September 2005

Available by subscription only

ISSN 0967-2583

ovum

SYSTEMHOUSE

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

SHARED SERVICES: PUBLIC SECTOR PANACEA

The clock is ticking for UK public sector organisations. As they attempt to deliver on efficiency targets laid out by the Gershon Review of public sector finance, they have just over two years left to eke out £21.5 billion worth of savings across the entire public sector.

Consequently organisations are looking for new and innovative ways of cutting costs. The challenge is to do this without sacrificing service quality to the public. 'Shared services' could therefore be a real panacea. By redirecting resources away from the back office to focus on front-line delivery it aims to tackle this problem head on.

Shared services involves delivering corporate or 'back-office' services on a one-to-many basis. It covers a range of horizontal functions, such as human resources, procurement, finance and ICT, which are common to most organisations, and can therefore be rationalised and consolidated into a central unit. This unit then becomes responsible for delivering corporate services, on a more streamlined and effective basis, out to the partnering organisations. The provision of shared services may be either insourced or outsourced; in both cases it presents opportunities for S/ITS players in the UK public sector market.

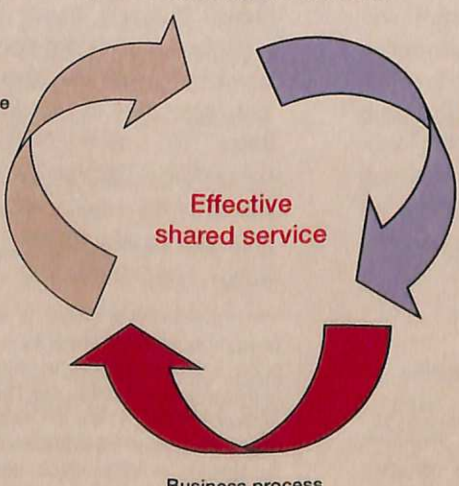
While not many would argue with the logic of this, shared services has so far yet to take off in the public sector. There have been several failed examples in health, local government and defence. However, lessons are being learnt from these mistakes, and with valuable experience gleaned from the private sector, the public sector is beginning to assimilate modes of best practice.

Multi-billion pound opportunity

Several billion pounds have been set aside for investment over the next few years in public sector shared services initiatives, and this will be overseen by the recently formed Corporate Services Transformation (CST) team within the eGovernment Unit. So with Government now providing the 'carrot' in the form of financial incentives and Gershon's impetus representing the 'stick', shared services is ready to take off in earnest.

[continued on page two]

Figure 1 **Virtuous loop of shared service drivers**



Source: Ovum

Contents

IN THIS ISSUE

INDICES
(changes in August 05)

Holway S/ITS	**+6.7%**	**5370**
FTSE IT (SCS)	**+1.6%**	**528**
techMARK 100	**+1.8%**	**1274**
Nasdaq Comp	**–2.6%**	**1887**

[continued from front page]

There are three principal drivers behind shared services in the public sector; efficiency targets, business process transformation and continual service improvement. If all three pieces of the puzzle fit together this will create momentum and a virtuous loop, with each driver contributing to the same goal of delivering effective shared services.

At this early stage however, many public sector organisations need advice and guidance on how exactly they can find common ground on which to share resources. Their sheer number and diversity means that the challenge is huge, and as a result, roadmaps, models and templates are needed to create common standards for shared services delivery.

Figure 2 **Key public sector shared services projects**

Client	Partner	Project	Cost	Length	Date
Suffolk CC & Mid Suffolk DC	BT Group	Customer & admin support for 15 council services	£330m	120 months	May 2004
Liverpool CC	BT Group	JV between BT & Liverpool, Liverpool Direct Ltd provides customer contacts, revenues and benefits, HR, payroll, ICT and debt collection	£300m	120 months	2000
NHS England	Xansa	Finance and accounting, procurement	£250m	120 months	Nov 2004
Armed Forces Personnel Administration Agency	EDS Corp	HR, payroll, IT, pensions, expenses outsourced to EDS	n/a	120 months	1998
Blackburn and Darwen BC	Capita Group	Customer & support services to Blackburn, Darwen DC. Plans to expand service to other public sector organisations	£64m	96 months	Nov 2000
Worcester Hub Partnership	HP, Deloitte	Provides 16 services including council tax, benefits, and parking to Worcester County and 6 District Councils	£55m	120 months	April 2004

Source: Ovum

The emerging players

There are a number of strategies being employed by suppliers to gain entry into the market, but no single supplier has yet gained a lead. Strategies ranging from playing the role of trusted advisor, through to providing business transformation consulting are being tested by opportunistic suppliers as they jostle for position. However, there is no one-size-fits-all approach, and this represents significant opportunities for new entrants into the market.

Six players in the market are currently making a name for themselves in shared services: Accenture, BT, EDS, Atos Origin, Capita and Xansa. Each has its own strengths and weaknesses; however what is clear is that each is approaching the market in a slightly different way. For example Accenture is positioning itself as a thought leader, using its consulting muscle to get its foot in the front door, while Xansa is taking a riskier approach, gambling on its financial shared services deal with the NHS to gain it market credibility. A host of other players such as IBM, Fujitsu Services, LogicaCMG, Serco, Deloitte and PA Consulting are also now targeting the market.

Three shared services models are already emerging, in which organisations and processes are being configured in either a centralised, hub-and-spoke or clustered way. But the market is nascent, and most projects are at the very early stages of their evolution. So while the majority of activity has occurred to date across four sub-sectors of the public sector – local government, healthcare, criminal justice and defence, these are first-generation examples. Central government has been slower to catch on. Following the Efficiency Review this sub-sector is becoming an area with significant momentum, and it will be a key area for future opportunity.

The road ahead

Of course many obstacles still potentially lie in the way of widespread adoption including political resistance to change, failure to agree on common objectives and an inability to establish standard procedures and IT processes. There is also a plethora of hurdles unique to each public sector organisation, and reconciling these issues with the broader objectives of shared services represents a huge challenge over the next three years.

The timeline for shared service implementation is likely to be long, and some organisations will miss the 2008 deadline. This is because implementation will need to be done in gradual stages. The NHS Shared Business Service initiative in England is a working example of how long it might take. This project took a total of three and a half years to move from initial conception in October 2001 to the launch of the service with Xansa, as its private sector partner in April 2005. *(John O'Brien)*

To learn more about shared services in the public sector, and for an in-depth analysis of this emerging market, see *The Future of Shared Services in the UK Public Sector* report, available to *PublicSector@Ovum* subscribers, or contact Nick Fielden, Public Sector Sales Manager, on 020 7551 9193 or at nick.fielden@ovum.com

Holway Comment

Chasing your tail

In the 40-year history of the IT industry, we have been through many growth cycles before. We seem to have five to seven years of ever-increasing growth followed by a period of decline and restructuring before the whole cycle starts over again. The penultimate decline cycle started in the late 1980s and hit its nadir in 1992. We then spent the rest of the decade in glorious growth before we hit 2000 and the declines that we all have first-hand and painful experience of since.

