integrators. This, of course, enables it tap into an entirely different market, where the customers, and the IT spend, are much bigger than the typical area for support - the mid-market. The recent acquisition of business continuity provider NDR was a clever move. It is small (£15m in FY05) but gives Phoenix an entry point into a market that is difficult for newcomers to penetrate. Some investment in facilities will be required, but ultimately Phoenix will be able to add BC to its managed services offering. Meanwhile, it can enjoy the 20% EBITA margin NDR generates.

One other point to mention is the relationships Phoenix is building with offshore players. It already has an agreement in place with Wipro where it is providing onshore support (such as deskside and operating system support) to an offshore contract. It also has *"a small bit of business"* with Infosys. We are not seeing any other notable relationships starting up between other support players and the offshorers. We suspect the reason for this is that Phoenix is tapping into the higher end of the market. Companies such as Getronics in the UK are still finding that the mid-market isn't opting for offshored support services.

CEO Nick Robinson says Phoenix has *"the largest pipeline we've ever seen - by some margin"*. This year is certainly shaping up well so far, with lots of potential for further grow opportunities. *(Kate Hanaghan)*

DETICA MARCHES ON, DESPITE EARNINGS DIP

UK-based consultancy **Detica** has announced its results for the year to end March 2005. Revenues grew 33% to £71.0m. Operating profit fell from £8.3m to £8.1m, and PBT was flat at £8.8m. Diluted earnings per share were down from last year's 35.3p to 31.3p. The proposed final dividend is 4.2p, which takes total dividend for the year to 6.3p (up 15% on FY04).

Comment: Detica continues to impress. Even if we strip out the effect of the Rubus acquisition, organic like-for-like revenue growth reached 30%. That's clearly a whole lot better than most of the company's rivals in the UK at present, and way above the 5-6% annual growth the market in totality is currently managing. It's true that Detica is nicely positioned in some of the faster growing areas of S/ITS - notably UK government (which grew 39% in FY05), not to mention its overriding focus on work around *"information intelligence"*. But even so, you don't sustain growth like Detica by simply showing up in relatively buoyant segments!

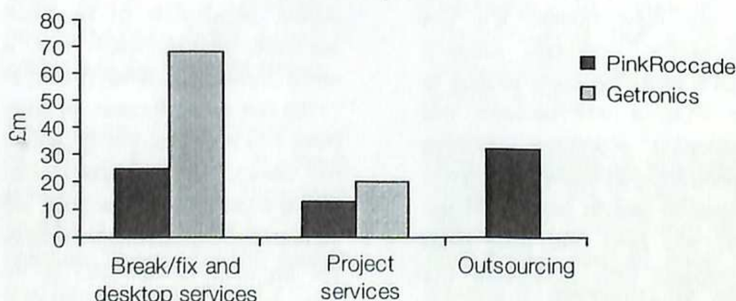
Particularly encouraging is the growth in the commercial sector. Revenues here actually fell on an organic basis in FY04. But this time headline growth was 23%, despite a contraction in work with Centrica and the winding up of some vertical interests acquired through Rubus. The two main focus areas outside government - telecoms (which grew 25% to £7.6m) and financial services (74% to £10.3m) - both put in a strong performance.

One blot on Detica's results is the impact of investment programmes on headline profitability. The company put £2.6m into developing its StreamShield internet security business. We're yet to see any revenues here, although the company is working with BT Wholesale to investigate opportunities in the UK ISP market. Meanwhile, investment in setting up US operations cost the company £0.5m. However, as with StreamShield, this is one area of the business that should help to keep the momentum going in FY06. The signs are certainly promising - revenue from US-based government customers, serviced from the UK, grew by 57% to £4.7m) in FY05. Detica points out that, if you exclude the US and StreamShield costs, PBT in the *"core"* was up 29% to £12.5m. Meanwhile, operating margins in the *"core"* remained high, with just a slight fall from 17.3% to 16.7%.

Detica remains one of the UK S/ITS industry's best performing smaller players. That doesn't mean it won't face challenges in the period ahead. In particular, it'll need to show it can sustain its margins, and will have to continue to fight to hang on to consulting talent. But all in all, CEO Tom Black and his team have an enviably strong basis from which to continue to outperform the market. *(Phil Codling)*

GETRONICS HAS A FLAT Q1

Dutch headquartered IT services firm **Getronics**, has turned in flat organic service revenues for the first quarter of its 2005 financial year. However, including sales from the recently acquired PinkRoccade, service revenues increased 6% to euro464m. Total revenues decreased 2% to euro576m, as a result of decreased product revenues and negative currency effects.



Comment: Let's pick out some positives here. Firstly, it is possible Getronics will see an improvement in its organic performance as the year progresses and those long sales cycles finally close; the pipeline *"developed well"* during the opening quarter, possibly as the confidence of customers returned following the rather drawn-out purchase of PinkRoccade.

Additionally, service revenue per employee *"increased"* (no indication of by what degree, though) - partly due to productivity gains in its managed services offerings. This is an important

