

System House

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

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SCSI company profit performance at record level

Another year's work completed and the 1700 page 1997 Holway Report has been sent off to the printers and will be available in early June. Orders this year are already 90% higher than last year. Thank you if you have ordered...*an order form enclosed if you haven't!*

We have already summarised some of the main findings in previous editions:

System House Reviews:	
February	<ul style="list-style-type: none"> SCSI share price increases modest in 96 IT services stocks lead, products lag
March	<ul style="list-style-type: none"> UK SCSI market grows 17% in 96 UK has, and is forecast to have, highest growth in Europe
April	<ul style="list-style-type: none"> EDS heads Top Ten UK SCSI suppliers Top Ten grow by 29% in 96
May	<ul style="list-style-type: none"> 38% growth in outsourcing is main reason for strong SCSI growth Top Ten UK outsourcers grow by 54% and dominate market

All our reviews so far have related to the UK market. How did the **2000+ companies** perform in 1996 on the global scene?

Remarkably well!

Firstly, revenues earned *outside* the UK increased by a massive 33% with a 37% growth in continental Europe and 27% in the US and RoW. Very strong overseas revenue growth (some, but by no means all, relating to acquisitions) were recorded at Azlan, Delphi, JBA, Logica, Misys, Persona, Sage and Syntegra amongst many others. After so many years reporting the seemingly one way purchase of UK SCSI companies by foreigners, the last few years has seen us fighting back with a vengeance! Indeed still further European acquisitions were reported this month (see page 7).

This meant that, although UK growth was 17% in 1996, the companies in our database grew by 25%. The difference was accounted for by strong overseas growth and acquisitions.

Secondly, the 28% average growth in PBT was probably the strongest real growth on record. The "record" 44% growth in 1991/92 was really only a recovery from the appalling performances of the preceding two years.

Just for once, quoted companies - with an average 40% increase in PBT and 48% increase in EPS - did better than the rest.

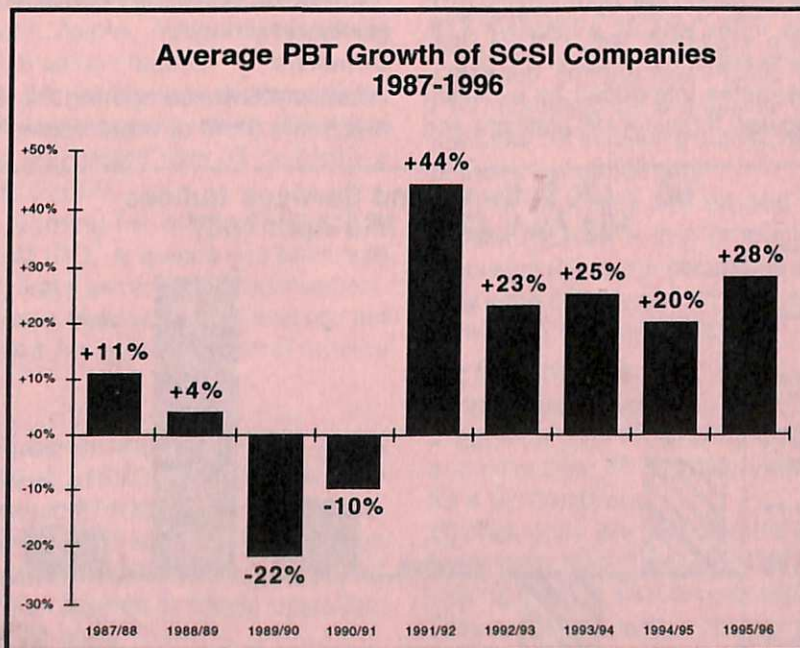
Misys (£50.4m) just topped Sema (£50.0m) in the profits league tables but current analyst forecasts suggest this order will be reversed in 1997 and 1998.

But will the good times last?

One of the most surprising findings of our researches (for us anyway) was that average staff costs (by the way, for the 200,000 staff now in our database) was *just* 5.4%. This, of course, meant that PBT per employee (one of the most useful measures) increased by 10% to £5,060. But evidence suggests that such restraint has now gone out the window, replaced by increases in salary - and IT contractor rates - upwards from 10-20%. These will undoubtedly work through in 1997 and beyond. Mike Tilbrook from MMT Computing (see page 4) has already found difficulty in passing these increases on to his clients.

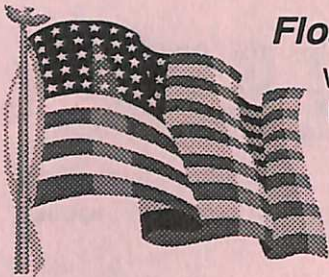
We have already seen the gap between profits and revenue growth closing. At this rate, profits growth could well be less than revenue growth within the next year.

We are more convinced than ever that peak (relative) valuations have been reached. Indeed our "snapshot" of average P/Es - taken on 15th April *every year since 1985* - is at an all time record high of 25. Average P/Es paid in trade sales are, however, catching up



fast. Any stock exchange "hiccup" could stop the continuing new issue bandwagon in its tracks - as has been the case for IPOs on NASDAQ in the last few months. More companies are reverting to the trade sale as their best exit.

But more of new issue and trade sale valuations in the next edition...*or the 1997 Holway Report if you can't wait that long!*



Floating off to the USA

We last visited the ten UK NASDAQers back in the Jan. 97 edition of *System House*. 1996 had seen a flood of high tech. IPOs in the US and the mood was that UK companies should join the party.

Five UK SCSI companies floated in Q4 1996 alone. Our review was highly sceptical. Since then...*not a single new UK NASDAQer*.

Broadview's chairman Charlie Federman reckons that the IPO party is over. *"This IPO cycle can be likened to a long party in which the most attractive companies come early. The recent IPOs are latecomers to the party who are still looking for dates at 4 a.m."*

"High P/E levels of IT stocks will be difficult to maintain...this could easily spin into a cycle of P/E compression".

Many other US analysts agree that IT stocks have been driven up to unsustainable levels. *"Until a few months ago, investing was fantasyland"* said Roger McNamee, general partner at Integral Capital partners. *"We drank the Kool-Aid, we ate the pudding, we saw the comet"*. Source - Techweb - 30th April 1997.

US v UK SCSI performance

We are only really concerned with software and services companies - rather than semiconductors, hardware etc. which makes up most of the NASDAQ computer index. Our UK SCSI Index rose by 12% in the 12 months to mid-April 97. Our IT Services Index was up a massive 47% but software product managed only a modest 8% rise.

In 1996, Broadview Associates introduced an excellent set of indices. The Broadview Index for US software and services companies

increased by a modest 2.2% in the same period. Goldman Sachs also has a set of US High Tech. Indices which break out software (up 18%) from IT services (down 11%). For those interested, the components of these indices are listed on their respective web sites. One of the main reasons for the performance of the US Services Indices is the poor results from EDS (see p10), which has seen its share price crash by 44% in the period).

This had a knock on effect on other major players like **Computer Sciences**.

How have the UK NASDAQers fared?

Since we set up the UK NASDAQers Index, it has risen by 11.4%. But the main reason was the inclusion of **Micro Focus** at its 31st Dec. 95 (low) point. Its share price has since recovered by 180% - *still half the all time high though!* If you exclude Micro Focus, the others *fell* by 7%!

Smallworldwide (up 47%) and **Dr Solomon's** (up 29%) were the best of the rest. We are, however, delighted to see the strong recovery at **ECsoft** which has seen its share price increase by 60% in the last two months.

Insignia (down 84%) was the worst performer with **Planning Sciences** (down 68%) almost as bad.

	IPO date	NASDAQ Symbol	Launch price	Price end Dec 95 or launch	Price end Dec 96	Price end May 97	Change since launch
4Front Group	3-Jan-96	FFST	\$5.75	\$5.75	\$4.13	\$3.75	-34.8%
Planning Sciences	30-Apr-96	PLNSY	\$16.00	\$16.00	\$12.38	\$5.13	-68.0%
ECsoft	1-Dec-96	ECSGY	\$10.00	\$10.00	\$9.00	\$12.88	28.8%
Eidos	13-Dec-96	EIDSY	\$12.13	\$12.13	\$12.38	\$14.13	16.5%
Insignia	14-Nov-95	INSGY	\$12.00	\$11.75	\$4.69	\$1.97	-83.6%
MAID	22-Nov-95	MAIDY	\$15.10	\$14.50	\$13.13	\$13.25	-12.3%
Micro Focus	26-May-92	MIFGY	n/a	\$8.38	\$15.63	\$23.63	182.1%
Dr Solomon's	26-Nov-96	SOLLY	\$17.00	\$17.00	\$16.88	\$21.88	28.7%
Select Tools	1-Oct-96	SLCTY	\$14.00	\$14.00	\$17.38	\$15.38	9.8%
Smallworldwide	13-Nov-96	SWLDY	\$11.00	\$11.00	\$11.88	\$16.13	46.6%

Seeing the light

Udata Capital (one of our fast growing number of US subscribers) actually did a bit of rare research into the IT services market in the US; plenty do software - few cover services. Udata looked at 100 services companies with revenues of \$3b and found they had grown by 25.4% in 1996 with outsourcing as the key contributor to the increase. *Pretty much the same as the UK!*

We are, of course, pleased to get converts from anywhere. *"Companies providing people-based services can expect significant growth"*.

Comment

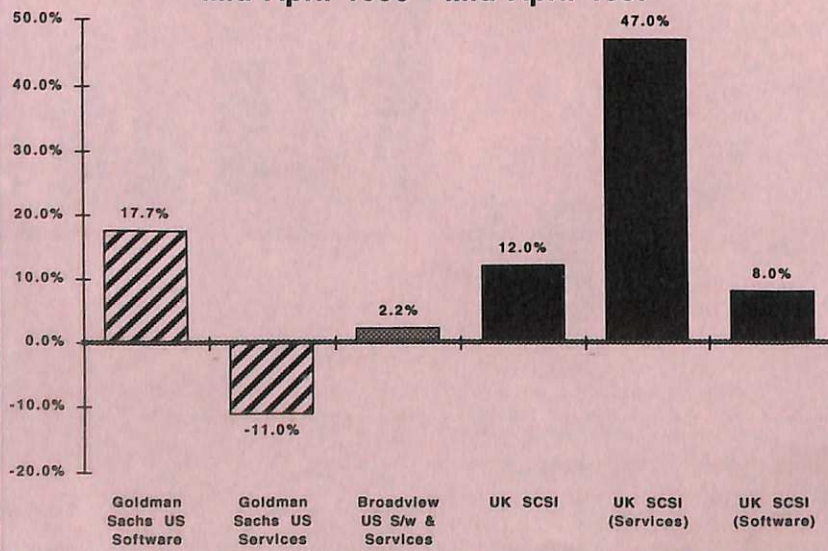
Whether you are comparing the largest - like Cap Gemini and Sema (both of which have PSR's of c1.5) - with the

US "biggies" - like EDS and CSC (both of which have PSRs of nearer 1) or our smaller niche services companies from Admiral to Vega (which have PSRs of 3 or more) you get the same picture. **The UK and Europe values IT services companies at least 50% higher than the US.**

But as the Udata comment above signals, perhaps the mood in the US is changing. Perhaps the Y2K issue

coupled with the end of the honeymoon for products will signal a revaluation of US services stocks. *We certainly see no logic for a compensating reduction in UK valuations!*

**US v UK Software and Services Indices
Mid April 1996 - Mid April 1997**



Results from the UK NASDAQers

ECsoft Group

In December 1996, ECsoft completed an IPO on NASDAQ with the issue of 3m shares at \$10 valuing the company at around \$70m. They have just produced excellent results in Q197 with revenues up 41% at \$15.2m and profits up nearly threefold at £700K. EPS rose 80%. AT LAST, NASDAQ was impressed with these excellent results. From a low of \$8 (a 20% discount to the IPO price), ECsoft was shot up to \$12.88 in the last month.