So, we are now five years into the cycle. Indeed we have seen the revenue growth slump, we have seen share prices decline, we have cut costs. Then, in 2003, we saw profits recover. In 2004 they have positively soared! When you read the Financial Health section of *Holway@Ovum's Industry Trends* in September, you will see that the companies operating in the UK S/ITS market that constitute our database (something we have maintained for nearly 20 years now and which is the most extensive around) show that EBITA increased by a very respectable 28% in 2004. That was against a revenue growth of just 6%. (These figures include the effects of acquisitions – the UK S/ITS market grew by 5.9% in 2004.)

All this is reminiscent of what happened in the last cycle. By 1994, profits had recovered and S/ITS share prices were registering major gains again – a state of affairs which went from strength to strength every year until the crash of 2000. But, the key difference between then and now, is that in 1994 every researcher was pointing to double-digit, indeed 20%+, future revenue growth. year in, year out, almost ad-finitum.

Our own forecasts for our sector have been pretty consistent and it's good to see our all of our competitors have at last come round to our way of thinking. We are all talking about an industry which is growing at around 5% per year and is unlikely to exceed that for the foreseeable future.

It is this difference in the growth outlook that has led to the other key difference. This time around, although profits have soared, share prices are unmoved.

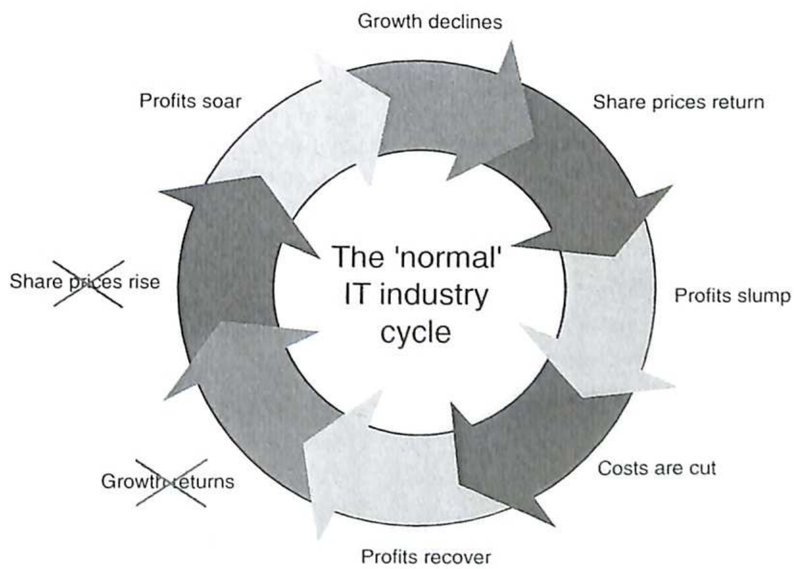
Both Nasdaq and the Ovum Holway UK S/ITS index are unchanged in 2005 so far. They are both marginally lower in the 12 months since 30 June 2004. Indeed both these indices are

Richard Holway

unchanged since 1 January 2002 – over three and a half years ago.

It doesn't take a maths professor to work out that as fast as companies boost their earnings, so the market downrates valuations to compensate. Something that we showed in SystemHouse May 2005 when we presented the chart of P/Es of quoted S/ITS companies.

The conclusion we drew from this was that eventually the IT sector would be valued like any other industrial cyclical sector. Not only would comparative valuations edge lower, but IT companies would have to start offering the 3–4% dividend yields which investors in other modest growth sectors expected.

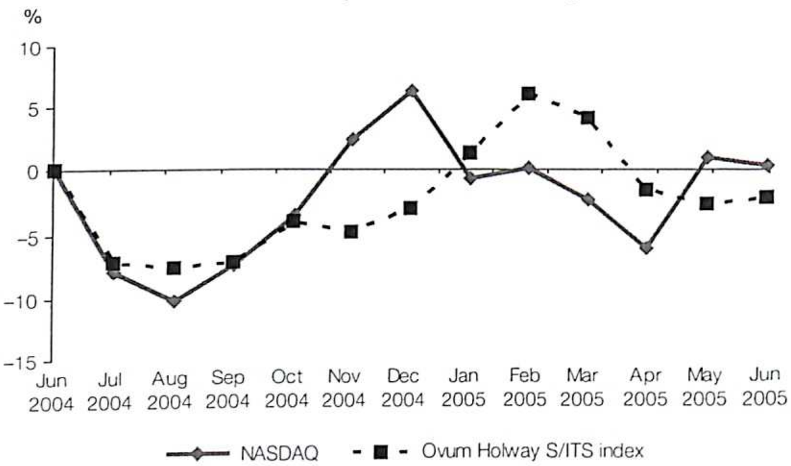


Source: Ovum

[continued on page four]

[continued from page three]

NASDAQ and Ovum Holway S/ITS indexes unchanged in last 12 months



Source: Ovum

Profits growth is not enough

Many CEOs might be getting a bit depressed by now. The truth is that you might well have worked very hard to deliver 20%+ earnings growth but without some decent revenue growth – or at the very least the future expectation of that growth – the market refuses to reflect that in your share price. Indeed, that is a particularly sorry tale for the consolidators. Even though they are delivering 20%+ earnings growth, consolidated organic revenues are more often than not declining.

Investors, on the other hand, still have an almost insatiable appetite for IT stocks that promise high revenues. The market reception for Google in 2004 was a classic example of this. This was repeated in August 2005 with the phenomenal Nasdaq IPO reception given to Baidu.com – the 'Chinese Google' – two words which explain how a company with $14 million revenues can achieve a market valuation of $3 billion.

Contrast that to the market reaction given to Dell's latest Q2 results – a 28% increase in net profits but 'only' a 15% increase in revenues. The Street had been expecting 17%+. Dell shares fell 7% on the announcement. Indeed, despite this superb earnings – and indeed revenue – performance, Dell shares are now 14% lower than at the start of 2005 and pretty much back to where they were a year back.

And please don't think that Dell is a 'special case'. We can draw similar charts for other market leaders in other IT sectors – like IBM, Oracle, Microsoft, Accenture, CSC, Capita and SAP. All of these have delivered quite respectable earnings growth but have some how disappointed investors with revenue performance.