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Mergers & Acquisitions

Buyer	Seller	Seller Description	Acquiring	Price	Comment
Alphameric	Optical Mark Systems (OMS)	Betting software firm	100%	£1m in cash and shares	According to our records and estimates, OMS had FY04 (to April 2004) revenues of around £600k. So this is a rather smaller acquisition than Alphameric's two recent purchases (Timewave and Telectronics) in the hospitality sector. Nonetheless it shows that, having divested its retail division at the end of last year, the company is continuing to look for opportunities to acquire niche players in leisure and hospitality.
Ascribe	Footman Walker	Provides systems into 30% of accident and emergency departments within the NHS	100%	Total consideration of £2.6m in cash and shares	Ascribe came into being last year following the acquisition of ASC Computer Software Limited and Protechnic Exeter Limited. This latest acquisition gives it a little more scale and fleshes out its offering. Ascribe is in the early stages of establishing itself but looks to have found some good niches to focus on; no doubt 2005 will see more developments. We'll be watching closely to assess progress in this its maiden year as a public company.
Aveva	Realitywave	Streaming technology provider	100%	£3.2m	The acquisition could put pressure on margins in the near term. However, given Aveva's track record with Tribon - with which it managed to generated £3.3m of post merger cost savings - we feel confident that the company can successfully integrate Realitywave without any major problems.
Checkfree Corporation	Accurate Software Ltd	Accurate Software's main product is Accurate NXG for operational risk management, which offers reconciliation, exception management, workflow and business intelligence capabilities.	100%	$56m in cash	Another UK software company gets scooped up before it has time to prosper and grow. However, there are compensations. Firstly the price is good - around three times Accurate's revenues. And secondly, CheckFree has said that it expects few, if any, lay-offs. Nevertheless, it is still sad to see a UK company that seemed to be doing well disappear into a large overseas conglomerate. We'd very much like to have a few more candidates for our "Boring Award".
Netstore	Cassium	Privately held Twickenham-based IT and business consultancy	100%	£2.7m in cash	Netstore's motive here is the boost Cassium's consulting capability could provide to its efforts to sell ASP solutions - particularly in the finance and telecoms sectors. So a great deal will depend on the quality of the team of people it's acquiring, and the customer relationships they bring. We're glad to see that the acquisition should be earnings enhancing in FY06, at least at the operating level. Having fought hard to make this its year of maiden profits (FY05 doesn't end until next month, but the signs have been positive), it would be a shame if Netstore were to do anything to endanger its own financial performance.
Torex Retail	Retail Store Systems (RSS)	US retail management systems vendor	100%	$27.9m (£15m)	This latest acquisition gives Torex Retail a firm footing in the US - a market that it had already started to chip away at from its base in the UK. The company has already won three US customers since 2004, including fashion retailer Ann Taylor and Mont Blanc. RSS has been Torex Retail's main implementation support partner in the US to date, and helped with the Mont Blanc implementation, so there should not be too many difficulties in terms of integrating the two companies. Hopefully, RSS will be able to continue the sales trajectory that Torex Retail has begun in the US, and Torex Retail can use its US arm to win more trans-Atlantic deals with global retailers.

Recent IPOs

Name	Activity	Index Class	Market	Issue Price	Market Cap.	IPO Date	Price end May 05	Change since IPO
March Networks	IP based surveillance solutions	SP	AIM	504p	£82m	25-Apr-05	519p	2.9%
Visual Defence	IP and wireless audio video security technology	SP	AIM	55p	n/a	06-May-05	48p	-13.6%
Hamsard Group	Holding company for several software businesses	SP	AIM	44p	£19m	10-May-05	45p	3.2%
Micro Focus	Legacy development and deployment software	SP	MAIN	130p	£302m	17-May-05	152p	16.9%
InterQuest Group	IT recruitment	A	AIM	58p	£19m	20-May-05	75p	30.4%
Ubiquity Software	SIP-based network software	SP	AIM	33p	£63m	23-May-05	39p	18.2%
ToLuna	Online applications hosting	O	AIM	70p	£27m	25-May-05	74p	5.7%

Forthcoming IPOs

Name	Activity	Index Class	Market	Est Issue Price	Est Mkt Cap.	IPO Date
EG Solutions	IT services and software	CS	AIM	n/a	n/a	06-Jun-05
Red-M	Wireless security software and consultancy	SP	AIM	n/a	n/a	09-Jun-05
Endace Ltd	Network security	SP	AIM	n/a	n/a	14-Jun-05
e-retail	Online retail consultancy	CS	AIM	n/a	n/a	n/a
Centrom	IT infrastructure outsourcing	CS	AIM	n/a	£8m	n/a

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point. Within what is without a doubt a *"highly competitive market"* (as CEO Klaas Wagenaar puts it), servicing clients more efficiently, while adding greater value, is really the key to making managed services contracts work for both customer and supplier. Getronics' services centre in Hungary should help it achieve this.

In the UK, we expect the next quarter to be a critical period for the integration process. We would hope that by the time we move into the second half of the year, any distinction between *"Pink"* and *"Blue"* will be minimal. It will be a tough period for staff, though. The UK's drive for 5% EBITA by year-end means jobs cuts are inevitable.

The chart compares the UK businesses of Getronics and PinkRoccade in FY04. Note Getronics' lack of outsourcing business. Getronics needs to address this and one way it can do that is by developing existing international accounts to have a greater UK element.

(Kate Hanaghan)

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

	Final - Nov 03		Final - Nov 04	Comparison
REV	£62,897,000		£69,973,000	+11.3%
PBT	-£3,530,000		-£59,487,000	Loss both
EPS	-3.50p		-50.90p	Loss both

Alterian plc

	Final - Mar 04		Final - Mar 05	Comparison
REV	£5,668,000		£7,806,000	+37.7%
PBT	-£3,232,000		-£432,000	Loss both
EPS	-7.10p		0.10p	Loss to profit

Anite Group plc

	Final - Oct 03	Final - Apr 04	Interim - Oct 04	Comparison
REV	£85,210,000	£188,763,000	£92,927,000	+9.1%
PBT	-£14,333,000	-£28,763,000	£9,539,000	Loss to profit
EPS	-4.40p	-8.60p	1.90p	Loss to profit

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

	Final Dec 03		Final Dec 04	Comparison
REV	£1,956,000		£2,146,000	+9.7%
PBT	£496,000		£188,000	-62.1%
EPS	1.35p		0.50p	-63.0%

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

	Final - Dec 03		Final - Dec 04	Comparison
REV	£50,210,000		£60,273,000	+20.0%
PBT	£4,020,000		£6,334,000	+57.6%
EPS	4.60p		7.80p	+69.6%

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

	Interim - Jan 04	Final - Jul 04	Interim - Jan 05	Comparison
REV	£5,893,000	£13,822,000	£8,866,000	+50.4%
PBT	£34,000	£541,000	£438,000	+1188.2%
EPS	0.00p	0.81p	0.63p	n/a