Their PSR (price to sales ratio) is now about 1... i.e. about half the average value of similar SCSi companies quoted on the London Stock Exchange. At the risk of becoming boring, we say again that service companies are better off with a London quotation rather than NASDAQ.

Footnote: Congratulations to Geoff Tubb who has been elevated to COO.

Select Software

Select - a leading vendor of component based modelling tools - is another UK NASDAQer. They were an IPO in Oct. 96 at \$14. They have announced an excellent set of results for the first quarter to 31st Mar. 97. Revenue was up 146% to a record \$6.2m although part of this was due to the Dec. 96 purchase of LBMS's **System Engineer** product range. Services revenues tripled to \$1.7m of the total. Profits of \$529K compared with a loss of \$120 in Q196.

After these results, the share price has recovered considerably and is now at last above the IPO price.

Insignia

Insignia was one of the very first UK NASDAQers with their IPO at \$12 in Nov. 95. Their key product is SoftWindows which allows Apple Mac and UNIX systems to run MS and Windows applications. As well as the much publicised problems with Apple, Insignia was hit by malpractices within its US sales channel.

This has contributed to \$4.7m loss on revenues down 30% at \$9.2m in Q1. Breakeven was expected. The share price has been savaged and ended May 97 on \$1.97 - a massive 84% discount to the IPO price.

Footnote: Let it be a warning for other UK directors contemplating a NASDAQ IPO. A lawsuit has been filed against Insignia claiming that it seriously misled investors. It probably doesn't stand a chance of succeeding, but does reinforce the need for good personal liability insurance cover!

MAID

MAID obtained a UK quote in Mar. 94 at 110p and a NASDAQ IPO in Sept. 95 at \$15.20. We reported on the full year results (an increased £7m loss) in the April issue. Q1 results show operating losses reduced from £1.89m to £1.21m on revenues up 50% at £6.75m. An "exceptional credit" from the sale of the Internet in hotels operation, however pushed PBT to £2.35m.

What was really interesting was the apparent change of direction. Rather than putting the future emphasis on the dissemination of market research information via their Profound services, they now intend to market their search engine - InfoSort - thus turning MAID in a software products company. Clearly very high risk (given the rate of change in this part of our industry). But we think MAID has more of chance with the new strategy as they faced enormous competition as a service provider.



Planning Sciences (now Gentia)

Planning Sciences was founded in 1983 and supplies business planning and decision-making software under the Gentia brand name. Their NASDAQ IPO at \$16 in April 96 valued Planning Sciences at \$135m. Unfortunately, it has been a one way slide in the year since. Results for 1996 were pretty good with revenues up 59% at \$26m and PBT up 160%. "A highly

satisfactory year...we look forward to further significant growth in 1997" said Chairman Paul Rolph. In contrast, although Q1 revenues increased by 35% to \$7m, PBT slumped from \$518K to \$88K. Indeed, an operating loss of \$215K was recorded. "Several large projects in the UK have not been closed".

We have now become an aficionado of press releases. Planning Sciences makes great play of "license growth of 150% in the US". Great...except that licence revenues grew by just 19% in Q1 compared with a 61% increase in services revenues - which now represent nearly 45% of total revenues. *Why are they so ashamed of this achievement?*

Now Planning Sciences is to change its name to **Gentia Software**...its main product. Planning Sciences is currently showing a 68% discount to its IPO price. We offer them some advice for free...*stress your services strengths rather than your products.*

Smallworldwide

Smallworldwide plc develops "client server software for the spatial design of complex physical networks". They were an IPO in late 1996 at \$11m...which put a \$77m valuation on the company.

Latest results for (Q3) to 31st Mar. 97 show revenues up 45% at \$11.6m.."*business was particularly strong in Germany and the Asia Pacific region*".

PBT increased by a massive 176% to \$1129K. It was therefore not surprising that Smallworldwide has been one of the better performers.

65% of revenues are earned from licences...making Smallworldwide a true products company! So its not surprising (given our comments elsewhere) that, although they were launched at \$11, Smallworldwide shares were up 47% by the end of May 97.

Dr Solomon's

Dr Solomon's antivirus toolkit is now installed on a staggering 3m+ PCs. They employ 300 staff worldwide and have over 40 offices/partners. Of course, therefore, it's a US company...

Wrong...they are headquartered in Aylesbury UK. Dr Solomon's went for a NASDAQ IPO in Nov. 96 at \$17 valuing them at \$310m and raising \$68m of new money. They have done really well since with shares up 29% since the IPO.

Latest results for Q3 (to 28th Feb. 97) were really superb. Revenues were up 64% at £9.66m and PBT was up 122% at £2.95m. (**By the way**, we give Dr Solomon's full marks for still reporting in £ sterling - everyone else reports only in \$).

"*We continue to win market share in the US and German markets with bookings growth in local currency of 175% and 136%*".

Lynx Holdings continues to prosper - and buys again

Lynx's revenues grew 41% to £53.9m with PBT up 79% to £3.7m in the six months to 31st Mar. 97. EPS advanced 23%. "Investments in... existing products and services and in carefully selected acquisitions provide Lynx with significant growth opportunities" said Chairman Roger Pinnington.

The newly merged (Dec. 96) value-added distribution business known as Sphinx CST now has annualised revenue of over £45m. But the full benefits of the merger will not be felt until the next financial year. Quadra Computer Systems (acquired Oct. 96 for £2.66m plus profit related £665K) - part of Financial Systems Division, "put in an excellent performance". The Automotive Division had mixed results with Spain putting in a strong performance but the UK "has not met our expectations". "It remains the Board's intention to increase the European presence in this sector (Automotive)... either organically or by acquisition". The Comms Division "performed well".

Lynx also announced the acquisition of **Apex Computer Group** for £10.2m (half shares, half cash). Apex provides manufacturing and financial systems to "medium sized companies" and is a SAP reseller. Apex had revenues of £9.5m and PBT of £600K in 1996.

Lynx's shares ended May on 112p, up 3% in the month.

Internet issues

Easynet Group - our doubts remain

Internet access provider **Easynet** is raising £2.5m through an institutional placing of 4.2m new shares at 60p to acquire **Technocom plc** for £1.5m cash, £165K shares and £380K deferred. Technocom is involved much more in the corporate internet market but our long held doubts about ISPs continue to increase daily. The shares ended May on 69p a discount of 31% to the AIM issue price of 100p in Feb. 96.

Demon

Demon Internet is the largest independent ISP in the UK. Demon is "on course to lose about £3m in the year to 30th April" (Source - Financial Times 29th Apr. 97) and is currently looking for an investor with Deutsche Telecomm tipped.

Argo Interactive - shares on the Internet

Argo Interactive, an Internet service provide - has become the second European company to offer shares on the Internet (the first was **Euroseek AB**). Argo are one of the few start-ups to have tied their future to that of the Network Computer. They have an agreement with "a large undisclosed UK electronics firm" who will be releasing a Network Computer before the summer.

Argo are offering 1m shares on the Internet at 60p per share to raise £600K. This is similar to the May 1996 offer when Argo raised £300K. If this method catches on with the public, commissions in the City will be badly hit!

Argo expect to float either on AIM or OFEX within about a year.

DCC - helped by SCSI revenues

DCC is a Dublin-based industrial holding company which has recently announced a good overall performance in the year to 31st Mar. 97. They have four main activities - computers and healthcare in international markets and food and energy in Ireland and the UK. Of total revenues of £628m, a strong performance in the computer services division saw revenue rise by 32% to c£200m.

MMT Computing - hit by costs

Our last two "rave" reviews of **MMT** were headed by such comments as "MMT rockets" and "MMT booming". We were therefore as surprised as anyone with the warning from Chairman Mike Tillbrook that training costs will hurt profits in H2. Utilisation rates were lower than expected and "some clients, particularly in the retail sector, resist rate rise increases broadly in line with necessary staff pay rises". We have warned, for some time, that those on "service level agreements" were going to suffer with 20%+ pay rises to retain staff.

The actual results for the six months to 28th Feb. 97 show revenue up 30% at £10.7m with PBT and EPS almost static at £2.4m/13.3p respectively. "Unfortunately the contribution from our wholly owned South East branch was significantly reduced but first time contributions from **Cortex** and **Webbins** were in line with expectations".

The market did not like this bad news. **MMT** ended May on 513p, a fall of 12% on the month.

On Demand Information - profits next time?

On Demand - the ultimate "froth stock" in our opinion - was floated on the USM in Nov. 93 at 100p and, at one time, reached an amazing high of 224p (a startling £122m valuation). They are a provider of electronic on-line publishing services. **On Demand** has announced continued losses in its interim results to 31st Jan. 97. On revenue down slightly at £5.6m, operating losses doubled to £2.2m and the loss before tax increased from £1.28m to £2.29m. These results included exceptional £236K "rationalisation" (redundancy?) costs. Overall staff numbers have now been reduced from 228 to 182.

But all is not gloom. Chairman Graham Poulter is optimistic. "Strategic developments, significant reduction in costs and increasing on-line publishing activity are expected to have a positive impact on future results. The company expects to be able to report a profit for the financial year". Certainly trading agreements with the likes of Dun & Bradstreet et al, all signed since last October, will help.

On Demand has announced the cessation of the exclusive marketing agreement with BT (who paid **On Demand** £1.15m for said agreement). BT evidently did not reach budgets and sales forecast. "Direct marketing has commenced with encouraging results". However we have heard these words before. In May 96 at the time of the BT announcement, the company had a rights issue at 180p when Poulter said **On Demand** "would be back in profit by the end of 1996". So we will just wait and see.

The shares ended May on 12p, a fall on 65% in the month - way below the issue and more recent rights issue price.

Booming outsourcing

IBM - biggest UK outsourcing contract

IBM Global Services has made up for its disappointment in not obtaining the British Steel contract with the announcement that Asda has awarded them a £200m/7 year outsourcing deal. But **IBM** has also inherited Asda's Y2K problem. About 95% of Asda's IT staff (c200) will transfer to **IBM**. A few days later **IBM** announced a £30m/5 year outsourcing deal with Pearl Assurance.