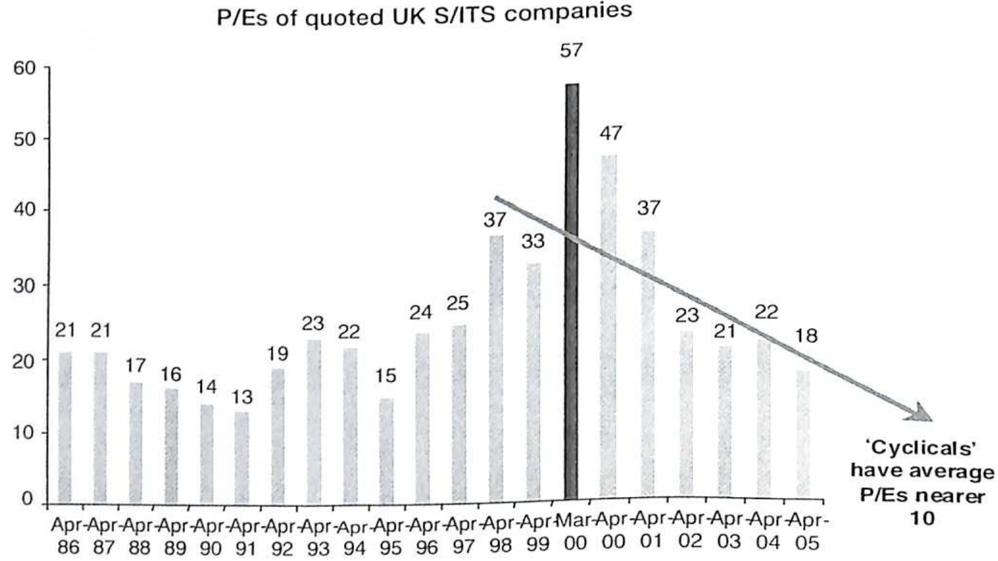
The lessons

Many readers will find this article painful. Many will therefore reject it; the mantra that 'cash and profits are king' is rightly engrained in many. We are not suggesting that cash and profits are any less important now than before. But alone we believe they are not enough to provide the share appreciation that most investors yearn. At the end of the day, you can only improve your debtor days so much. Profit margins do reach a level where further increases are counter-productive. Going beyond that level can only be achieved by reducing R&D spend and/or a lower level of customer service. Both of which can depress – rather than increase – the prospects for revenue growth.

As any dog will know, chasing a rabbit is always more rewarding than chasing your tail.

(Richard Holway)

P/Es of quoted UK S/ITS companies



Source: Ovum

PRIVATE INVESTMENT STABILISES WITH RENEWED FIRST ROUND INTEREST

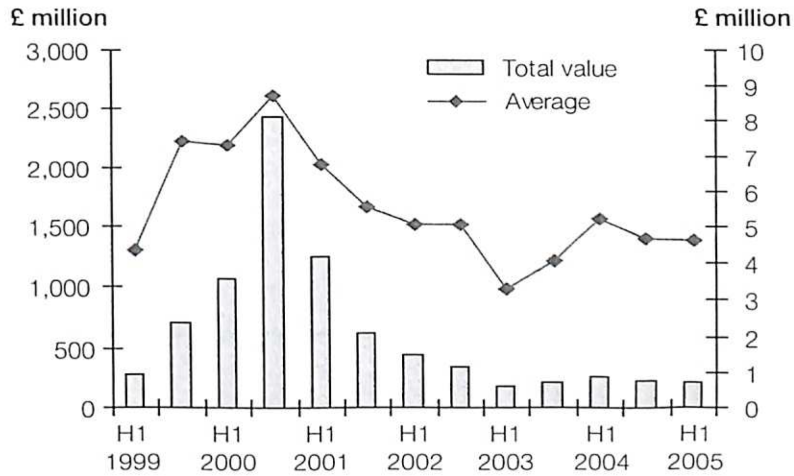
Private technology investment has kept pretty steady for the past two and a half years – though still with a considerably lower value and volume than between 1999 and 2002. Of course, this has partly been due to VCs' focus on smaller additional funding rounds for their existing portfolios, trying to make the best of what they have rather than them looking at more speculative investments.

But there are new indications that we could be seeing a shift back to more early stage investing in the UK and Ireland – at least this is the view from **Cobalt Corporate Finance**, the London based technology Funding and M&A advisors, which has released data regarding investments over £1m in UK and Ireland technology sectors in the first half of 2005.

According to Cobalt, first round funding has represented more than a third of the value of investments since the second half of last year, and made up 35% of the total investment value in this first half. This compares with rates of around 20% and lower since the second half of 2001.

Overall during the first half of 2005 Cobalt tracked 51 deals – with 29 in the second quarter, the highest per quarter since the third quarter of 2002. The average value of funding was £4.64m, in line with the range of £4m to £5m average that has been maintained for the past three and a half years. However, total investment over the period fell by almost 19% year on year to £213m. Nevertheless, Cobalt still expects total investment for the year to be in line with the previous, at somewhere between £400m and £500m.

Private technology investment levels in the UK and Ireland



Source: Cobalt Corporate Finance

Comment: What is heartening about this data is that it shows a certain consistency in investor sentiment since the dot com bubble burst – the least we could have hoped for after those hey days of rampant technology patronage. Although the value of the average investment has fallen by around £3.5m since mid-2000, there has been a reassuringly consistent volume of investments for more than three and half years now. It seems that the supply of funds and demand from new companies may well have stabilised.

The exciting thing is that first round funding has continued the comeback started in the second half of 2004, when first round investments accounted for almost 40% of the total value. This indicates investors' renewed appetite for the sector, and a willingness to risk injecting fresh blood into their portfolios.

Overall, the amount of money pouring out of VCs' coffers has reduced steadily over the past five years. But it now seems that after hitting its nadir in the first half of 2001, when total investments were only £180m, investment in tech companies has steadied at around £200m per half for four sequential halves. Perhaps the renewed interest in first round funding will push this value up further. Given the cautious view of most investors however, we do not expect any major surprises in the near future.
(Samad Masood)

We are indebted to **Cobalt Corporate Finance**, the funding and M&A advisors to technology and media companies, for their assistance in providing us exclusively with data on private equity investments in the UK technology marketplace.