Chelford Group plc

	Final - Dec 03		Final - Dec 04	Comparison
REV	£9,877,000		£11,852,000	+20.0%
PBT	-£373,000		£282,000	Loss to profit
EPS	-3.22p		3.72p	Loss to profit

Civica plc

	Final - Sep 03		Final - Sep 04	Comparison
REV	£90,304,000		£104,100,000	+15.3%
PBT	£9,317,000		£8,300,000	-10.9%
EPS	11.30p		12.90p	+14.2%

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

	Final - Dec 03		Final - Dec 04	Comparison
REV	£68,026,000		£67,830,000	-.3%
PBT	£3,861,000		£3,914,000	+1.4%
EPS	9.90p		8.90p	-10.1%

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

	Final - Dec 03		Final - Dec 04	Comparison
REV	£2,482,713,000		£2,456,575,000	-1.1%
PBT	£65,161,000		£64,645,000	-.8%
EPS	24.60p		23.70p	-3.7%

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 04		Interim - Dec 04	Comparison
REV	£499,381		£806,151	N/a
PBT	-£2,649,553		-£2,356,084	Loss both
EPS	-16.10p		-6.50p	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

	Final - Dec 03		Final - Dec 04	Comparison
REV	£20,451,000		£21,503,000	+5.1%
PBT	£1,348,000		£1,196,000	-11.3%
EPS	20.45p		18.81p	-8.0%

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	18.20p	15.70p	+292.5%

Dimension Data plc

	Final - Sep 03		Final - Sep 04	Comparison
REV	£1,287,248,741		£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

	Final - Dec 03		Final - Dec 04	Comparison
REV	£13,528,000		£14,408,000	+6.5%
PBT	£2,104,000		£452,000	-78.5%
EPS	4.50p		1.35p	-70.0%

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

	Interim - Dec 03	Final - Jun 04	Interim - Dec 04	Comparison
REV	£91,450,000	£150,057,000	£43,961,000	-51.9%
PBT	£7,826,000	-£1,951,000	-£28,737,000	Profit to loss
EPS	4.40p	-2.10p	-20.70p	Profit to loss

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	Comparison
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	£9,152,000		£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

	Final - Dec 03		Final - Dec 04	Comparison
REV	£10,427,000		£9,509,000	-8.8%
PBT	-£12,055,000		-£45,000	Loss both
EPS	-43.96p		-0.16p	Loss both

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

	Final - Dec 03		Final - Dec 04	Comparison
REV	£10,221,000		£10,241,000	+0.2%
PBT	£455,000		£671,000	+47.5%
EPS	2.74p		3.85p	+40.5%

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

	Interim - Feb 04	Final - Aug 04	Interim - Feb 05	Comparison
REV	£3,569,144	£7,649,463	£3,912,157	+9.6%
PBT	£231,620	£498,926	£130,925	-43.5%
EPS	0.54p	1.19p	0.28p	-48.1%

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

	Final - Dec 03		Final - Dec 04	Comparison
REV	£10,245,000		£12,398,000	+21.0%
PBT	-£1,955,000		-£1,198,000	Loss both
EPS	-4.05p		-1.81p	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

	Final - Jan 04		Final - Jan 05	Comparison
REV	£130,911,000		£163,374,000	+24.8%
PBT	-£4,536,000		£1,640,000	Loss to profit
EPS	-8.75p		0.51p	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

	Final Dec 03		Final Dec 04	Comparison
REV	£168,434,440		£190,777,237	+13.3%
PBT	£461,680		£3,864,736	+737.1%
EPS	0.30p		4.00p	+1233.3%

ICM Computer Group plc

	Interim - Dec 03	Final - Jun 04	Interim - Dec 04	Comparison
REV	£36,252,000	£77,542,000	£38,711,000	+6.8%
PBT	£1,905,000	£4,380,000	£2,014,000	+5.7%
EPS	6.10p	14.00p	6.50p	+6.6%

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)

	Interim - Mar 04	Final - Sep 04	Interim - Mar 05	Comparison
REV	£27,355,000	£58,051,000	£28,772,000	+5.2%
PBT	-£3,451,000	-£7,349,000	-£5,029,000	Loss both
EPS	-0.97p	-1.98p	-1.23p	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

	Final - Sep 03		Final - Sep 04	Comparison
REV	£191,153		£313,716	+64.1%
PBT	-£1,143,000		-£1,050,789	Loss both
EPS	-0.65p		-0.54p	Loss both

Intercede Group plc

	Final - Mar 04		Final - Mar 05	Comparison
REV	£1,605,000		£1,806,000	+12.5%
PBT	-£661,000		-£426,000	Loss both
EPS	-2.90p		-0.70p	Loss both

iTrain plc

	Final - Dec 03		Final - Dec 04	Comparison
REV	£878,583		£1,094,097	+24.5%
PBT	£16,360		£70,076	+328.3%
EPS	0.00p		0.10p	+3233.3%

INVU plc

	Final - Jan 04		Final - Jan 05	Comparison
REV	£1,997,000		£3,149,000	+57.7%
PBT	-£1,377,000		£608,000	Loss to profit
EPS	-0.36p		0.64p	Loss to profit

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

	Final - Dec 03		Final - Dec 04	Comparison
REV	£5,985,000		£5,514,000	-7.9%
PBT	-£188,000		-£317,000	Loss both
EPS	-0.89p		-0.13p	Loss both

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

	Interim - Dec 03	Final - Jun 04	Interim - Dec 04	Comparison
REV	£298,323	£770,185	£572,283	+91.8%
PBT	-£432,656	-£904,161	-£419,898	Loss both
EPS	-0.38p	-0.71p	-0.28p	Loss both

LogicaCMG plc

	Final - Dec 03		Final - Dec 04	Comparison
REV	£1,706,600,000		£1,669,800,000	-2.2%
PBT	-£33,000,000		£42,400,000	Loss to profit
EPS	-6.30p		1.90p	Loss to profit