FI Group extends order book

FI announced that it had signed/extended three major AM contracts with Whitbread, Dept. of Education (DofEE) and Tesco. At the 30th April 97, the order bank was £110m - up over £30m in six months.

Quoted Companies - Results Service

Note: Shaded = Results announced this month.

Admiral plc				Druid Group plc					
	Final - Dec 95	Final - Dec 96	Comparison		Interim - Dec 95	Final - Jun 96	Interim - Dec 96	Comparison	
REV	£ 65,460,000	£ 90,819,000	+38.7%	REV	£ 4,562,000	£ 12,013,000	£ 9,384,000	+105.7%	
PBT	£ 9,832,000	£ 11,243,000	+14.4%	PBT	£ 867,000	£ 3,011,000	£ 1,800,000	+107.6%	
EPS	10.72p	11.60p	+8.2%	EPS	2.03p	6.69p	4.51p	+122.2%	
AFA Systems plc				Eidos plc					
	Final - Dec 95 (5 mos)	Final - Dec 96	Comparison		Final - Dec 94	Final - Mar 96	Final - Dec 96	Comparison	
REV	£ 0	£ 364,000	n/a	REV	£ 254,225	£ 3,706,000	£ 3,706,000	n/a	
PBT	-£ 121,000	-£ 913,000	Loss both	PBT	-£ 107,623	-£ 1,949,000	-£ 1,949,000	Loss both	
EPS	-1.62p	-10.50p	Loss both	EPS	-4.16p	-44.60p	-44.60p	Loss both	
Anite Group plc				Electronic Data Processing plc					
	In term - Oct 95	Final - Apr 96	Interim - Oct 96	Comparison		Final - Sep 95	Final - Sep 96	Comparison	
REV	£ 128,957,000	£ 262,838,000	£ 103,533,000	-19.7%	REV	£ 12,605,000	£ 14,267,000	+13.2%	
PBT	-£ 14,594,000	-£ 19,378,000	-£ 63,454,000	Loss both	PBT	£ 3,083,000	£ 2,519,000	-18.3%	
EPS	-6.30p	-8.40p	-27.40p	Loss both	EPS	7.53p	6.64p	-11.8%	
Azlan Group plc				F.I. Group plc					
	Interim - Sep 95	Final - Mar 96	Interim - Sep 96	Comparison		Interim - Oct 95	Final - Apr 96	Interim - Oct 96	Comparison
REV	£ 72,716,000	£ 196,459,000	£ 126,464,000	+73.9%	REV	£ 37,420,000	£ 78,824,000	£ 46,254,000	+23.6%
PBT	£ 4,445,000	£ 10,507,000	£ 6,034,000	+35.7%	PBT	£ 2,089,000	£ 3,763,000	£ 2,805,000	+34.3%
EPS	13.60p	30.30p	15.00p	+10.3%	EPS	4.90p	7.70p	6.00p	+22.4%
Cadcentre Group plc				Flomerics Group plc					
	Final - Mar 95	Final - Mar 96	Final - Mar 96	Comparison		Final - Dec 95	Final - Dec 96	Comparison	
REV	£ 11,941,000	£ 14,196,000	£ 14,196,000	+18.9%	REV	£ 4,147,187	£ 5,332,409	+28.6%	
PBT	£ 556,000	£ 1,669,000	£ 1,669,000	+200.2%	PBT	£ 415,565	£ 477,885	+15.0%	
EPS	n/a	n/a	n/a	n/a	EPS	11.00p	12.30p	+11.8%	
Capita Group plc				Gresham Computing plc					
	Final - Dec 95	Final - Dec 96	Final - Dec 96	Comparison		Final - Oct 95	Final - Oct 96	Comparison	
REV	£ 86,994,000	£ 111,869,000	£ 111,869,000	+28.6%	REV	£ 7,895,000	£ 9,271,000	+17.4%	
PBT	£ 9,420,000	£ 12,292,000	£ 12,292,000	+30.5%	PBT	£ 1,281,000	£ 1,682,000	+31.3%	
EPS	11.80p	14.30p	14.30p	+21.2%	EPS	2.36p	3.15p	+33.5%	
Cedardata plc				Harvey Nash Group plc					
	Interim - Sep 95	Final - Mar 96	Interim - Sep 96	Comparison		Final - Dec 95	Final - Dec 96	Comparison	
REV	£ 5,333,000	£ 12,071,000	£ 5,661,000	+6.2%	REV	£ 23,299,000	£ 36,321,000	+55.9%	
PBT	£ 1,995,000	£ 4,384,000	£ 1,935,000	-3.0%	PBT	£ 1,056,000	£ 797,000	-24.5%	
EPS	4.20p	9.50p	4.10p	-2.4%	EPS	2.60p	1.80p	-30.8%	
CFS Group plc				Highams Systems Services Group plc					
	Final - Dec 95	Final - Dec 96	Final - Dec 96	Comparison		Interim - Sep 95	Final - Mar 96	Interim - Sep 96	Comparison
REV	£ 2,986,520	£ 4,569,000	£ 4,569,000	+53.0%	REV	n/a	£ 13,227,496	£ 7,359,000	n/a
PBT	£ 384,675	£ 552,000	£ 552,000	+43.5%	PBT	n/a	£ 899,067	£ 388,000	n/a
EPS	4.77p	6.44p	6.44p	+35.0%	EPS	n/a	7.20p	3.30p	n/a
Chemical Design Holdings plc				INSTEM plc					
	Final (PF) - Dec 95	Final - Dec 96	Final - Dec 96	Comparison		Final - Dec 95	Final - Dec 96	Comparison	
REV	£ 1,811,407	£ 2,546,000	£ 2,546,000	+40.6%	REV	£ 21,324,000	£ 22,947,000	+7.6%	
PBT	£ 160,000	£ 515,000	£ 515,000	+221.9%	PBT	£ 1,244,000	£ 1,321,000	+6.2%	
EPS	2.64p	6.77p	6.77p	+156.4%	EPS	18.10p	18.80p	+3.9%	
Clinical Computing plc				Intelligent Environments Group plc					
	Final - Dec 95	Final - Dec 96	Final - Dec 96	Comparison		Final - Dec 95	Final - Dec 96	Comparison	
REV	£ 2,187,131	£ 1,979,690	£ 1,979,690	-9.5%	REV	£ 4,050,926	£ 3,475,554	-14.2%	
PBT	-£ 714,879	-£ 2,079,530	-£ 2,079,530	Loss both	PBT	£ 202,000	-£ 1,379,256	Profit to loss	
EPS	-4.40p	-12.30p	-12.30p	Loss both	EPS	1.10p	-7.10p	Profit to loss	
CMG plc				JBA Holdings plc					
	Final - Dec 95	Final - Dec 96	Final - Dec 96	Comparison		Final - Dec 95	Final - Dec 96	Comparison	
REV	£ 196,484,000	£ 245,159,000	£ 245,159,000	+24.8%	REV	£ 123,221,000	£ 161,810,000	+31.3%	
PBT	£ 18,460,000	£ 27,522,000	£ 27,522,000	+49.1%	PBT	£ 7,242,000	£ 11,259,000	+55.5%	
EPS	18.20p	27.40p	27.40p	+50.5%	EPS	13.14p	18.26p	+39.0%	
Coda Group plc				Kalamazoo Computer Group plc					
	Final - Oct 95	Final - Oct 96	Final - Oct 96	Comparison		Interim - Sep 95	Final - Mar 96	Interim - Sep 96	Comparison
REV	£ 32,791,000	£ 33,889,000	£ 33,889,000	+3.3%	REV	£ 32,358,000	£ 66,665,000	£ 35,218,000	+8.8%
PBT	£ 1,030,000	-£ 4,899,000	-£ 4,899,000	Profit to loss	PBT	£ 2,012,000	£ 5,882,000	£ 2,340,000	+16.3%
EPS	2.50p	-18.80p	-18.80p	Profit to loss	EPS	3.66p	10.20p	3.72p	+1.6%
Comino plc				Kewill Systems plc					
	Final - Mar 96	Final - Jan 97	Final - Jan 97	Comparison		Interim - Sep 95	Final - Mar 96	Interim - Sep 96	Comparison
REV	£ 4,796,000	£ 6,071,000	£ 6,071,000	not comparable	REV	£ 16,567,000	£ 35,242,000	£ 19,830,000	+19.7%
PBT	£ 871,000	£ 1,033,000	£ 1,033,000	not comparable	PBT	£ 2,613,000	£ 6,061,000	£ 3,243,000	+24.1%
EPS	n/a	n/a	n/a	n/a	EPS	14.60p	33.70p	17.50p	+19.9%
Compel Group plc				Logica plc					
	Interim - Dec 95	Final - Jun 96	Interim - Dec 96	Comparison		Interim - Dec 95	Final - Jun 96	Interim - Dec 96	Comparison
REV	£ 40,421,000	£ 85,620,000	£ 39,542,000	-2.2%	REV	£ 128,919,000	£ 284,810,000	£ 147,861,000	+14.7%
PBT	£ 1,441,000	£ 3,235,000	£ 1,696,000	+17.7%	PBT	£ 9,035,000	£ 24,710,000	£ 10,632,000	+17.7%
EPS	6.06p	13.60p	7.09p	+17.0%	EPS	9.80p	27.10p	11.70p	+19.4%
CRT Group plc				London Bridge Software Holdings plc					
	Interim - Oct 95	Final - Apr 96	Interim - Oct 96	Comparison		Final - Dec 95	Final - Dec 96	Comparison	
REV	£ 48,079,000	£ 103,282,000	£ 55,497,000	+15.4%	REV	£ 2,736,820	£ 6,306,376	+130.4%	
PBT	£ 1,748,000	£ 6,515,000	£ 3,367,000	+92.6%	PBT	£ 805,586	£ 2,499,071	+210.2%	
EPS	1.71p	5.70p	2.40p	+40.4%	EPS	2.82p	8.26p	+192.9%	
DCS Group plc				Lorien plc					
	Interim - Dec 95	Final - Jun 96	Final (6 mos) - Dec 96	Comparison		Final - Nov 95	Final - Nov 96	Comparison	
REV	£ 14,335,000	£ 30,482,000	£ 19,095,000	+33.2%	REV	£ 29,709,000	£ 45,706,000	+57.0%	
PBT	£ 1,204,000	£ 2,366,000	£ 1,870,000	+55.3%	PBT	£ 971,000	£ 1,481,000	+52.5%	
EPS	4.27p	8.31p	6.21p	+45.4%	EPS	12.10p	11.80p	-2.5%	
DRS Data & Research Services plc				Lynx Holdings plc					
	Final - Dec 95	Final - Dec 96	Final - Dec 96	Comparison		Interim - Mar 96	Final - Sep 96	Interim - Mar 97	Comparison
REV	£ 6,488,000	£ 4,822,000	£ 4,822,000	-25.4%	REV	£ 38,133,000	£ 87,644,000	£ 59,915,000	+41.4%
PBT	£ 594,000	-£ 1,734,000	-£ 1,734,000	Profit to loss	PBT	£ 2,069,000	£ 6,953,000	£ 3,710,000	+79.3%
EPS	1.33p	-3.43p	-3.43p	Profit to loss	EPS	1.73p	5.36p	2.58p	+49.1%
Delphi Group plc				M.A.I.D. plc					
	Final - Dec 95	Final - Dec 96	Final - Dec 96	Comparison		Final - Dec 95	Final - Dec 96	Comparison	
REV	£ 175,008,000	£ 210,635,000	£ 210,635,000	+20.4%	REV	£ 13,842,000	£ 21,443,000	+57.2%	
PBT	£ 9,015,000	£ 12,302,000	£ 12,302,000	+36.5%	PBT	-£ 4,045,000	£ 7,034,000	Both loss	
EPS	25.42p	33.05p	33.05p	+30.0%	EPS	-4.42p	-7.82p	Both loss	
Diagonal plc				MMT Computing plc					
	Final - 26 Nov 95	Final - 24 Nov 96	Final - 24 Nov 96	Comparison		Interim - Feb 96	Final - Aug 96	Interim - Feb 97	Comparison
REV	£ 19,171,796	£ 28,326,000	£ 28,326,000	+47.7%	REV	£ 8,255,000	£ 16,861,201	£ 10,703,000	+29.7%
PBT	£ 1,140,275	£ 2,007,000	£ 2,007,000	+76.0%	PBT	£ 2,372,000	£ 4,531,686	£ 2,424,000	+2.2%
EPS	3.50p	7.10p	7.10p	+102.9%	EPS	13.00p	24.60p	13.30p	+2.3%
Division Group plc				M-R Group plc					
	Final - Oct 95	Final - Oct 96	Final - Oct 96	Comparison		Interim - Dec 95	Final - Jun 96	Interim - Dec 96	Comparison
REV	£ 4,830,000	£ 4,900,000	£ 4,900,000	+1.4%	REV	£ 18,560,000	£ 38,361,000	£ 18,509,000	-0.3%
PBT	-£ 3,893,000	-£ 1,678,000	-£ 1,678,000	Loss both	PBT	£ 2,174,000	£ 4,810,000	£ 2,354,000	+8.3%
EPS	-9.20p	-3.80p	-3.80p	Loss both	EPS	2.60p	5.70p	2.90p	+11.5%