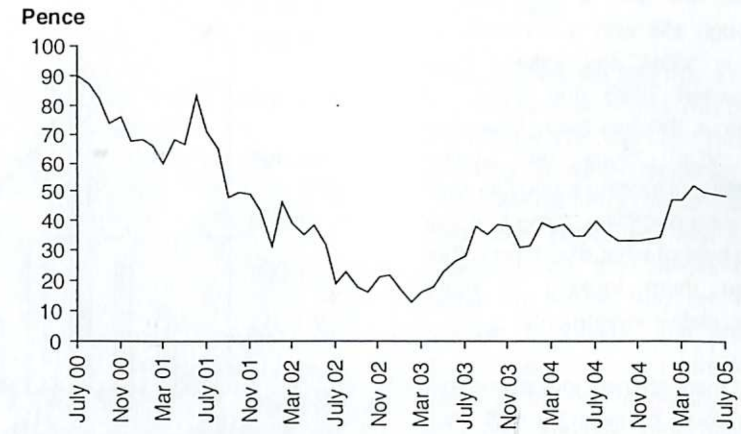
13%
57p

EUROPEAN REGULATION HELPS PUSH STATPRO REVENUE UP 18%

StatPro, the portfolio analytics software provider for the asset management industry, has revealed strong growth in its results for the six months ended 30 June 2005. Revenue grew 17.8% to £5.02m, with operating profit up 78.8% to £574k. Profit before tax came in at £554k, up 110% on last year, with diluted earnings per share up 27% to 1.4p.

Operating margins have improved to 11.4% from 7.5% in last year's first half, and cash inflow from operating activities increased to £330k from £30k. The company's cash balance at the end of the period more than doubled year-on-year to £1.78m. AIM-listed StatPro's share price jumped as high as 8% on the morning of the results, and as of 25 August had retained a 4% lead at around 56.5p.

StatPro share price history 2000–2005



Source: Ovum/London Stock Exchange

Comment: Regulatory changes in Europe have driven StatPro's growth over this last 12 months, and particularly in this most recent half. Continental Europe accounts for two-thirds of business, and is expected to continue to provide strong (if not accelerating) growth for the next 18 months as European finance houses rush to ready themselves to comply with regulations such as UCITS III, an EU regulation governing risk reporting.

In an indication of how this is helping StatPro to rapidly establish itself, the company revealed that it recorded the same number of sales (20) this half as in the first half of 2004, with the same proportion of those to existing clients (45%). This time however, sales have been for a significantly higher value and typically been for more than one product. Although not as rapid as Europe, UK growth has still been in double digits according to CEO Justin Wheatley.

Compliance is a very hot issue in the US and Europe at the moment, and this growth in Europe could help to make StatPro a real global player in a few years time, when it should be able to boast a significantly larger and deeper client base. The company's experience of picking up small add-on acquisitions to build out its portfolio has helped it to get this far in the past five years. Hopefully this track record will continue as StatPro begins to looks around for new purchases to grow its North American sales. *(Samad Masood)*

GETRONICS MARGINS MOVE IN THE RIGHT DIRECTION

In the first half of 2005, **Getronics** increased revenues by 11% to euro 1,322m. Service revenues (including PinkRoccade) reached euro 1,082m (up by 23%) and product revenues are down to euro 240m by 23%. EBITAE reached 3.3%, up from last year's 2.3%.

Comment: Is Getronics on track with its recovery? The management says they are aiming for an EBITAE of 5% this year. While H1 was at 3.3%, EBITAE in Q2 is showing an on-going improvement to 4.6%. There are other good signs: the company has stabilised its service revenue (excluding PinkRoccade) and it's even growing organically, by 2.2% in Q2.

The UK in focus

However, the situation in the UK still looks tough, to say the least, and is a continuation of what we

[continued on page seven]

[continued from page six]

saw last year. By our estimation, service revenues from the existing business declined by something approaching 15% in FY 04. In support services, where Getronics generates a large proportion of its UK services revenues, sales declined 17%. Compared with the other leading UK support players, that's a really dismal performance.

The loss of the Abbey support contract last year is still taking its toll, and until the company can really start to drive revenues from outsourcing, the ride will continue to be rough. It really has to start leveraging the acquired PinkRoccade capabilities in this area, sooner rather than later.

In the UK, Getronics is now almost twice the size it was last year - and that is all acquired growth. At something approaching £160m, it is still not a heavy hitter compared with the leading players - HP, IBM Computacenter et al.

New phase, new leader

Despite this, operating margin looks like it is on target. To accelerate profits further, Getronics will need to ramp up the cost savings to be had from delivery at its nearshore centre in Europe. In tandem, it really must find revenue growth again. The UK business has reached a significant milestone and while the margin improvement is satisfactory, the focus now is on driving up sales. Current COO, Clive Hyland, will be leaving the company by the end of October and will be replaced by Mark Kenealy - who will become MD for the UK business.

Although the integration of PinkRoccade is not yet complete, we are not overly concerned about the timing of Hyland's departure. Much of the initial work has been done and the company is now moving into 'phase two', which is where Kenealy's strong background in sales is expected to come into play.

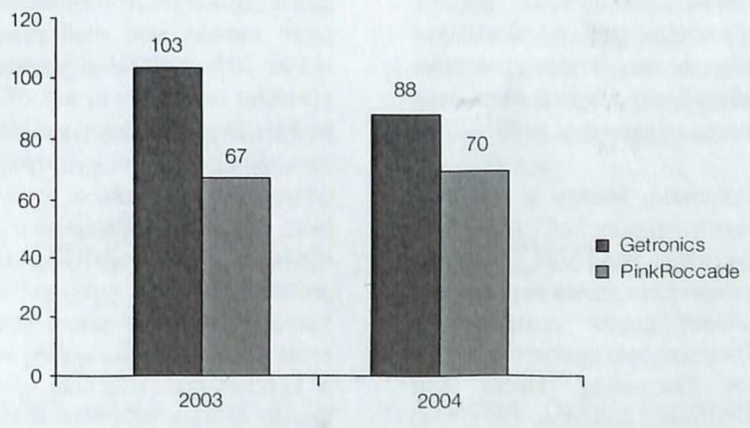
Worthy of note, however, is that Kenealy is coming from Computacenter where he was responsible for running the business in South Germany. Although Computacenter Germany has performed much better on the services front than its counterpart in France, the bottom line is that Computacenter is fundamentally a reseller - whereas Getronics is not.

These next few months, which incidentally cover the last quarter of the financial year, should give us an idea of exactly how Getronics plans to change gear post-acquisition. They will also reveal whether or not the UK business has managed to hit the margin target of 5%. Kenealy, without a doubt, is taking on a very challenging role.