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

Lorien plc

	Final - Nov 03	Final - Nov 04	Comparison
REV	£94,714,000	£122,714,000	+29.6%
PBT	-£673,000	£1,152,000	Loss to profit
EPS	-4.60p	6.90p	Loss to profit

Macro 4 plc

	Interim - Dec 03	Final - Jun 04	Interim - Dec 04	Comparison
REV	£15,061,000	£31,240,000	£16,596,000	+10.2%
PBT	-£181	£1,042,000	£863,000	Loss to profit
EPS	-2.40p	1.90p	1.20p	Loss to profit

Manpower SoftWare plc

	Interim - Nov 03	Final - May 04	Interim - Nov 04	Comparison
REV	£2,463,669	£5,146,663	£2,043,121	-17.1%
PBT	£259,925	£388,906	-£738,923	Profit to loss
EPS	0.58p	1.00p	-1.63p	Loss to profit

Marlborough Stirling plc

	Final - Dec 03	Final - Dec 04	Comparison
REV	£114,628,000	£98,766,000	-13.8%
PBT	£903,000	-£10,988,000	Profit to loss
EPS	-0.30p	-5.20p	Loss both

Maxima Holdings plc

	Interim - Nov 03	Interim - Nov 04	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

	Interim - Mar 04	Final - Sep 04	Interim - Mar 05	Comparison
REV	£2,839,562	£5,403,482	£3,661,081	+28.9%
PBT	-£153,466	-£737,394	£138,747	Loss to profit
EPS	0.10p	-0.60p	0.20p	+100.0%

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

	Interim - Feb 04	Final - Aug 04	Interim - Feb 05	Comparison
REV	£19,100,000	£33,800,000	£11,400,000	-40.3%
PBT	-£2,900,000	-£17,400,000	-£3,100,000	Loss both
EPS	-11.35p	-22.23p	-2.01p	Loss both

Misys plc

	Interim - Nov 03	Final - May 04	Interim - 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 04	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

	Final - Dec 03	Final - Dec 04	Comparison
REV	£12,988,000	£14,244,000	+9.7%
PBT	-£585,000	£2,333,000	Loss to profit
EPS	-2.80p	8.78p	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

Nexus Management 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

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

	Final - Dec 03	Final - Dec 04	Comparison
REV	£64,348,000	£45,399,000	-29.4%
PBT	-£28,755,000	-£8,680,000	Loss both
EPS	-7.03p	-2.14p	Loss both

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

	Final - Dec 03	Final - Dec 04	Comparison
REV	£158,883,000	£169,860,000	+6.9%
PBT	-£18,722,000	-£6,914,000	Loss both
EPS	-7.70p	-2.24p	Loss both

Patsystems plc

	Final - Dec 03	Final - Dec 04	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

	Final - Mar 04	Final - Mar 05	Comparison
REV	£58,311,590	£88,331,000	+51.5%
PBT	£9,317,065	£13,785,000	+48.0%
EPS	15.00p	13.30p	N/a

Pilat Media Global plc

	Final - Dec 03	Final - Dec 04	Comparison
REV	£9,422,607	£12,052,232	+27.9%
PBT	£595,047	£1,834,969	+208.4%
EPS	0.64p	2.49p	+289.1%

Pixology plc

	Final - Dec 03	Final - Dec 04	Comparison
REV	£2,528,038	£4,514,729	+78.6%
PBT	-£1,919,177	-£2,163,393	Loss both
EPS	-12.70p	-9.79p	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

	Final - Dec 03	Final - Dec 04	Comparison
REV	£37,622,000	£43,714,000	+16.2%
PBT	£333,000	£2,856,000	+757.7%
EPS	-1.20p	7.20p	Loss to profit

QA plc

	Final - Nov 03	Final - Nov 04	Comparison
REV	£29,158,000	£30,153,000	+3.4%
PBT	-£3,220,000	-£2,386,000	Loss both
EPS	-2.50p	-1.40p	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

	Final - Dec 03	Final - Dec 04	Comparison
REV	£30,227,000	£31,737,000	+5.0%
PBT	£2,947,000	£5,134,000	+74.2%
EPS	0.50p	1.04p	+108.0%

RM plc

	Interim - Mar 04	Final - Sep 04	Interim - Mar 05	Comparison
REV	£108,944,000	£263,264,000	£109,211,000	+0.2%
PBT	£766,000	£7,054,000	-£4,788,000	Profit to Loss
EPS	0.00p	4.30p	-5.30p	Profit to loss

Royalblue Group plc

	Final - Dec 03	Final - Dec 04	Comparison
REV	£56,489,000	£59,768,000	+5.8%
PBT	£9,246,000	-£859,000	Profit to loss
EPS	22.90p	23.40p	+2.2%

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 04	Interim - Mar 05	Comparison
REV	£11,880,000	£7,897,000	n/a
PBT	-£328,000	£1,001,000	n/a
EPS	-1.00p	-2.30p	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

	Final - Dec 03	Final - Dec 04	Comparison
REV	£2,638,000	£4,114,000	+56.0%
PBT	-£1,624,000	-£3,857,000	Loss both
EPS	-2.67p	-5.50p	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 03	Final - Dec 04	Comparison
REV	£2,201,853	£2,850,101	+29.4%
PBT	-£554,444	-£324,052	Loss both
EPS	-0.70p	-0.30p	Loss both

Sopheon plc

	Final - Dec 03	Final - Dec 04	Comparison
REV	£6,734,000	£4,323,000	-35.8%
PBT	-£5,806,000	-£1,964,000	Loss both
EPS	-6.30p	-1.60p	Loss both

Spring Group plc

	Final - Dec 03	Final - Dec 04	Comparison
REV	£360,197,000	£476,429,000	+32.3%
PBT	-£18,946,000	£5,842,000	Loss to profit
EPS	-12.92p	6.80p	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