Quoted Companies - Results Service

Note: Shaded = Results announced this month.

McDonnell Information Systems Group plc					Rebus Group plc				
REV	Interim - Jun 95	Final - Dec 95	Interim - Jun 96	Comparison	REV	Interim - Sep 95	Final - Mar 96	Interim - Sep 96	Comparison
REV	£ 79,145,000	£ 146,805,000	£ 60,540,000	+23.5%	REV	£ 28,293,000	£ 60,040,000	£ 30,255,000	+5.4%
PBT	£ 1,673,000	£ 39,420,000	£ 9,213,000	Loss both	PBT	£ 356,000	£ 1,969,000	£ 2,313,000	Loss to profit
EPS	-2.30p	-37.02p	-9.39p	Loss both	EPS	-0.32p	0.33p	1.72p	Loss to profit
Macro 4 plc					Recognition Systems Group plc				
REV	Interim - Dec 95	Final - Jun 96	Interim - Dec 96	Comparison	REV	Interim - Mar 96	Final - Sep 96	Interim - Mar 97	Comparison
REV	£ 12,835,000	£ 25,317,000	£ 11,747,000	-7.0%	REV	£ 245,000	£ 32,400	£ 326,000	+33.1%
PBT	£ 5,956,000	£ 12,147,000	£ 5,135,000	-13.8%	PBT	£ 292,000	£ 1,266,000	£ 1,128,000	Loss both
EPS	17.90p	37.50p	16.50p	-7.8%	EPS	-1.40p	-5.50p	-4.20p	Loss both
Micro Focus plc					Riva Group plc				
REV	Final - Jan 96	Final - Jan 97	Comparison	REV	Final - Dec 95	Final - Dec 96	Comparison		
REV	£ 77,258,000	£ 73,089,000	-5.4%	REV	£ 73,022,000	£ 64,438,000	-11.8%		
PBT	£ 6,542,000	£ 5,809,000	Loss both	PBT	£ 182,000	£ 518,000	+184.6%		
EPS	-43.60p	-48.00p	Loss both	EPS	0.10p	0.90p	+800.0%		
Microgen Holdings plc					Roife & Nolan plc				
REV	Final - Oct 95	Final - Oct 96	Comparison	REV	Final - Feb 96	Final - Feb 97	Comparison		
REV	£ 69,029,000	£ 73,391,000	+6.3%	REV	£ 17,128,000	£ 20,299,000	+18.5%		
PBT	£ 8,383,000	£ 8,783,000	+4.8%	PBT	£ 2,517,000	£ 2,758,000	+9.6%		
EPS	14.80p	15.10p	+2.0%	EPS	12.33p	14.50p	+17.6%		
Microvitec plc					Romtec plc				
REV	Final - Dec 95	Final - Dec 96	Comparison	REV	Final - Jan 96	Final - Jan 97	Comparison		
REV	£ 55,050,000	£ 65,176,000	+18.4%	REV	£ 3,731,187	£ 4,734,677	+26.9%		
PBT	£ 3,411,000	£ 461,000	-86.5%	PBT	£ 257,430	£ 326,125	+26.7%		
EPS	3.14p	0.21p	-93.3%	EPS	3.60p	4.30p	+19.4%		
Misys plc					Sage Group plc				
REV	Interim - Nov 95	Final - May 96	Interim - Nov 96	Comparison	REV	Interim - Mar 96	Final - Sep 96	Interim - Mar 97	Comparison
REV	£ 129,528,000	£ 279,867,000	£ 142,809,000	+10.3%	REV	£ 71,836,000	£ 136,236,000	£ 73,554,000	+2.4%
PBT	£ 19,216,000	£ 50,437,000	£ 23,665,000	+23.2%	PBT	£ 16,116,000	£ 30,053,000	£ 19,286,000	+19.7%
EPS	16.90p	44.00p	20.30p	+20.1%	EPS	9.92p	18.50p	12.03p	+21.3%
Mondas plc					Sanderson Electronics plc				
REV	Final - Apr 95	Final - Apr 96	Comparison	REV	Interim - Mar 96	Final - Sep 96	Interim - Mar 97	Comparison	
REV	£ 133,300	£ 134,176	+0.7%	REV	£ 30,583,000	£ 61,385,000	£ 33,408,000	+9.2%	
PBT	£ 232,066	£ 167,966	Loss both	PBT	£ 3,317,000	£ 6,201,000	£ 3,504,000	+5.6%	
EPS	n/a	n/a	n/a	EPS	5.30p	10.10p	5.90p	+11.3%	
Moorepay Group plc					Sema Group plc				
REV	Final - Dec 95	Final - Dec 96	Comparison	REV	Final - Dec 95	Final - Dec 96	Comparison		
REV	£ 4,832,538	£ 5,118,415	+10.5%	REV	£ 677,726,000	£ 926,965,000	+36.8%		
PBT	£ 1,142,110	£ 1,327,894	+16.3%	PBT	£ 38,927,000	£ 50,019,000	+35.5%		
EPS	10.22p	11.56p	+13.1%	EPS	24.25p	30.94p	+27.6%		
MSB International plc					Sherwood International plc				
REV	Final - Jan 96	Final - Jan 97	Comparison	REV	Final - Dec 95	Final - Dec 96	Comparison		
REV	£ 38,555,000	£ 69,755,000	+80.9%	REV	£ 28,246,000	£ 24,628,000	-6.2%		
PBT	£ 3,420,000	£ 5,431,000	+58.1%	PBT	£ 6,850,000	£ 2,065,000	-69.9%		
EPS	12.00p	17.60p	+45.8%	EPS	66.20p	18.80p	-71.6%		
OmniMedia plc					Skillsgroup plc				
REV	Interim - Jun 95	Final - Dec 95	Interim - Jun 96	Comparison	REV	Final - Nov 95	Final - Nov 96	Comparison	
REV	£ 199,962	£ 275,275	£ 250,684	+25.4%	REV	£ 347,990,000	£ 344,337,000	+0.7%	
PBT	£ 279,137	£ 1,023,344	£ 670,769	Loss both	PBT	£ 12,574,000	£ 14,277,000	+13.5%	
EPS	-1.76p	-6.06p	-3.16p	Loss both	EPS	11.00p	12.70p	+15.5%	
On Demand Information plc					Spargo Consulting plc				
REV	Interim - Jan 96	Final - Jul 96	Interim - Jan 97	Comparison	REV	Final - Dec 95	Final - Dec 96	Comparison	
REV	£ 5,677,000	£ 11,429,000	£ 5,601,000	+1.3%	REV	£ 7,379,000	£ 7,853,000	+6.4%	
PBT	£ 1,284,000	£ 2,900,000	£ 2,291,000	Loss both	PBT	£ 902,000	£ 1,204,000	+33.5%	
EPS	-2.50p	-5.60p	-4.20p	Loss both	EPS	4.43p	6.17p	+39.3%	
Oxford Molecular plc					Staffware plc				
REV	Final - Dec 95	Final - Dec 96	Comparison	REV	Final - Dec 95	Final - Dec 96	Comparison		
REV	£ 6,179,000	£ 9,789,000	+58.4%	REV	£ 4,267,360	£ 10,009,325	+134.6%		
PBT	£ 3,693,000	£ 1,849,000	Loss both	PBT	£ 535,213	£ 873,879	+63.3%		
EPS	-7.20p	-3.30p	Loss both	EPS	3.90p	5.60p	+43.6%		
Parity plc					Superscape VR plc				
REV	Final - Dec 95	Final - Dec 96	Comparison	REV	Interim - Jan 96	Final - Jul 96	Interim - Jan 97	Comparison	
REV	£ 127,711,000	£ 162,091,000	+26.9%	REV	£ 1,589,000	£ 3,888,000	£ 1,901,000	+19.6%	
PBT	£ 6,540,000	£ 10,060,000	+53.8%	PBT	£ 897,000	£ 2,873,000	£ 3,128,000	Loss both	
EPS	10.34p	15.81p	+52.9%	EPS	-13.10p	-37.90p	-37.40p	Loss both	
Pegasus Group plc					Systems Integrated Research plc				
REV	Final - Dec 95	Final - Dec 96	Comparison	REV	Interim - Nov 95	Final - May 96	Interim - Nov 96	Comparison	
REV	£ 6,426,000	£ 7,914,000	+23.2%	REV	n/a	£ 1,246,000	£ 507,000	n/a	
PBT	£ 893,000	£ 1,160,000	+29.9%	PBT	n/a	£ 642,000	£ 1,194,000	n/a	
EPS	10.30p	15.40p	+49.5%	EPS	n/a	-5.80p	-9.10p	n/a	
Persona plc					Total Systems plc				
REV	Final - Dec 95	Final - Dec 96	Comparison	REV	Interim - Sep 95	Final - Mar 96	Interim - Sep 96	Comparison	
REV	£ 53,375,000	£ 146,875,000	+175.2%	REV	£ 1,273,331	£ 2,892,802	£ 1,477,822	+16.1%	
PBT	£ 2,832,000	£ 6,009,000	+112.2%	PBT	£ 54,488	£ 222,329	£ 185,587	Loss to profit	
EPS	14.41p	17.20p	+19.4%	EPS	-0.44p	1.60p	1.33p	Loss to profit	
PhoneLink plc					Trace Computers plc				
REV	Interim - Sep 95	Final - Mar 96	Interim - Sep 96	Comparison	REV	Interim - Nov 95	Final - May 96	Interim - Nov 96	Comparison
REV	£ 2,103,000	£ 4,356,000	£ 2,155,000	+2.5%	REV	£ 10,269,000	£ 20,534,553	£ 9,737,000	-5.2%
PBT	£ 2,712,000	£ 6,711,000	£ 3,152,000	Loss both	PBT	£ 50,000	£ 5,135,296	£ 145,000	Loss to profit
EPS	-7.30p	-17.30p	-6.70p	Loss both	EPS	-0.35p	-35.88p	1.03p	Loss to profit
Proteus International plc					Triad Group plc				
REV	Interim - Sep 95	Final - Mar 96	Interim - Sep 96	Comparison	REV	Final - Mar 96	Final - Mar 97	Comparison	
REV	£ 30,000	£ 1,063,000	£ 413,000	+1276.7%	REV	£ 11,880,000	£ 18,827,000	+61.2%	
PBT	£ 3,618,000	£ 5,395,000	£ 1,820,000	Loss both	PBT	£ 2,131,000	£ 2,656,000	+24.6%	
EPS	-9.75p	-14.53p	-3.67p	Loss both	EPS	7.09p	7.25p	+2.3%	
Quality Software Products Holdings plc					Vega Group plc				
REV	Final - Dec 95	Final - Dec 96	Comparison	REV	Interim - Oct 95	Final - Apr 96	Interim - Oct 96	Comparison	
REV	£ 21,385,842	£ 25,360,189	+18.6%	REV	£ 7,260,000	£ 16,032,000	£ 8,828,000	+21.6%	
PBT	£ 502,697	£ 28,480	-94.3%	PBT	£ 1,271,000	£ 3,452,000	£ 1,405,000	+10.5%	
EPS	5.20p	0.20p	-96.2%	EPS	5.90p	16.16p	6.35p	+7.6%	
RM plc					Wakebourne plc (in receivership)				
REV	Interim - Mar 96	Final - Sep 96	Interim - Mar 97	Comparison	REV	Interim - Jun 95	Final - Dec 95	Interim - Jun 96	Comparison
REV	£ 45,182,000	£ 99,032,000	£ 48,965,000	+8.4%	REV	£ 18,848,000	£ 36,714,000	£ 16,145,000	-14.3%
PBT	£ 1,322,000	£ 6,806,000	£ 1,683,000	+27.3%	PBT	£ 356,000	£ 3,384,000	£ 212,000	Loss to profit
EPS	5.00p	25.80p	6.30p	+26.0%	EPS	-1.10p	-12.20p	0.60p	Loss to profit
Radius plc					Xavier Computer Group plc				
REV	Final - Dec 95	Final - Dec 96	Comparison	REV	Period - Mar 96	Final - Dec 95	Interim - Sep 96	Comparison	
REV	£ 26,052,000	£ 27,267,000	+4.7%	REV	£ 457,000	£ 1,201,884	£ 3,740,000	n/a	
PBT	£ 1,809,000	£ 1,591,000	-12.1%	PBT	£ 86,000	£ 70,472	£ 260,000	n/a	
EPS	4.37p	4.05p	-7.3%	EPS	-0.26p	n/a	0.33p	n/a	
Rage Software plc					Zergo Holdings plc				
REV	Interim - Dec 95	Final - Jun 96	Interim - Dec 96	Comparison	REV	Interim - Oct 95	Final - Apr 96	Interim - Oct 96	Comparison
REV	£ 4,139,000	£ 9,504,000	£ 3,975,000	-4.0%	REV	£ 4,005,000	£ 8,483,877	£ 4,671,000	+16.6%
PBT	£ 1,226,000	£ 3,224,000	£ 1,752,000	Loss both	PBT	£ 479,000	£ 214,693	£ 237,000	Loss to profit
EPS	-0.44p	-1.34p	-0.65p	Loss both	EPS	-5.47p	n/a	1.81p	Loss to profit
Real Time Control plc					<p>AIM-quoted Xavier has acquired a 50% holding in Xavier Midlands Ltd (distributor) for £180K cash and £210K in shares. Xavier are unchanged at 10p from their new issue price.</p>				
REV	Interim - Sep 95	Final - Mar 96	Interim - Sep 96	Comparison					
REV	£ 5,325,000	£ 11,993,000	£ 6,314,000	+18.6%					
PBT	£ 742,000	£ 2,207,000	£ 1,156,000	+55.8%					
EPS	7.10p	20.80p	11.00p	+54.9%					