A work in progress

Overall, we can't help thinking how hard the transition from hardware maintenance to managed services has been for Getronics. Revenue per employee may be up by 9% but it is still miles away from what the major outsourcing players are achieving. Margins in its historical business, hardware maintenance, are very thin across Europe with some competitors starting to give up. For instance, IBM in Germany sold its desktop maintenance business earlier this week, while SBS has also divested some of its maintenance operations. Getronics is very much a work in progress. However, it has to be said, it is not the only firm struggling in its transition.
(Kate Hanaghan)

Getronics (UK) and PinkRoccade (UK) services revenues FY 04 (£m)



24%
309p
DELCAM

NICHE CADCAM PROVIDER DELCAM REPORTS A POSITIVE H1 2005

Delcam, provider of CADCAM software, has announced interim results for the six months to 30 June 2005. The company reports record first half sales of £11.8m, up 11% on the comparable period last year, and an improvement in operating profit from £0.7m to £0.8m. Pre tax profit rose 21% to £0.8m, and earnings per share were 11.0p (8.6p). Commenting on the

[continued on page eight]

[continued from page seven]

outlook, Chairman Tom Kinsey said: *"We expect similar positive trends in the second half of the year, which should allow us to continue our improved performance"*.

Comment: After a rather disappointing FY 04 – due largely to the impact of the dollar/sterling exchange rate – Delcam has posted an encouraging set of numbers for H1 05. The US remains a key market for Delcam, indeed during the period the company acquired a US firm, thereby increasing its exposure to the North American market, and broadening its product portfolio.

Delcam reports that North and South America and Asian countries are continuing to do well, and even European sales were up, despite the ongoing movement of manufacturing operations offshore.

With an improvement in the bottom line, the board has increased the interim dividend by 10% – an indication of their confidence in the year ahead. *(Heather Brice)*

medley

PROFITABLE GROWTH THE MANTRA FOR TRUSTED ADVISOR MEDLEY BUSINESS SYSTEMS

The 'trusted advisor' role for public sector clients is proving to be a successful niche for **Medley Business Systems**. For a sixth successive year the privately-owned company has reported revenue and profits growth – for the twelve months to 31 December 2004 revenue grew 16% to £4.4m, operating profit was up 6% to £1.4m, and pre tax profits rose 7% to £1.4m.

Medley Business Solutions FYE: 31 December	2005	2004	Change
Total revenue	£4.4m	£3.7m	16.3%
Total operating profit	£1.4m	£1.3m	5.9%
Operating margin	31.1%	34.1%	
Total pre-tax profit	£1.4m	£1.3m	7.3%
Pre-tax margin	31.9%	34.5%	
Revenue per head	£120.9k	£133.6k	-9.5%

Commenting on the outlook, Tim Eglen, MD and majority shareholder said: *"Medley is well placed for further profitable growth with a strong order book for the beginning of 2005"*.

Comment: Medley is one of a select group of client-side consultancies offering independent advice to public and private sector organisations. They compete against the likes of PA Consulting, Hedra and Cornwell, and the consulting arms of the big outsourcing/SI players. Medley differentiates itself from the latter by focusing on consultancy – it does not have a delivery arm.

We spoke with Tim Eglen, Medley's founder and MD, to get more detail on the company's progress. Organic revenue growth was 16%, and operating profit margin was maintained above 30% in 2004. However, operating profit grew by just 6%, as the company suffered a short-term dip in utilisation in early FY 04 having made a number of new hires. Like all consultancies, utilisation levels are key to profitability and, as Eglen put it, *"recruiting the right calibre staff takes time"* – much like waiting for a London bus, you can wait around for ages then three come along at once!

In FY 03, Medley derived the majority of its revenue from two clients, so we were pleased to learn that the company added a third major client last year, and has secured a further three new clients so far in FY 05. Eglen is confident that one of these has the potential to grow into a significant account.

FY 05 is shaping up to be another year of profitable growth for Medley, as it deepens its relationships with customers, and secures follow on business. Inevitably, Medley faces a *"cliff edge"* two or three months out as projects come to an end, but such is the nature of its business. Eglen is well used to looking over this cliff edge, and remains confident, but realistic, about prospects for the year as a whole. We were told that they are *"well positioned"* to deliver double digit revenue and profits growth, and that margins are likely to remain above 30% – in today's climate that's good reason to cheer. *(Heather Brice)*

INTEC

INTEC TELECOM SYSTEMS ACQUISITION OF SINGL.EVIEW IS BEGINNING TO PAY OFF

Intec Telecom Systems, the telecoms billing and support systems vendor, announced its Q3 results this week. Revenue for the first nine months of the FY 05 was £76.5m, compare to £46.9m in the same period last year. EBITDA before exceptionals was £8.5m, up 55% on last year. Operating cash flow continues to be positive at £3.8m. Although cash inflow has slowed, John Arbuthnott, the company's CFO assured analysts that this was due to the timing of staged payments for contracts and would correct itself during the remainder of the financial year.

Comment: Intec is one of the few large UK software vendors which specialises in software for telecoms service providers. The company has grown by acquisition over the past 2 years extending its product portfolio from wholesale billing to mediation and finally, in autumn 2004, to retail billing, through the acquisition of Singl.eView, a respected retail billing product acquired from ADC. This latter acquisition has changed the nature of the company, as Singl.eView is now the major revenue stream. In the last quarter Intec's revenue had doubled over the same quarter in 2004, prior to the acquisition. This propels Intec into the top league in billing worldwide, after Amdocs and Convergys but ahead of established billing ISVs such as CSG-Kenan, which earned £103m from billing in the last financial year.

The Operations Support and Business Support software (OSS) market in which Intec plays is fragmented, with many private companies earning less than £25m. Intec makes no secret of the fact that it wants to be a large player in this market and that it will make further acquisitions. Ovum expects these to be in related areas, such as fulfilment, where the cross selling opportunities are greatest. In the past few years, for example, Amdocs, the market leader has extended its portfolio into customer management and ordering and fulfilment.

This isn't just hubris on Intec's part. Scale is very important for future success in the OSS market, because:

- It's a global market, and the ISV needs sufficient scale to support global operations.
- It's a market where partnership with SIs is important, both as an indirect sales channel and as an implementation partner. The leading SIs are taking an increasingly tough stance; they will only consider OSS partners which can offer unique technology or scale and reputation
- Telcos want to reduce the number of suppliers. The small will suffer.

Intec's revenue profile is already probably more geographically diverse than some of its larger competitors. In the last quarter, it announced new business as widely spread as China, Russia, Nigeria, the UK and US. It now has offices in 23 countries.