	Final - Dec 03	Final - Dec 04	Comparison
REV	£2,279,000	£2,076,000	-8.9%
PBT	-£1,445,000	-£1,299,000	Loss both
EPS	-2.61p	-1.56p	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

	Interim - Mar 04	Final - Sep 04	Interim - Mar 05	Comparison
REV	£1,476,000	£4,831,000	£4,439,000	+200.7%
PBT	-£1,515,000	-£2,767,000	-£1,411,000	Loss both
EPS	-0.60p	-1.00p	-0.40p	Loss both

Telecity plc

	Final - Dec 03	Final - Dec 04	Comparison
REV	£23,536,000	£25,837,000	+9.8%
PBT	-£9,522,000	-£6,804,000	Loss both
EPS	-4.70p	-2.70p	Loss both

Tikit Group plc

	Final - Dec 03	Final - Dec 04	Comparison
REV	£9,558,000	£11,903,000	+24.5%
PBT	£713,000	£859,000	+20.5%
EPS	2.90p	4.50p	+55.2%

Torex Retail

	Final - Dec 03	Final - Dec 04	Comparison
REV	£67,559,000	£67,935,000	+0.6%
PBT	£3,873,000	£7,711,000	+99.1%
EPS	1.00p	2.90p	+190.0%

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

	Final - Dec 03	Final - Dec 04	Comparison
REV	£42,129,000	£43,992,000	+4.4%
PBT	-£2,730,000	-£74,000	Loss both
EPS	-7.00p	-0.10p	Loss both

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 - Dec 04	Comparison
REV	£33,714	£376,878	+1017.9%
PBT	-£2,056,476	-£2,417,000	Loss both
EPS	-3.10p	-1.90p	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	-215.8%
PBT	-£227,000	-£1,250,000	-£99,000	Loss both
EPS	-0.78p	-3.92p	-0.60p	Loss both

Wealth Management Software plc

	Final - Dec 03	Final - Dec 04	Comparison
REV	£7,300,000	£6,062,000	-17.0%
PBT	£5,000	-£267,000	Profit to loss
EPS	-0.05p	-0.72p	Loss both

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 03	Final - Dec 04	Comparison
REV	£14,315,000	£18,300,000	+27.8%
PBT	-£2,242,000	-£1,700,000	Loss both
EPS	N/a	-9.70p	N/a

Xpertise Group plc

	Final - Dec 03	Final - Dec 04	Comparison
REV	£10,767,000	£13,170,000	+22.3%
PBT	-£2,140,000	-£668,000	Loss both
EPS	-0.70p	0.16p	Loss both