UK M&A

Infobank International Holdings is to acquire reseller **Software Corp.** for £8.25m - part cash, part shares. Software Corp. had profits of £1.4m on revenue of £15.2m in 1996.

Radius has acquired assets and contracts relating to **Microvitec's** maintenance business for £650K. Turnover relating to these assets was c£2.5m.

Daniel Ferber, the former owner of **Coralplan Computer Maintenance** (placed in admin. receivership April 97) is threatening to sue **Eurosystems**, the company he sold Coralplan to in Jan. 97. According to reports, Eurosystems bought it back from the receivers a week after receivers were appointed for an undisclosed sum, leaving Ferber still owed c£200K.

Eidos has lifted its stake in **Opticom AS** of Norway to 14% with a further £8.7m investment this month.

Parity in Europe

Parity has continued the British march on Europe

PARITY

with the acquisition of Dutch **Dedicate Group B.V.** (consultancy, development and training) for £7.4m in cash and a further £1.6m deferred. In 1996, revenue was £6.7m and PBT £700K.

Parity also announced that Philip Swinstead was to replace Billy Carbutt as Chairman. This must be one occasion when a Chairman can truly point to having provided rich rewards to shareholders. Forgive our timing, but on our calculations when Carbutt took on the chairmanship the share price was about 100p...it is now nearly 6-times higher at 558p.

Computacenter moving into Germany

According to PC Europa **Computacenter** is set to enter the German market with the acquisition of Frankfurt dealer **Bitservice**. Bitservice had sales of DM30m in 1996. Computacenter's CEO Mike Norris said that the acquisition will give them the ability to serve its multinational clients adding "It is small, and obviously this is only the start". It looks as though further acquisitions in France, Germany and the UK (but not elsewhere in Europe) and being considered.

Norris went on to say that he "is hopeful that *Computacenter France will make a profit this year*". On sales of \$160/170m "we will make money in France, but not a lot". Norris is expecting Computacenter to become one of the top three dealers in France within 2/3 years.

Royalblue float

We headlined our review last month "**Royalblue to float...and we need more like them**". Now that the pathfinder has been issued, we have no need to dampen our enthusiasm. The shares will be placed (by Hoare Govett) early in June at c150p. "Orders in excess of £11.3m have been received in the first 4 months of 1997".

ET...phone home?

Michael Milken and several other investors in **Education Technology** are reported as leading a US investment group planning to buy the leading US computer training provider, **US Productivity Point International**. Interesting as ET invested £109m buying a controlling stake in CRT Group in 1996...with similar ambitions to buy IT training operations.

Granada - selling computer services unit?

It is rumoured that **Granada Group** is considering selling off its "non-core" computer services business in order to focus on the hotels, catering, leisure and media side its business. The company fuelled speculation by unveiling that it would write-off £160m "goodwill" associated with all the acquisitions (DPCE, CFM, Mainstay etc.) it made in the late 1980s during the Derek Lewis reign. **Granada Computer Services International (GCSI)** is one of the larger UK owned SCSI companies and are one of the largest TPM operators in the UK. They are also a market leader in Europe. Total GCSI revenues were, we understand, c£149m in FY96 - about half of this from the UK.

This rumour has been denied (of course as one would expect) by GCSI European MD Gordon Towell. But we still believe that it will in fact be sold, or subject to an MBO, sometime in the near future because the TPM market is doing extremely poorly at present. According to the FT (24th April 97) the computer business makes between £7/8m profit and could fetch up to £80m.

The end for Wakebourne

On the 12th May, **Wakebourne** (formerly Maddox) said that it was in advanced discussions which may or may not lead to an offer for the company at a level "substantially below Wakebourne's current share price" (10.5p). Accordingly the shares were suspended. The offer did not materialise and, on 23rd May, receivers Ernst & Young were appointed.

The Wakebourne story is long and troubled from start to finish. We have told it many times and will not repeat it again now. It is yet another example of acquisition indigestion killing the patient and another nail in the coffin for small independent TPMs. We are sure readers get as bored as us with this message being repeated over and over again. **But we could name several System House readers, still alive at present, who still have not got the message. Oh well!**

Sage Group - affected by strong pound

Sage is, perhaps, the very best example of a UK-owned software company. But even they are not immune to the affects of the present high value of the £. When announcing results for the six months to 31st Mar. 97 Chairman David Goldman made reference to the fact that, due to foreign exchange movements, turnover was adversely affected by £5.5m and PBT by £1.1m.

In the event, revenue for the six months was up slightly at £73.5m although PBT rose 20% to £19.3m. EPS was up 21%. These results include just one month's contribution from German acquisition **KHK Software** (cost £40m in Feb. 97). Cash in bank at the end of March was a substantial £13.2m although net bank borrowings rose from £8.9m to £37.8m as a result of the medium term facility to fund the KHK purchase.

Chairman Goldman stated: "There are many opportunities to grow our existing businesses and improve their performance. The second half has started well and I expect that the outcome for the full year will be entirely satisfactory". His past record would make us agree.

The shares rose slightly on the month by 2% to 655p - and are still one of the all time best performers in our index - up a massive 24-fold since the start of our index in 1989.

Outlook rosy

Last February, Triad announced a profits warning as several of their large new prospects had been delayed. Both Dec. and Jan. proved very bad months. Although the historic results were largely as bad as anticipated, the outlook now looks much more rosy.

In the year to 31st March 1997, revenue rose 61% to £18.8m with PBT up 25% at £2.7m. EPS was up 24% if you exclude the exceptional flotation costs in FY96 or just 2% if these are included. This 2% increase at least means that

Triad will be able to keep their *System House Boring Award...by the skin of their teeth!*

Chairman Alistair Fulton commented "Since Feb. 97, trading performance has been very strong and continues to be so. I am confident that the slippage will not be repeated.... I look forward to the current year with great enthusiasm".

Readers may well recall the announcement in Jan. 97 that Chairman Robert Drummond would leave at the expiration of his contract which prompted a share price rise of over 20% on the day. He duly departed on the 28th Feb. when Fulton (founder and ex-CEO) took over as non-ex Chairman. In early Feb. 97, Mira Makar was appointed as the new CEO.