While Intec is in a hurry to grow, it is also keen to increase its profitability. Achieving both will be difficult and will require excellent execution over the next few years, against some tough competition.
(Eirwen Nicholls)

5%
61p
QUANTICA

QUANTICA CONFIRMS FIRST HALF GROWTH

Recruitment and training firm **Quantica** announced its results for the six months to 27 May 2005. Total revenues were up 23% to £17.0m, with operating profits of £1.5m (H1 of FY 04: £1.2m). EPS is up 37% to 1.57p, but there's still no interim dividend.

As for the bits of Quantica that most interest us, the Technology division overall is 26% up on the first half of last year. Permanent IT recruitment business has doubled year-on-year and *"continues to be very consistent"*. However, *"activity levels on contracting [are] slightly down on Q4 of 2004"*. Meanwhile, the Training division, which includes IT training, has been *"trading ahead of last year"*.

Comment: Quantica is a relative minnow in the UK ITSA market, but it seems to be faring better than some of its bigger competitors. We've recently seen how the tougher conditions that have characterised the past few months, following the "boom" of 2004, have hit performance at the UK's largest ITSA, Spring. However, it's clear that for

[continued on page ten]

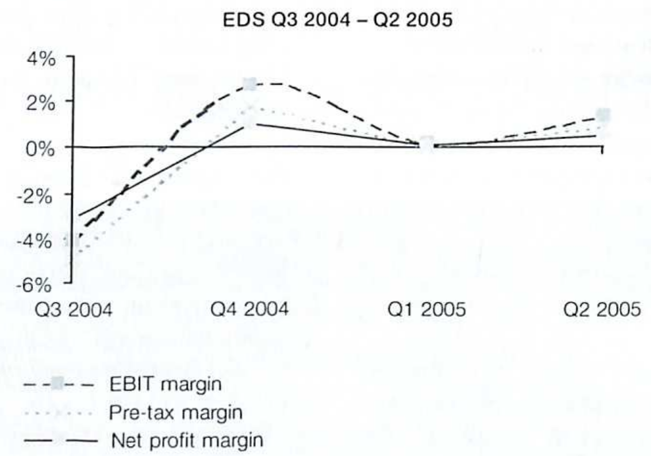
[continued from page nine]

Quantica too, the IT recruitment market is rather less fertile – particularly in the contractor space – than it was last year, or even in the first couple of months of 2005.

Although 2004's "spike" in growth was exceptional, the UK ITSA market will by its very nature remain prone to swings of fortune from quarter to quarter. So it's a real advantage for Quantica that it has interests in other sectors, including a strongly-performing Healthcare Division. Indeed, during August Quantica also announced that it is to expand its recruitment activities in the finance and supply chain markets with the £12m acquisition of privately-held RK Group.
(Phil Codling)

EDS IMPROVES PROFITS ON FLAT-ISH REVENUES

EDS posted its Q2 2005 results last night showing revenues down 1% (but down 4% in organic and constant-currency terms) to $5.2bn. Europe saw revenues down 11% in organic terms, to £1.58bn, which EDS blamed on the loss of the Inland Revenue Aspire outsourcing contract.



Profit margins were positive for the third successive quarter, though still low. Operating (EBIT) margin was 1.3% in Q2 (versus minus 1.6% in Q2 2004), and pre-tax margin was 0.85% (versus minus 3.7%). The European operating margin was 13.5% (versus 12.6% in Q2 2004, and 9.3% in Q1 2005), just below the margin for the non-government Americas business.

Margins were held back in part through investments EDS is making, including the start-up phase of the MoD DII outsourcing mega-deal, awarded in March 2005. Although they weren't great, these profits were ahead of guidance given after the Q1 results.

Operating cash flow was significantly better in Q2, at 5.9% of revenues versus 3.2% in Q2 2004 and 1% in Q1 2005. Free cash flow (operating cash flow minus capex) was also much improved, at 2.3% of revenues (versus 0.8% in Q2 2004).

The MoD DII deal will create a $250m cash outflow for EDS this year, emphasising its enormity, but that's expected to turn into a mere $50m cash outflow in 2006. Thereafter, it should turn into a cash generator. EDS said the contract is performing to schedule, and the MoD is enthusiastic about progress.

CEO Mike Jordan said EDS is picking up discretionary spend from clients in two main areas: application development, especially from government clients, and small add-on project work from infrastructure-outsourcing clients.

Comment: The UK still has a major influence over EDS in Europe, and indeed worldwide. You can see this as the glass half-full (UK strength) or half-empty (continental Europe weakness). Either way, EDS is very reliant on a single territory that is itself reliant on big government mega-deals. The next big(ish) deal is the Metropolitan Police, but Jordan doesn't expect a decision until Q4 – or maybe later. The Met isn't really a mega-deal anyway.

The loss of Inland Revenue is still hurting EDS, and the investment phase of the MoD mega-deal will hurt cash flow for the next three quarters. But the MoD DII contract should be a good long-term earner for EDS, especially in 2007 and beyond. As we've said before, EDS looks like it is regaining its balance and its confidence.

It's good to see EDS selling new business to existing clients. Jordan said these add-on projects were small – $10m to $30m jobs such as email-archiving projects. But in a relatively saturated market, cross-selling is the easiest way to grow revenues. Jordan says EDS has some 80 infrastructure offerings to tempt customers with, so there's potential here.

Customers and partners should welcome the return to long-term profitability and positive cash flow. We think EDS is stabilising, and are pleased that it's concentrating on its strengths in infrastructure outsourcing. *(Douglas Hayward)*

11%
134p

SUN SHINES ON SYSTEMS UNION

Financial and performance management company, **Systems Union**, has announced interim results for the six months to 30 June 2005. Revenue is up 5% to £53.7m, operating profit (before amortisation of goodwill and licences) is up 39% to £5.7m, and PBT is up 84% to £2.7m. Diluted EPS, previously 1.2p, is now 2.2p, and the interim dividend is up 50% to 0.75p per share.

Comment: Systems Union has delivered an encouraging set of results, reporting a significant improvement in operating and pre tax profits whilst maintaining its spend on R&D, and investing in additional sales & marketing activities. Cash generation has also improved, up 8% to £5.4m.

Systems Union Group FYE: 31 June	H1 2005	H1 2004	Change
Licences	£14.2m	£14.2m	0.4%
Maintenance	£23.6m	£21.5m	9.7%
Services	£15.8m	£15.3m	3.3%
TOTAL	£53.7m	£51.0m	5.2%

Top line growth of 5% is pretty good in today's climate, and was underpinned by particularly strong growth in maintenance revenues, which rose 10% during the period. Services posted a 3% increase to £15.8m, but licence sales remained virtually unchanged at £14.2m – hopefully the investment in sales & marketing during H1, and the company's broader portfolio, will lead to licence fee growth in the near future.