Holway/SYSTEMHOUSE S/ITS Share Prices and Capitalisation

	SCS Cat.	Share Price 31-May-05	Capitalisation 31-May-05	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 31-May-05	Share price move since 29-Apr-05	Share price % move in 2005	Capitalisation move since 29-Apr-05
AIT Group	CS	£0.29	£15.26m	4.0	0.78	190	-6.5%	-6.5%	-£1.05m
Alphameric	SP	£0.79	£95.15m	-	1.36	362	6.8%	-1.3%	£6.32m
Alterian	SP	£1.06	£42.06m	-	5.39	528	14.1%	2.9%	£5.65m
Anite Group	CS	£0.63	£222.18m	-	1.18	368	5.9%	11.0%	£12.34m
Atlantic Global	SP	£0.34	£7.67m	57.8	3.57	1136	-15.2%	-11.8%	-£1.37m
AttentiV Systems	SP	£0.83	£49.98m	17.2	1.94	1375	7.8%	26.9%	£3.63m
Autonomy Corporation	SP	£2.50	£270.02m	64.9	8.04	76	23.8%	48.6%	£51.62m
Aveva Group	SP	£7.40	£163.01m	54.9	4.28	3700	10.9%	12.3%	£14.01m
Axon Group	CS	£2.01	£106.31m	24.2	1.77	1146	-6.1%	35.5%	-£6.89m
Bond International	SP	£0.95	£23.84m	14.1	3.39	1454	9.9%	15.2%	£2.15m
Brady	SP	£0.73	£20.37m	12.0	8.54	901	-5.8%	-19.3%	-£1.26m
Business Systems	CS	£0.15	£12.63m	12.9	0.56	126	-4.8%	0.0%	-£0.63m
Capita Group	CS	£3.83	£2,543.34m	33.7	2.35	103600	1.9%	4.8%	£46.45m
Charteris	CS	£0.34	£14.62m	23.4	1.20	378	0.0%	-11.7%	£0.00m
Chelford Group	CS	£2.03	£13.44m	54.6	1.13	35304	8.3%	58.6%	£1.03m
Civica	CS	£2.10	£94.81m	-	1.05	1197	-0.5%	-8.3%	-£0.45m
Clarity Commerce	SP	£0.68	£10.76m	23.8	1.70	540	3.1%	0.0%	£0.32m
Clinical Computing	SP	£0.17	£5.36m	-	2.89	137	19.3%	-47.7%	£0.87m
CODASciSys	CS	£3.70	£93.98m	37.4	1.39	2868	-0.7%	9.6%	-£0.63m
Comino	SP	£2.37	£32.94m	27.2	1.34	1823	4.9%	8.0%	£1.53m
Compel Group	CS	£0.91	£30.55m	-	0.48	724	5.8%	-1.1%	£1.69m
Computacenter	R	£2.48	£469.76m	10.3	0.19	369	-4.4%	-14.9%	-£21.83m
Computer Software Group	SP	£0.58	£28.52m	16.8	7.24	489	7.5%	-6.5%	£1.98m
Cornwell Management Consultants	CS	£1.41	£23.36m	-	1.68	1009	-2.1%	5.6%	-£0.50m
Corpora	SP	£0.14	£7.96m	-	15.95	355	-3.6%	-12.9%	£2.51m
DCS Group	CS	£0.13	£3.32m	2.7	0.06	221	6.0%	26.2%	£0.19m
Dealogic	SP	£1.58	£110.20m	26.3	3.58	685	-1.6%	16.7%	-£1.75m
Delcam	SP	£2.53	£15.39m	13.4	0.73	971	1.8%	28.8%	£0.27m
Detica	CS	£7.65	£171.00m	23.8	3.20	1913	1.7%	-1.0%	£2.79m
Dicom Group	R	£8.97	£190.73m	30.7	1.22	2748	-9.2%	9.5%	-£19.36m
Dimension Data	R	£0.33	£439.65m	-	0.34	58	9.2%	-13.8%	£36.92m
DRS Data & Research	SP	£0.32	£11.06m	23.2	0.77	291	-17.4%	-22.0%	-£2.33m
Earthport	SP	£0.01	£3.89m	-	4.21	5	-19.4%	-60.9%	-£0.37m
Easyscreen	SP	£0.17	£16.23m	-	7.36	100	7.9%	13.3%	£1.19m
Eidos	SP	£0.57	£80.41m	-	0.48	2824	-6.6%	-29.4%	-£7.12m
Electronic Data Processing	SP	£0.78	£18.91m	29.7	2.18	2373	2.0%	4.0%	£0.37m
Empire Interactive	SP	£0.07	£4.58m	9.4	0.18	112	-28.0%	-32.5%	-£1.78m
Epic Group	CS	£0.70	£16.54m	16.5	2.27	662	-4.8%	-24.9%	-£0.98m
Eurolink Managed Services	CS	£0.47	£4.89m	39.8	0.66	470	-5.1%	28.8%	-£0.26m
Ffastfill	SP	£0.07	£17.04m	-	6.43	59	5.6%	11.8%	£3.89m
Financial Objects	SP	£0.44	£17.38m	-	1.83	189	-6.5%	-15.5%	£4.44m
Flightstore Group	SP	£0.01	£0.83m	-	3.02	75	6.5%	-56.0%	£0.05m
Flomerics Group	SP	£0.69	£10.24m	17.8	1.00	2654	-1.4%	3.8%	-£0.01m
Focus Solutions Group	SP	£0.29	£7.92m	-	1.47	146	0.0%	-27.8%	£0.00m
GB Group	SP	£0.40	£31.89m	-	2.68	256	15.2%	57.4%	£4.21m
Gladstone	SP	£0.23	£11.26m	23.2	1.31	563	3.4%	-1.1%	£0.38m
Glotel	A	£0.87	£33.28m	25.6	0.37	452	-5.4%	-14.7%	-£1.91m
Gresham Computing	CS	£1.31	£64.80m	-	6.35	1403	-32.6%	-52.7%	-£31.28m
Group NBT	CS	£1.19	£23.06m	18.5	3.01	593	-3.3%	14.5%	-£0.72m
Harrier Group	CS	£0.12	£3.78m	-	0.42	91	-11.3%	-38.2%	-£0.48m
Harvey Nash Group	A	£0.54	£33.54m	97.3	0.21	306	0.9%	-40.9%	£0.31m
Highams Systems Services	A	£0.05	£1.63m	-	0.15	142	-6.8%	-6.8%	-£0.12m
Horizon Technology	CS	£0.72	£50.93m	17.6	181.12	265	7.1%	-7.1%	-£9.37m
I S Solutions	CS	£0.12	£2.98m	-	0.54	447	0.0%	-17.2%	£0.00m
ICM Computer Group	CS	£3.24	£67.43m	21.9	0.87	1797	-2.7%	-21.1%	-£1.88m
IDOX	SP	£0.10	£17.74m	41.3	3.97	12	-13.6%	-14.6%	-£2.80m
In Technology	CS	£1.54	£37.38m	-	0.58	966	1.0%	102.6%	£0.36m
INCAT International	SP	£0.40	£56.45m	-	0.36	1600	-13.0%	-74.0%	-£8.47m
Innovation Group	SP	£0.33	£145.97m	-	2.49	145	-30.7%	-4.3%	-£64.75m
Intelligent Environments	SP	£0.03	£5.19m	-	1.94	36	12.5%	-46.0%	£0.58m
Interactive Digital Solutions	SP	£0.01	£2.44m	-	7.8	490	2.1%	-24.6%	£0.05m
Intercede Group	SP	£0.18	£5.94m	-	3.3	291.7	20.7%	-5.4%	-£1.36m
Invu	SP	£0.27	£24.11m	42.2	7.66	2842	-8.5%	17.4%	£1.15m
IQ-Ludorum	SP	£0.01	£1.00m	-	0.40	17	0.0%	-18.0%	£0.00m
iSOFT Group	SP	£4.01	£913.37m	-	6.12	3645	14.2%	16.2%	£113.90m
iTrain	SP	£0.09	£6.89m	87.5	6.30	103	7.7%	7.7%	£0.49m
K3 Business Technology	SP	£0.73	£9.65m	7.3	1.38	554	-9.9%	-31.0%	-£1.07m
Kewill	SP	£0.65	£51.16m	19.7	2.31	1285	0.8%	13.5%	£0.39m
Knowledge Technology Solutions	SP	£0.04	£6.30m	-	39.39	850	-15.0%	-22.7%	-£1.11m
LogicaCMG	CS	£1.70	£1,276.56m	89.5	0.75	2328	4.1%	-11.8%	£50.69m
Lorien	A	£0.41	£7.64m	5.9	0.06	410	-29.9%	-21.9%	-£3.26m