The market liked the financial results and Triad's shares ended May on 209p, a rise of 13% on

the month and up 55% on the March 96 new issue price of 135p. Mind you this is well below the peak 277p reached in 1996.

Rolfe & Nolan - Looks as though Lighthouse really is poised to shine brightly

Rolfe & Nolan "the leading derivatives and treasury management systems and services provider" announced its results for the year ending 29th Feb. 97. Revenues increased 19% to £20.3m whilst PBT went up a more modest 10% to £2.8m. However, due to a lower tax charge, EPS increased 18%. "Recurring revenues now cover 83% of our global cost base for exchange traded products" (down slightly from 87% in FY96). Their operations are now based in eight financial centres, support nine bureaux and some 280 clients in 22 countries.

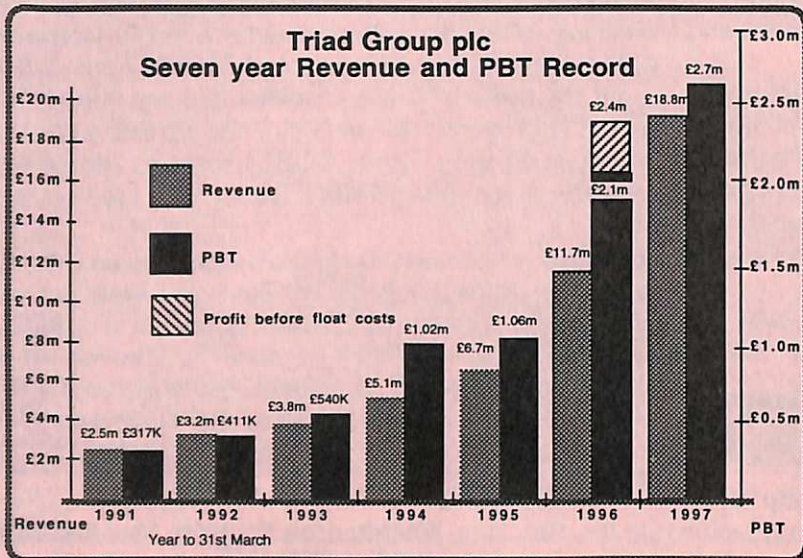
"The Group enjoyed strong growth in both Europe and USA" (which has now, at long last, made an operating profit! - £208K against a previous loss of £46K). Asia Pacific is still loss making as "sales opportunities were somewhat slower to develop than anticipated".

Prospects overall are good according to Chairman Tim Hearley "Developments to our exchange traded product range have made these systems very attractive to institutions operating globally, and in consequence we have established a strong list of high quality prospects".

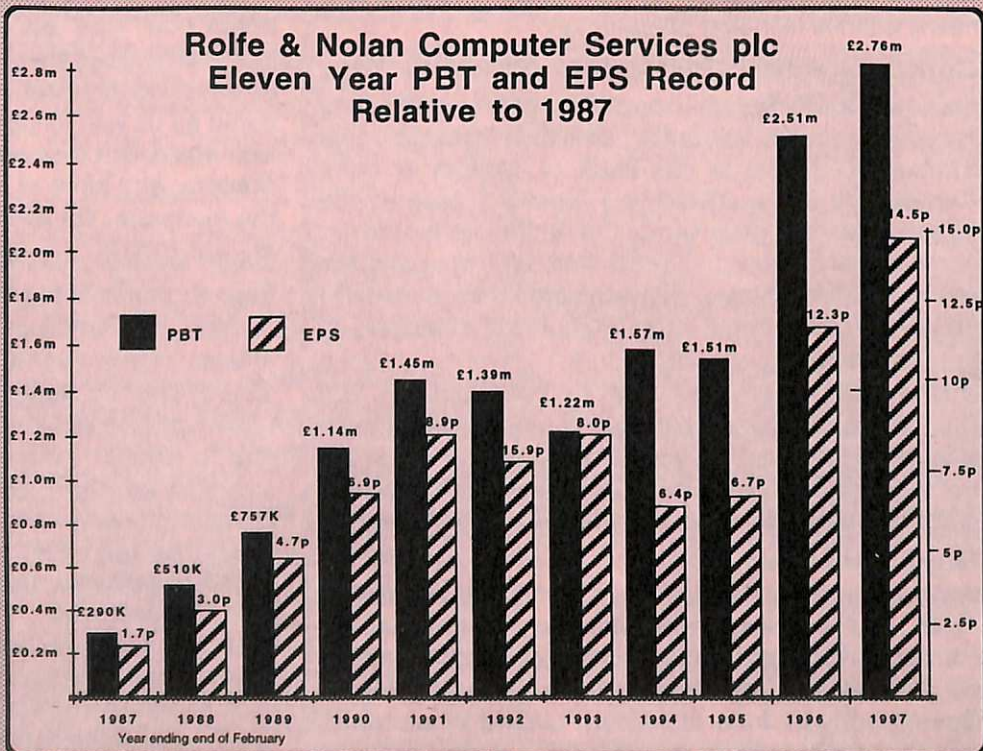
CEO Pter Day told us they are "awfully close" to signing three contracts including Deutsche Bank and Lehman Bros.

If you have read our past reviews of R&N we have stressed that their success is very much aligned to the success of Lighthouse. At last it looks that the money spent on development is beginning to pay off. Hearley went on to say that with "Lighthouse opportunities now evident, 1997/98 should see further significant growth in sales and profits.... but we remain dependent upon the precise timing of license sales"

The market seemed to like the news and the share price rose 10p on the day... but still ended May on 388p, down 3% in the month.



Rolfe & Nolan Computer Services plc Eleven Year PBT and EPS Record Relative to 1987



May turned out to be one of the worst months in a long while for UK SCSI shares. A 3.25% fall was recorded against a 5.3% rise in the FTSE100 in the aftermath of Labour's election win. Of course, this was not helped by the appointment of receivers at **Wakebourne**. But major falls were recorded at **On Demand** (down 65% on doubled losses - see p4), **Superscape** (down 50% after profits warning in late April) and **Systems Integrated** (down 49% on continuing disasters),
 But at least **Diagonal** put on 21% and is now up over 40% on their new issue price in March 97.

30-May-97		SCSI Index		2775.91	
		FTSE 100		4672.30	
		BDO AIM		1446.10	
		FTSE SmallCap		2298.88	
SCSI Index = 1000 on 15th April 1989					
Changes in indices		SCSI Index	FTSE 100	BDO AIM Index	FTSE Small Cap
Month (30/4/97 - 30/5/97)		-3.25%	+5.33%	-0.24%	+0.15%
From 15th Apr 89		+177.59%	+127.52%		
From 1st Jan 90		+201.70%	+97.81%		
From 1st Jan 91		+292.15%	+116.27%		
From 1st Jan 92		+165.67%	+87.41%		
From 1st Jan 93		+74.19%	+64.14%		+65.70%
From 1st Jan 94		+66.26%	+36.68%		+23.02%
From 1st Jan 95		+85.16%	+52.42%		+31.63%
From 1st Jan 96		+22.91%	+26.64%	12.79%	+18.40%
From 1st Jan 97		+3.68%	+13.45%	6.67%	+5.30%