Going into H2, CEO Paul Coleman says that new customers and sales pipeline are both *"significantly ahead"* of last year, so we would hope to see continued progress in revenues and profits for the year as a whole. *(Heather Brice)*

-1%
177p

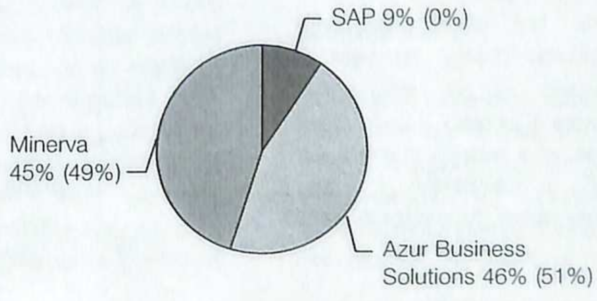
MAXIMA SHARPENS MARGINS IN FIRST 'PUBLIC' YEAR

Maxima Holdings has had a successful first year as a public company. Pro forma revenue, which shows how the company would have faired if it had been trading in its current form for the full twelve months, increased 13.7% to £14.1m. Operating profit grew 50% to £2.2m, lifting margins from 11.8% to 15.5%. Most of the year-on-year revenue growth came through the introduction of the company's SAP business, which added £1.3m in sales. The company's Azur Business Solutions division increased revenues from £6.2m to £6.3m, while Minerva increased from £6.0m to £6.3m.

Comment: Clearly the top line growth has come from the addition of the new SAP business. Minerva and the Azur business showed revenue growth of just 5.0% and 1.6% respectively, though they are profitable, unlike the SAP business (which is still in 'investment mode'). Against the high profile branded ERP systems, Maxima's own products will always struggle and future opportunities for growth will probably come through add-on services to existing clients.

Maxima's key strategic objective is still to grow by acquisition. The purchase of Ringwood, announced alongside the results, is small but potentially useful as the software firm has footholds in the financial services and public sector verticals. This will help the Group create in-roads into those markets. Meanwhile, Maxima is still searching for additional acquisitions that either bring bolt-on capabilities (such as Ringwood) or that are larger and more strategic. The acquisition pipeline is strong, as we would expect, and we wouldn't be at all surprised to hear of more purchases as this year progresses. *(Kate Hanaghan)*

Maxima revenue split, total pro forma in FY 2005 = £14.1m (£12.4m)



STERIA 'ACCELERATES' IN THE SECOND QUARTER

Steria has announced Q2 sales of euro 305.3m, a 24% increase on last year (9% organic). This brings H1 sales to euro 583.6m, a 20.7% growth on the same period last year (6% organic). France headed the company's growth with 9.8% organic growth on last year (15.5% in absolute terms). Steria recorded sales up by 4.3% in outsourcing in H1 2005, while its systems and integration activity improved by 7.3% in organic terms.

Steria indicates that its operating margin in H1 2005 has improved on last year and confirms it is still aiming at raising it above 7% by 2006.

Comment: This is a strong set of results, with strong revenue performance and no surprise on profitability. At 15%, Q2 organic growth in France is simply outstanding - a strong improvement on Q1 when the company had recorded 'just' 4% growth. Overall, with 9.8% organic growth in France in H1, the company ranks among the very best in its market.

Another piece of good news is the trend in organic growth (4.2%) recorded in Germany in H1 2005. Thanks to Mummert, the group grew by more than 20% in this country, which now represents about 16% of the company's total sales. The only weak link seems to be the UK, where the company's sales were almost flat in Q2 after a slight decline in Q1.

Steria has recorded a strong up-tick in its consulting and systems integration arm, which made a spectacular jump in growth from 1.3% in Q1 to 13% in Q2. This improvement will greatly help to raise the company's operating margin, one of the key objectives going forward.
(François Dauriat)

-2%
7p

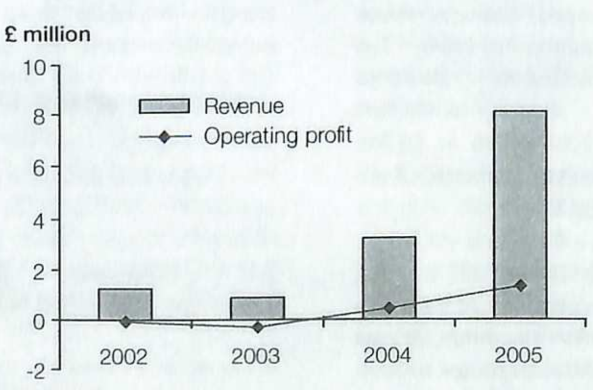
SIRVIS IT: PROGRESS BUOYED BY ACQUISITIONS

SiRVis IT, a support services player that sells to software houses and VARs, increased revenues for the year to end May 2005 by 150% to £8m. This includes a full year of contributions from two acquisitions. Progress was also made at the operating level, with the margin up from 14.3% to 16.4%. The Financial Reporting Standard No. 10 means the company is required to take goodwill originally written off to reserves in the balance in the period May 1997 to May 2005. As a result, the company hit a net loss of £2.4m versus a profit of £463k last year.

Comment: SiRVis is a very small player, but clearly one with ambitions. During the year, it disposed of its educational software business - a good move in our view bearing in mind just how competitive and commoditised this market is. What we have now is a company that looks quite different to this time last year; the focus is now on support (hardware, software, networks), itself a tough market. But SiRVis is promising to deliver some organic growth, and we look forward to seeing just how strong this is during the coming year.

Certainly the company is doing the right thing in investing in its service delivery team to keep service levels up - particularly crucial when one considers that most of its top ten clients have been customers for more than five years. In addition, contracted revenues are high at 75% and SiRVis is focused on increasing these further. The bottom line is, however, that we believe acquisitions will continue to play a key role in growing the company. Although there's nothing in the pipeline right now, another purchase is certainly on the cards. *(Kate Hanaghan)*

SiRVis IT revenue and profit performance 2002–2005



CSC

CSC REPORTS ANOTHER STEADY QUARTER

CSC's results for the first quarter of FY 06 showed global revenues (excluding the contribution of the sold Dyncorp business from last year's numbers) up 8.6% to $3.58bn. Constant currency growth was 7%. EBIT grew by 5.7% to $181m, while EPS came in just above analyst expectations at 70 cents (compared to 58 cents in Q1 last year).