Holway/SYSTEMHOUSE S/ITS Share Prices and Capitalisation

	SCS Cat.	Share Price 31-May-05	Capitalisation 31-May-05	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 31-May-05	Share price move since 29-Apr-05	Share price % move in 2005	Capitalisation move since 29-Apr-05
Macro 4	SP	£2.76	£59.67m	49.2	1.91	1111	11.3%	51.0%	£6.06m
Manpower SoftWare	SP	£0.23	£10.00m	-	1.94	232	-7.2%	-28.6%	-£0.78m
Maxima Holdings	CS	£1.40	£16.71m	-	1.35	1018	-14.1%	42.9%	-£2.75m
Mediasurface	SP	£0.14	£10.81m	-	2.00	1029	5.7%	86.7%	£0.62m
Microgen	CS	£0.80	£82.07m	-	1.93	342	3.2%	41.6%	£2.56m
Minorplanet Systems	SP	£0.02	£3.61m	-	0.04	46	-40.0%	-47.1%	-£2.40m
Misys	SP	£2.16	£1,102.42m	-	1.09	2690	7.1%	3.3%	£62.70m
Mondas	SP	£0.21	£5.49m	-	1.38	280	31.3%	13.5%	£1.31m
Morse	R	£0.76	£114.01m	-	0.29	302	-1.3%	-21.4%	-£1.51m
MSB International	A	£0.72	£14.66m	27.8	0.22	376	-2.7%	-13.9%	-£0.41m
NCC Group	CS	£2.54	£82.65m		5.40	1518	9.5%	31.7%	£7.17m
Ncipher	SP	£2.20	£60.35m	16.3	4.24	880	4.3%	4.3%	£2.47m
Netcall	SP	£0.20	£12.83m	-	5.32	394	-22.8%	2.6%	-£3.78m
Netstore	CS	£0.44	£44.11m	38.5	3.11	290	4.2%	15.2%	£3.44m
Nexus Management	CS	£0.00	£1.54m	-	1.33	155	-22.7%	-34.6%	-£0.45m
Northgate Information Solutions	CS	£0.70	£370.21m	-	2.71	267	4.1%	7.8%	£14.65m
NSB Retail Systems	SP	£0.26	£92.67m	-	2.04	2217	4.1%	-3.8%	£3.63m
OneclickHR	SP	£0.04	£5.95m	-	1.24	100	23.1%	14.3%	£1.12m
Parity	A	£0.08	£22.37m	-	0.13	1292	3.3%	-21.5%	£0.72m
Patsystems	SP	£0.13	£19.43m	-	1.65	121	-10.3%	6.1%	-£2.24m
Phoenix IT	CS	£2.89	£170.21m	21.3	1.93	1070	8.7%	5.5%	£14.75m
Pilat Media Global	SP	£0.46	£23.26m	17.8	1.93	2300	17.9%	24.3%	£3.55m
Pixology	SP	£1.08	£21.60m	-	8.54	774	-5.3%	-43.6%	-£1.20m
Planit Holdings	SP	£0.23	£21.07m	23.0	1.03	958	-1.1%	-4.2%	-£0.23m
Prologic	CS	£0.90	£8.95m	-	1.19	1078	28.8%	15.5%	£2.00m
PSD Group	A	£2.27	£56.61m	31.0	1.33	1030	-8.5%	-12.9%	-£5.25m
QA	CS	£0.03	£8.95m	-	0.30	14	0.0%	0.0%	£0.00m
Quantica	A	£0.52	£20.93m	15.5	0.80	415	-6.4%	10.8%	-£1.42m
Raft International	SP	£0.09	£6.12m	-	0.84	147	0.0%	8.8%	£0.00m
Red Squared	CS	£0.06	£1.77m	-	1.04	343	-3.8%	-30.6%	-£0.07m
Retail Decisions	SP	£0.28	£81.14m	26.4	2.56	378	-7.4%	-1.8%	-£6.52m
RM	SP	£1.80	£162.81m	-	0.76	5129	-1.6%	3.5%	-£2.72m
Royalblue Group	SP	£5.18	£169.12m	21.7	2.83	3044	-6.3%	16.3%	-£11.44m
Sage Group	SP	£2.16	£2,772.78m	20.1	4.95	83077	10.5%	6.8%	£263.16m
Sanderson Group	SP	£0.63	£25.27m	-	1.64	962	3.3%	2.5%	£0.81m
SDL	CS	£1.21	£68.00m	-	1.08	807	0.4%	-9.7%	£0.28m
ServicePower	SP	£0.26	£19.20m	-	4.67	260	-10.3%	-23.5%	-£2.17m
Sirius Financial	SP	£0.97	£16.76m	68.9	0.82	643	-7.7%	15.6%	-£1.39m
SiRViS IT plc	CS	£0.07	£8.27m	-	2.6	63.0	-1.7%	18.4%	-£0.14m
smartFOCUS plc	SP	£0.12	£9.13m	-	3.2	1337.8	6.5%	37.0%	£0.55m
Sopheon	SP	£0.29	£33.57m	-	7.77	414	23.7%	21.1%	£6.42m
Spring Group	A	£0.88	£138.36m	12.6	0.29	978	-11.1%	-4.3%	-£17.30m
StatPro Group	SP	£0.49	£16.04m	9.2	1.77	606	-9.3%	44.8%	-£1.65m
Stilo International	SP	£0.03	£2.26m	-	1.09	50	-4.8%	-44.4%	-£0.11m
Superscape VR	SP	£0.35	£62.75m	-	57.0	176.8	-6.7%	-41.2%	£16.16m
SurfControl (was JSB)	SP	£5.09	£152.48m	39.8	3.18	2543	-0.3%	-7.5%	-£1.18m
Systems Union	SP	£1.13	£120.79m	28.1	1.16	865	-3.0%	-2.6%	-£3.76m
Tadpole Technology	SP	£0.05	£19.79m	-	4.10	124	-12.8%	-48.8%	-£2.90m
Telecity	CS	£0.17	£46.17m	-	1.96	22	-19.3%	-10.7%	-£10.29m
Tikit Group	CS	£1.64	£20.68m	34.8	1.74	1422	-6.3%	1.9%	-£1.39m
Torex Retail	SP	£1.00	£190.29m	-	19.22	2488	-1.5%	31.4%	£2.61m
Total Systems	SP	£0.55	£5.73m	15.7	1.49	1028.3	5.8%	1.9%	£0.32m
Touchstone Group	SP	£0.95	£10.52m	-	0.74	905	-2.6%	2.2%	-£0.28m
Trace Group	SP	£0.82	£12.38m	16.0	0.80	652	0.0%	1.2%	£0.00m
Triad Group	CS	£0.46	£6.97m	30.3	0.19	341	-3.2%	-20.0%	-£5.13m
Tribal Group	CS	£1.58	£118.66m	-	0.64	955	0.6%	9.4%	£1.34m
Ultima Networks	R	£0.02	£3.58m	12.5	1.76	43	-30.0%	-6.7%	-£1.53m
Ultrasis Group	SP	£0.01	£7.73m	-	8.80	17	11.3%	149.3%	£0.79m
Universe Group	SP	£0.17	£10.11m	-	0.23	733	0.0%	-18.5%	£0.00m
Vega Group	CS	£1.93	£39.18m	27.2	1.10	1578	0.5%	-1.3%	£0.20m
VI group	SP	£0.09	£3.35m	-	0.38	180	0.0%	-36.8%	£0.00m
Vianet	CS	£0.06	£8.11m	-	21.51	50	-12.7%	4.3%	-£1.18m
Wealth Management Software	SP	£0.11	£5.33m	-	0.88	85	-4.3%	-8.3%	-£0.24m
Workplace Systems	SP	£0.14	£20.40m	-	1.91	0	-8.1%	-16.2%	-£1.79m
Xansa	CS	£0.92	£315.45m	8.4	0.75	2359	3.4%	-1.1%	£10.33m
XKO Group	SP	£0.78	£21.35m	-	0.50	517	0.0%	6.9%	£0.00m
XN Checkout Holdings	SP	£2.40	£64.86m	24.7	3.54	2449	10.1%	59.5%	£5.95m
Xpertise Group	CS	£0.01	£5.43m	-	0.41	52	-11.9%	73.3%	-£0.73m