System House SCSI Share Prices and Capitalisation

	Share Price 30/5/97 (£p)	Capitalisation 30/5/97 (£m)	Historic P/E	PSR Ratio Cap./Rev.	CSI Index 30/5/97	Share price % move since 30/4/97	Share price % move in 1997	Capitalisation move (£m) since 30/4/97	Capitalisation move (£m) in 1997
Admiral	£4.49	£283.50m	39.3	3.12	16210.37	12.83%	22.88%	£32.30m	£53.60m
AFA Systems	£1.18	£11.80m	Loss	32.78	979.17	12.44%	-15.77%	£1.40m	-£2.10m
Anite	£0.47	£111.40m	Loss	0.42	274.85	-6.93%	28.77%	-£8.30m	£24.90m
Azlan	£6.03	£213.90m	19.2	1.09	2619.57	2.55%	6.17%	£5.30m	£13.00m
Cadcentre	£2.30	£38.20m	29.0	2.69	1150.00	10.84%	-9.98%	£3.80m	-£4.30m
Capita	£2.67	£491.40m	56.5	4.39	24009.01	11.74%	64.51%	£54.20m	£207.30m
Cedardata	£0.91	£28.70m	9.7	2.38	861.90	-4.74%	-63.80%	-£1.40m	-£50.50m
CFS	£1.03	£7.58m	15.4	1.66	1138.89	13.89%	22.75%	£0.92m	£1.40m
Chemical Design	£1.95	£12.70m	27.7	4.98	1772.73	-9.30%	34.48%	-£1.30m	£3.26m
Clinical Computing	£0.36	£8.91m	Loss	4.50	286.29	2.90%	18.33%	£0.25m	£1.38m
CMG	£12.30	£788.40m	45.0	3.22	4241.38	12.84%	46.43%	£89.70m	£250.00m
Coda	£1.33	£36.80m	Loss	1.09	563.83	1.92%	23.26%	£0.70m	£6.90m
Compel	£2.36	£61.20m	16.1	0.71	1884.00	-10.46%	33.43%	-£5.30m	£34.30m
Comino	£1.43	£15.70m	13.4	2.59	1096.15	1.79%	9.62%	£0.30m	£1.35m
CRT Group	£2.44	£342.80m	30.6	3.32	2705.56	5.87%	-2.60%	£19.40m	£1.60m
DCS Group	£3.13	£62.80m	25.6	2.06	5208.33	-0.32%	15.74%	-£0.20m	£11.00m
Delphi Group	£8.03	£231.10m	24.3	1.10	3302.47	0.00%	9.56%	£0.00m	£20.10m
Diagonal	£3.89	£72.00m	50.6	2.54	1414.55	20.81%	41.45%	£12.40m	£21.10m
Division Group	£0.43	£18.70m	Loss	3.82	1062.50	-4.49%	-22.73%	-£0.90m	-£5.40m
DRS Data & Research	£0.31	£10.60m	Loss	2.20	281.82	12.73%	26.53%	£1.19m	£2.22m
Druid	£4.20	£96.20m	37.4	8.01	1527.27	0.00%	23.53%	£0.00m	£18.40m
EDP	£0.65	£16.90m	9.7	1.18	1974.89	-8.51%	-6.52%	-£1.60m	-£1.20m
Eidos	£8.33	£140.70m	26.4	37.92	8325.00	-3.20%	15.22%	-£4.60m	£44.60m
FI Group	£5.45	£161.90m	44.1	2.05	2319.15	8.67%	-4.13%	£13.00m	-£6.90m
Flomerics	£1.50	£3.90m	12.2	0.73	1153.85	-6.25%	-30.23%	-£0.20m	-£1.61m
Gresham Computing	£0.59	£19.30m	18.8	2.08	634.41	14.56%	12.38%	£2.50m	£2.10m
Harvey Nash	£2.03	£56.50m	112.8	1.56	1157.14	4.92%	15.71%	£2.80m	£7.70m
Highams Systems	£1.30	£11.60m	19.0	0.88	1805.56	4.00%	-4.76%	£0.50m	-£0.50m
INSTEM	£1.75	£8.05m	9.4	0.35	1750.00	0.00%	20.69%	£0.00m	£1.38m
Intelligent Environments	£0.73	£16.20m	Loss	4.66	771.28	1.40%	11.54%	£0.20m	£1.70m
JBA Holdings	£9.50	£331.60m	50.5	2.05	5937.50	16.56%	79.25%	£47.20m	£150.90m
Kalamazoo	£0.71	£20.60m	7.3	0.31	2014.29	-12.42%	-34.42%	-£2.90m	-£10.40m
Kewill	£6.35	£80.60m	17.3	2.29	2509.88	3.50%	21.30%	£2.70m	£14.10m
Logica	£8.62	£550.50m	30.2	1.93	2360.27	-0.69%	-6.21%	-£2.10m	-£32.70m
London Bridge	£3.30	£77.50m	39.9	12.30	1650.00	5.60%	65.00%	£4.10m	£30.50m
Lorien	£3.63	£62.00m	30.8	1.36	3625.00	-0.14%	7.89%	-£0.10m	£23.70m
Lynx Holdings	£1.12	£115.00m	18.4	1.31	2787.50	3.24%	28.90%	£9.30m	£30.30m
M-R Group	£0.88	£48.80m	15.5	1.27	347.22	-3.85%	2.94%	-£2.00m	£1.40m
Macro 4	£4.00	£78.80m	11.0	3.11	1612.90	-0.37%	-18.37%	-£0.30m	-£17.70m
MAID	£1.91	£178.00m	Loss	8.30	1736.36	-18.72%	-5.21%	-£40.10m	-£6.80m
McDonnell IS (MDIS)	£0.35	£36.20m	Loss	0.25	132.69	-18.34%	4.55%	-£8.10m	£1.60m
Micro Focus	£15.25	£233.30m	Loss	3.19	7367.15	19.37%	57.22%	£39.10m	£86.80m
Microgen	£1.73	£68.30m	11.4	0.93	737.18	-1.43%	15.00%	-£1.00m	£9.10m
Microvitec	£0.20	£15.50m	21.5	0.24	481.71	-19.39%	-30.70%	-£3.80m	-£6.90m
Misys	£13.75	£1,189.00m	29.1	4.25	3420.40	11.11%	23.15%	£119.00m	£238.90m
MMT Computing	£5.13	£61.00m	20.5	3.62	3053.57	-11.78%	-10.16%	-£8.20m	-£6.40m
Mondas	£0.63	£3.81m	Loss	29.31	833.33	-19.35%	-25.15%	-£0.90m	-£1.22m
Moorepay	£3.43	£36.30m	42.1	7.09	5780.04	10.13%	71.25%	£3.30m	£15.00m
MSB International	£4.28	£86.80m	23.1	1.24	2250.00	4.27%	15.38%	£3.60m	£11.50m
OmniMedia	£0.06	£1.48m	Loss	5.38	80.00	-20.00%	-36.84%	-£0.37m	-£0.86m
On Demand	£0.12	£6.61m	Loss	0.58	153.85	-65.22%	-73.33%	-£12.39m	-£18.19m
Oxford Molecular	£3.68	£256.50m	Loss	26.20	4593.75	-10.26%	3.23%	£7.10m	£39.70m
Parity	£5.58	£238.80m	35.3	1.47	3099.88	13.88%	26.10%	£29.10m	£50.70m
Pegasus	£3.25	£22.80m	18.7	2.88	885.56	-1.96%	-13.10%	-£0.40m	-£0.80m
Persona	£4.07	£100.80m	23.6	0.69	2540.63	5.17%	31.55%	£4.90m	£24.20m
Phonelink	£0.38	£18.10m	Loss	4.15	241.94	-33.63%	-38.52%	-£9.20m	-£11.10m
Proteus	£0.46	£25.10m	Loss	23.68	541.67	-32.09%	21.33%	-£11.80m	£4.50m
Quality Software	£2.40	£31.20m	n/a	1.23	631.58	3.67%	17.65%	£1.10m	£4.70m
Radius	£0.55	£15.40m	13.6	0.56	398.55	7.84%	-12.70%	£1.10m	-£2.20m
Rage	£0.06	£13.40m	Loss	1.41	211.54	-33.33%	-52.17%	-£6.70m	-£14.50m
Real Time Control	£2.27	£15.90m	9.2	1.34	4632.65	3.18%	-2.37%	£0.50m	-£0.40m
Rebus	£0.66	£61.00m	16.3	1.02	750.00	-12.00%	-8.97%	-£8.40m	£8.20m
Recognition Systems	£0.46	£12.30m	Loss	38.44	650.00	7.06%	-22.22%	£0.80m	-£3.50m
Riva	£0.25	£7.57m	28.9	0.12	174.13	-7.55%	4.26%	-£0.43m	£0.47m
RM	£8.00	£142.40m	29.6	1.44	4571.43	-3.90%	29.03%	-£5.80m	£32.00m
Rolle & Nolan	£3.88	£48.80m	26.7	2.40	4613.10	-2.52%	6.90%	-£1.30m	£3.10m
Romtec	£0.75	£3.87m	15.0	0.82	1192.00	-3.87%	-7.45%	-£0.16m	-£0.32m
Sage Group	£6.55	£704.10m	31.7	5.17	25192.31	2.10%	23.58%	£14.50m	£135.40m
Sanderson Electronics	£1.20	£54.70m	11.2	0.89	2034.04	-6.27%	-20.33%	-£3.70m	-£13.00m
Sema Group	£12.63	£1,406.00m	40.8	1.52	3970.13	5.43%	16.36%	£22.00m	£199.00m
Sherwood	£2.63	£22.60m	13.7	0.92	2187.50	0.96%	34.62%	£0.20m	£5.80m
Skillsgroup	£2.24	£181.90m	17.4	0.53	1004.48	1.13%	44.52%	£3.10m	£56.80m
Spargo Consulting	£1.27	£15.80m	20.5	2.01	1331.58	0.00%	-13.06%	£0.00m	-£2.40m
Staffware	£2.53	£29.30m	45.1	2.93	1122.22	12.22%	-2.70%	£3.20m	-£0.70m
Superscape	£1.20	£10.60m	Loss	2.72	606.06	-50.00%	-69.81%	-£10.50m	-£22.80m
Systems Integrated	£0.09	£1.21m	Loss	0.97	78.26	-41.94%	-48.57%	-£0.87m	-£1.14m
Total	£0.30	£3.00m	8.9	1.04	566.04	0.00%	3.45%	£0.00m	£0.10m
Trace	£0.65	£9.16m	29.4	0.45	520.00	-5.80%	85.71%	-£0.57m	£4.23m
Triad	£2.09	£52.50m	28.8	2.79	1544.44	12.70%	-0.48%	£5.90m	-£0.20m
Vega Group	£2.93	£45.00m	17.7	2.81	2397.54	14.71%	9.35%	£7.00m	£3.90m
Wakebourne (In receivership)	£0.00	£0.00m	Loss	n/a	0.00	-100.00%	-100.00%	-£2.74m	-£3.42m
Xavier	£0.10	£5.23m	Loss	4.36	1000.00	0.00%	-9.09%	£0.00m	-£0.52m
Zergo	£2.95	£26.80m	74.1	3.16	3025.64	0.00%	1.72%	-£0.40m	£0.10m

Note: CSI 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 CSI 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.

US majors report mixed results:

CSC - record Q497 results

Computer Sciences (CSC) has reported revenues in the final quarter to 28th Mar. 97 up 19% at \$1.53 billion and PBT up 273% to \$117m. For the year to 28th Mar. 97, revenue rose 18% to \$5.6 billion with PBT up from \$197m to \$303m - a "reasonable" 5.4% margin. Of course CSC's \$1.5 billion acquisition of **Continuum** in August 96 has helped a lot with these figures but organic growth has also been excellent.

As far as the UK is concerned, we expect to see a further considerable rise in revenue from the £323m estimated in FY96 - and this itself was up £123m on 1995. Most of the UK (and indeed European) increase is due to outsourcing as contracts come fully on line.

Computer Associates

Computer Associates has reported revenues up 15% at \$4040m and net profit of \$366m (loss \$56m) in year to 31st Mar. 97. Profits would have been \$964m without the Cheyenne and Legent acquisition charges.

Another warning from EDS

EDS has said that Q2 earning will be a smidgen lower than some analysts expected. Bluntly, we thought that the latest announcement contained more good news than bad. More than \$2b of new business has been signed in Q2. The market seemed to agree; marking EDS shares up 14% in May.

A new world order

This all changes the new world order. Based on LATEST financial year results, the world's Top Ten SCSI operators - excluding what we now rather quaintly call "hardware manufacturers" are:

Rank	Company	Nat.	Latest Rev.	FY Growth
1	Electronic Data Systems (EDS)	US	\$14,441m	16.3%
2	Microsoft	US	\$8,670m	46.0%
3	Computer Sciences Corp. (CSC)	US	\$5,600m	32.1%
4	Andersen Consulting	US	\$5,300m	25.6%
5	First Data (inc. First Financial)	US	\$4,934m	20.9%
6	Oracle	US	\$4,200m	41.6%
7	Automatic Data Processing (ADP)	US	\$3,906m	23.4%
8	Computer Associates (CA)	US	\$4,040m	15.3%
9	CAP Gemini	FR	\$2,900m	30.5%
10	SAP	GER	\$2,455m	37.8%

These Top Ten companies grew revenues by an average of 29% in their last financial year - at least three times the world SCSI market growth rate!

It also indicates that the new Syntegra/Systemhouse coupling - which at best will have 1997 revenues of \$2b - is still well outside the Top Ten. How much longer will we have to wait for at least one UK-owned entry in said ranks?

Eidos - another UK NASDAQer reports

Just as we went to press, **Eidos** (computer games) announced its results for the year to 31st Mar. 97. Revenue rose to £75.5m with a PBT of £7.6m. Due to acquisitions (CentreGold in Mar. 96 after the reverse takeover of Domark/Simis/Big Red Software in July 95) these figures are in no way comparable to the previous 15 months when revenues were only £3.7m and a loss of £2m was declared.

Although also listed in London, Eidos went for a NASDAQ IPO in Dec 96 at \$10 and have risen to \$14.13 since. They are down 3% in May.

We are a real fan of RM

RM is quite clearly the UK lead supplier of systems to schools in the UK. A new issue in Dec. 94 at 175p; since then the share price has soared ending May 97 on 800p. Results for the six months to 31st Mar. 97 showed revenues up 8% at £49.0m. This was largely due to the (welcome) continuing change of mix from hardware (4% revenue reduction) to software and services revenues up 49%. PBT rose 27% to £1.68m and EPS was up 26%.

Comment

Just for once, let us say that we think RM has more potential than almost any other UK-owned SCSI company. The Labour Govt. was elected on an "Education, education, education" ticket, where RM's existing/core business must be one of the major beneficiaries. Its WindowBox product is excellent.