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

ITSAs SUFFER IN A FLAT MONTH

For the Ovum Index of UK software and IT services companies, May was a pretty flat month overall – down 1.1% since the end of April. That's a better performance than AIM, which was down 4.5% but generally worse than the other indices we track (FTSE IT SCS Index up 4.8%, techMARK up 7.2%, FTSE 100 up 3.4%).

Our cover feature this month focuses on the UK IT staffing market – and for a very good reason. We've seen some pretty good growth rates in the FY04 company results out recently. Having said that, the ITSAs registered an average decline in share value of 7.4% during May, with Lorien the worst performer. When the company announced in early May that takeover talks with an interested party had ended, it also issued a profits warning. Subsequently, the Concert Party decided the time was right to swoop. Lorien shares ended the month down 30% to 41p.

31-May-05		
	S/ITS Index	**4937.71**
	FTSE IT (SCS) Index	**488.72**
	techMARK 100	**1159.80**
	FTSE 100	4964.00
	FTSE AIM	957.57
SCSI Index = 1000 on 15th April 1989	FTSE SmallCap	2827.00

Changes in Indices	S/ITS Index	FTSE 100	techMARK 100	FTSE IT SCS Index	FTSE AIM Index	FTSE Small Cap
Month (02/05/05 to 31/05/05)	-1.14%	+3.38%	+7.17%	+4.83%	-4.57%	+0.86%
From 15th Apr 89	+393.77%	+141.72%				
From 1st Jan 90	+436.65%	+110.16%				
From 1st Jan 91	+597.55%	+129.77%				
From 1st Jan 92	+372.57%	+99.11%				
From 1st Jan 93	+209.85%	+74.39%				+103.77%
From 1st Jan 94	+195.75%	+45.21%				+51.28%
From 1st Jan 95	+229.36%	+61.93%				+61.87%
From 1st Jan 96	+118.63%	+34.55%	+46.95%		+0.44%	+45.61%
From 1st Jan 97	+84.42%	+20.53%	+26.80%		-1.90%	+29.49%
From 1st Jan 98	+62.69%	-3.34%	+21.57%	-51.13%	-3.47%	+22.21%
From 1st Jan 99	+25.28%	-15.62%	-20.34%	-66.20%	+19.46%	+36.51%
From 1st Jan 00	-56.95%	-28.37%	-69.31%	-86.86%	-50.45%	-8.74%
From 1st Jan 01	-41.02%	-20.22%	-54.79%	-74.92%	-33.40%	-11.19%
From 1st Jan 02	+2.91%	-4.86%	-21.25%	-42.12%	+6.66%	+9.61%
From 1st Jan 03	+82.02%	+25.98%	+78.77%	+43.65%	+58.83%	+55.28%
From 1st Jan 04	+5.59%	+10.88%	+14.27%	-2.96%	+14.62%	+14.22%
From 1st Jan 05	+0.25%	+3.11%	-3.06%	+0.61%	-4.80%	+2.50%

End May 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 May 05
System Houses	15.8%	-54.9%	-39.3%	9.3%	117.8%	13.5%	3.5%	-1.6%
IT Staff Agencies	-71.6%	-75.3%	-60.6%	-29.0%	6.8%	-30.0%	-11.4%	-7.4%
Resellers	69.6%	-18.3%	8.0%	20.3%	62.6%	-15.1%	-6.5%	-7.2%
Software Products	69.7%	-59.2%	-70.4%	-4.5%	58.1%	-2.5%	0.1%	0.2%
Holway S/ITS Index	25.3%	-57.0%	-41.0%	2.9%	82.0%	5.6%	0.3%	-1.1%

The best performing ITSA was Parity, with a (still small) gain of 3.3% (to 8p). News early in the month that its new chairman (John Hughes) had come onboard no doubt brought some relief to investors. Hughes will make some tough strategic decisions regarding Parity's strategy going forward.

Other 'winners' this month include Prologic, the fashion industry software and services company. It announced that for its year to end March 2005, both profits and cash generation would be "ahead of market expectations". Shares ended the month up 29% at 21p. iSOFT, +14% to 401p, and Sage, +11% to 216p, also performed well. *(Kate Hanaghan)*

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