But it's RM's Internet for Learning which provides the most excitement for us. As part of this RM, has just launched the Living Library which brings together content from a range of encyclopedias, dictionaries, newspaper archives etc. This means that a school kid could, say, type in Churchill and - rather than getting 200,000 references most of which were inappropriate and a few downright obscene - the kid gets a relevant set of links graded as "suitable for 4-7 year old" etc. Declaring an interest, we must report that we were so impressed on a recent site visit to RM that they gave us a beta connection. *I have now become the most popular person in the street and must now be personally involved in most of the school project work undertaken in Farnham.*

This is what the Internet is really for!

But a note of caution. RM is run by clever and totally pleasant people. They make, as near as damn it, all their revenues from the UK. If RM pushed abroad and brought their learning systems directly into the home via the Internet, the potential is huge. *But has RM got the guts to exploit this? We have our doubts.* Which inevitably means that if you were a Microsoft or another player with ambitions towards the Internet and education, RM would be an obvious target. At twice its current price it would still be a cheap way to gain access to this market.

If you are a shareholder, this might sound an excellent scenario. *If you care about UK-ownership, it's not so good.*

Recognition Systems - profitable soon?

Recognition Systems produces intelligent data mining software. They were a new issue on the main market a year ago at 70p when the placing was eight-times oversubscribed. Recognition has great potential in our opinion...but it is also high risk.

Results for the six months to 31st Mar. 97 show minimal revenue of just £326K and losses increased from £292K to £1.13m. These results reflect the gradual build up of sales in both the UK and US and the lengthy sales cycle for their own software. Staff (including a new sales director) has been expanded to 18 (half in the US).

However two new key US sales contracts were announced - with Sears Roebuck and a large insurance company. Chairman David Bounds said that "... investment in sales staff and product enhancement made over the last nine months, should result in a significant increase in revenue in the second half". He added that he expects the group to be profitable "by the end of this year".

The shares rose 7% this month - but that's still a 34% discount on the issue price just a year ago.

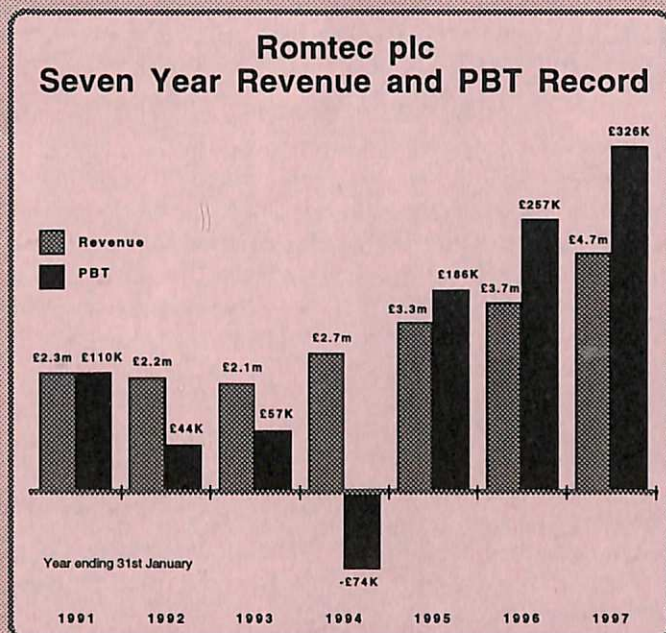
Maiden results from Romtec

Romtec is a UK-owned specialist IT market research company founded by Chairman Russ Nathan.

It began in the PC sector but has expanded to cover midrange and services and, by a number of acquisitions in 1993, telecomms research too. Now around 40% of revenues comes from database marketing - telemarketing and direct mail.

In April 1996, Romtec became (as far as we are aware) the only IT market research company with a UK Stock Exchange quote. They were a new AIM issue at 62.5p, valuing them at £3.2m or a very modest 90% of revenues. The share price performance since has been rather lacklustre - ending May 1997 on 75p. *But liquidity is minimal..which is a great shame.*

Results to the end of Jan. 97 showed revenues up 27% at £4.7m and PBT up 27% at £326K. I.e. a margin of just 7%. *Who says there is money to be made in market research?*



EPS was up a rather more modest 19%. However, the AIM entry cost £48K - without this PBT would have increased by 48%. Exports increased by 37% to £1.6m and now account for 34% of total revenues. *"A significant source of our export revenues is in the USA where we are viewed as a highly cost effective supplier of European data".*

Russ Nathan decided to award a 1.5p dividend to all shareholders other than himself. Nathan holds 86.5% of the equity - one of the reasons for the thin trade in the shares.

Sanderson Electronics fails to score

Sanderson Electronics, which provides a wide range of open systems based products and services, announced a minimal 9% increase in revenue to £33.4m in the six months to 31st Mar. 97. PBT rose just 6% to £3.5m with EPS up 11%.

Much of the revenue increase is due, at least in part, to acquisitions including 80% of **Fletcher Computer Services** (Jan. 96 - £156K), **Alpha Microsystems** (Aug. 96 - £1.4m), Australian **Wacher** (Sept. 96 - £3.6m) and Australian **Clegg Driscoll** (Nov. 96 - £215K) together with various minority stakes. *"Annually recurring revenues from software licence fees and services & support revenues provided £14m revenue in H1"* according to Chairman Paul Thompson. But the Sanderson share price has actually fallen in the last twelve months or so and has fallen another 6% at the end of May to 120p. Hardly a sparkling performance but a better second half is expected with analysts forecasting PBT of £7.2m for the year. A major acquisition is expected before the year end. *But we still question the wisdom of their annual c£2m football sponsorship.*

Oxford Molecular shines

Oxford Molecular was a new issue back in April 1994 at 80p. They develop design software for the pharmaceutical industry. In share price performance terms, they have been one of the best "new issues" of the period rising to xxxp at the end of May 1997.

Since coming to the market Oxford Molecular have undertaken a number of acquisitions including:

- **Intelligenics**
- **CAChe**
- the **Chemical Information Division of PSI**
- **MacVector** from **Eastman Kodak**
- **Health Designs**, the Chemical Informatics Division of **PSI International**
- **DPS** (a subsidiary of **Cray Research**)

In May 1997, Oxford Molecular announced the biggest acquisitions so far. They are to acquire:

- **US Genetics Computer Group Inc.** (DNA analysis). GCG had revenues of \$3m and PBT of \$132K in 1996.
- the software business of **MLR Automation** "which currently has three employees". MLR had revenue of \$316K and PBT of \$77K in 1996.

"Both acquisitions will significantly strengthen the Group's core business of integrated drug design software and the provision of contract research services". The total consideration was £13.9m in cash + a further £900K based on performance.

In order to finance this, Oxford Molecular announced a 1-for-7 rights issue at 360p per share raising £30.4m net.

Results for the year to 31st Dec. 1996 showed revenues up 58% at £9.8m and loss before tax halved at £1.85m.

"Oxford Molecular's goals for 1997 conform entirely with or long term strategic objective of becoming the world's number one drug discovery services company...Long term and sustainable profitability remains our foremost goal". Indeed, CEO Tony Marchington was quoted as saying that he wanted Oxford Molecular to *"become the Microsoft of drugs industry software"*.

We rather agree with Daniel Green in the Financial Times of 9th May 1997 *"No one doubts that Oxford Molecular is a good company with good products and able management. The concern is whether the business is worth £250m"*.

Option gains at Capita

Rod Aldridge (Chairman & CEO) at **Capita** has made over £1m on his share options (Source FT. 28th May 97). He was not alone! Paddy Doyle made £1.2m, with Paul Pindar and Richard Benton £1.05m each.

Given the superb performance of Capita - their shares are up a massive 21-times since we started our Index - *we are sure no shareholder could object.*

News of People and comments from AGMs
"CMG's strong performance in 1996 has continued into the new year, with turnover and profits in the first four months of 1997 well ahead of last year" said CMG Chairman Cor Stutterheim... **"we look forward to the rest of the year with confidence"**.

At the AGM, **Radius** Chairman Mike Roberts said of the recent acquisitions of the IPRs of Caci's Prophet and Miracle software package and also the purchase of Microvitec's maintenance business (see p7) **"Both of these acquisitions will strengthen our recurring UK revenue streams and provide a complementing balance to our increasing overseas growth"**.

Staffware said its Q197 sales are **"significantly ahead"** of the same period last year according to Chairman Paul Fullager and that **"performance was in line with budgets"**. **"The worldwide launch of new products, Staffware 1997 and Staffware Global, which took place in April has been very successful"**.

James Bailey told **Microvitec's** shareholders that **"the heavy losses incurred in the latter months of 1996 will continue throughout the first half of 1997"**. Mind you we only included coverage of Microvitec when they announced three years ago that they were to **"reposition and refocus the business in the areas of software and networking"**. The action was the exact opposite with the disposals of CSM (services) and MSI (accounting software) in order to concentrate on monitor manufacturing. **Bailey should have followed his own advice!**

Certainly the networking market continues to boom for **Persona**. Chairman Wayne Channon told their AGM that

trading was up 40% to date **"continuing the outstanding underlying growth rate..I look forward to the future with great confidence"**. So there.

Clay Brendish said at **Admiral's** AGM that orders **"were substantially above last year"** with **"high levels of demand"**.

People

Much respected Charles Cox has left **Cap Gemini UK** to join **EDS** as MD of Public Services and Criminal Systems. Quite a coup for EDS ...

Ex-**IBM UK** MD Barrie Morgans has been appointed a non-exec at **Azlan** (alongside Cap Gemini UK MD Tony Robinson). Gordon Skinner is stepping down.

Mike Harrison (ex MD of **Informix** and before that **Oracle UK**) has left as an NED of **RM plc** and joined **MSB** .

Vega has appointed Roger Gilbert as Group MD.

Bill Halbert is to lead the merged **Syntegra/Systemhouse** and John Priestley becomes VP Business Development and Gwenn Ventris VP Organisation and Resources. So it looks as if the UK has taken the **"top three posts"**. Given that the merged operation is the UK's best chance of a place at the worldwide Top Table, we will continue to watch with great interest. Source - MicroScope 14th May 97.

The electronic System House

Last month we produced our first electronic version of **System House** and, if you were lucky, you could have had a sneak preview for free via our web site during the month when we tried it out. It's designed for use on in-house intranets and the response has been very encouraging. It costs £1,500 for 12 issues together with four printed copies for those of your top executives who haven't quite mastered the new technology.

5.30 pm Wednesday 16th
July 1997
Make note to
attend
Richard
Holway's
CSSA
Presentation and Dinner
at London Barbican

Amazingly, nearly 200 CEOs have already booked for Richard Holway's annual presentation on the financial state of the industry on behalf of the CSSA - **and there is still nearly two months to go!**

It is considered by many to have been the best **"networking event"** last year. So if you want one of the fast disappearing and limited places, please **BOOK NOW**. The evening session is on Wed. 16th July, starting at 5.30 pm at Cinema 1 in the Barbican and includes drinks in the magnificent Conservatory and a special dinner.

Remember, as usual, a **FREE** place for every one who orders an advance copy of the 1997 Holway Report or £120 + VAT from the CSSA.



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