All three of CSC's main business segments grew in the quarter. Following its overall decline in FY 04, US Federal Government business was up 4.5% to $1.22bn. US commercial revenues saw an especially strong 13.9% rise to $1.01bn. Total European business was up 10.3% to $1.04bn, although currency shifts accounted for about 4% of that growth (meaning constant currency growth in Europe was around 6%).

Comment: CSC's continuing steady performance stands in marked contrast to some of its more famous compatriots. While IBM, EDS and HP lurch rather unpredictably from quarter to quarter and from re-org to re-org, CSC keeps motoring along in its own quiet way. In a market (and here we mean both investors in the sector and buyers of IT services) that's increasingly enamoured with predictability, this is all in its favour.

Not that there isn't room for improvement. CSC's margins could do with a boost, but Q1 saw a slight move in the other direction (from a 5.2% EBIT margin to 5.1%). Meanwhile, growth outside the UK in Europe still looks very patchy. Like so many of its competitors, CSC is finding the going particularly tough in the projects market in Southern Europe. Meanwhile, the company – with an obvious boost from the Renault deal – is getting rather bolder in France. That said, despite its Tour de France sponsorship, CSC is still far from a leading name in France, or indeed in the even larger German market. Fortunately the UK – which accounts for so much of Europe for CSC – is staying strong. We expect CSC once again to do significantly better than key outsourcing rival EDS in the UK market this year, although it may not quite match the 13% growth of 2004.

A lot has been said about acquisitions, in the light of CSC's lack of weight in continental Europe and its cash windfall from the Dyncorp disposal. We have no doubt the company is keeping its eyes open, but we'd also be pretty confident that it's not about to do anything rash. Services acquisitions get riskier as they get larger and if it can deliver upper single digit organic growth, CSC may well decide that the potential risks of a major acquisition outweigh the benefits. That said, if it really is serious about taking the challenge to IBM and EDS globally, the option of returning cash to shareholders might look more than a little unimaginative.

(Phil Codling)

-8%
34p

lorien

TOUGH TIMES PUSH LORIEN INTO LOSSES

Following protracted and subsequently terminated takeover talks, **Lorien** has revealed operating losses (of £363k) for the half year to end May from last year's small profit of £255k. The company also moved into pre-tax losses, of £368k. Revenues on continued operations increased 8% to £61.2m. We estimate that IT resourcing accounts for about two thirds of net fee income, which was £5.3m in the period.

Chairman Bert Morris said: *"..it will take time to rebuild momentum and I do not expect this to be achieved until the end of this year"*.

Comment: If this poor performance is directly related to the ramifications of failed takeover talks, we would expect to see some improvements coming through in H2. Certainly Lorien lost some important fee-earners (to competitors) during this time, which will have impacted upon the renewal of shorter contracts. Furthermore, we wouldn't be at all surprised if, more generally, staff lost heart; the state of being in limbo is likely to have affected the performance of those that didn't jump ship. In recent months, as the company has got new staff in and the possibility of acquisition has gone away, the performance has stabilised and the order book has *"bounced back"*.

A mixed market

Lorien says it has been operating in a market (for IT staff) that was *"flat or marginally positive"*. It's very difficult to extrapolate Lorien's performance during the six months to make a more

[continued on page fourteen]

[continued from page thirteen]

general comment about the UK ITSA market. We do know that Spring, the largest UK ITSA, is definitely suffering from weakened market conditions. Meanwhile Quantica, a relatively small player that released its results the day before Lorien, seems to be faring better.

Also in August, Harvey Nash reiterated its view of the UK staffing market following the close of its first half. CEO Albert Ellis told us he believes the ITSA market is entering a period of *"sustainable recovery"* following the *"boom, bust and bounce-back"*. Ellis also claims that, despite the macro-economic climate, the IT resourcing market is showing *"surprising resilience"*.

In a market that is generally more subdued - and worse in some areas than others - we absolutely stand by Harvey Nash's decision to invest for growth. The firm, quite rightly, knows it can't just sit back and wait for the growth to happen of its own accord. Following a stellar year in 2004, we would urge other companies with a foot in the UK ITSA market to take note.

Harvey Nash has a couple of other good points on its side. Firstly, it is geographically spread - not to mention its software development facility in Vietnam. Secondly, its Executive Search business enables it to develop relationships at the very top of the IT buyer 'food chain'. We believe Harvey Nash is looking good on the profits front too - again, partly thanks to its wide (but not shallow) spread.

So while we believe 2005 will be a harder year than 2004, the landscape is complex and the picture mixed. The bottom line for Lorien is that as long as the market doesn't get any worse, it should be able to rely on a traditionally stronger second half to claw itself back. Whether it is profitable by year-end is not, by any means, a fore-gone conclusion.

(Kate Hanaghan)

HURD COMES UNDER PRESSURE TO SHARPEN HP SERVICES

HP has released it Q3 results, which overall look relatively good. Revenues increased 10% (7% after currency effects are eliminated) to $20.8bn, pushing shares up more than 6% in after-hours trading. Operating margin improved from 3.5% to 4.4% (although Q3 2004 was particularly bad). Net income declined 88% due to tax charges on the repatriation of $14.5bn in foreign earnings - reportedly the biggest of its kind in the tech industry. Net operating cash flow for Q3 was $2.2bn, representing a healthy 11% of revenues.

More specifically: EMEA revenues were up 10% year-on-year (6% after currency effects are eliminated), while the Americas were up 8% (6% after currency). Asia-Pacific was up 15% (11%).

HP services increased revenues 10% to $3.8bn. Consulting & Systems Integration (C&SI) saw revenues grow 12%, Managed Services (outsourcing) grew 21% and Technology Services (the core maintenance business) grew 7%.

Comment: We know it might be a lot to ask of the new boy, bearing in mind the significant corporate restructuring and cost-saving projects CEO Mark Hurd is currently running, but we'd like to see some operational improvements filter down to HP Services. Operating margin has declined for the past three years, from 10.8% in Q3 2003, to 8.9% in Q3 2004, to 6.7% in this latest quarter. We're also a little concerned that year-on-year growth in HP Services is slowing rather than accelerating - Q3 2005 was the slowest growth for five quarters.

To be fair, Services margins would have improved had it not been for the bonus payments made to staff - this quarter saw HP's first bonus payments since Q4 2004. But bonuses should be part of the cost structure and are something HP must factor in when measuring its overall performance. Hurd made clear he wants to see bonus payments every quarter in future.

The PC business was a real area of focus during Q3, now let's see what Hurd can do with C&SI, Managed Services and the maintenance division. Hurd's team must firstly focus on utilisation and "bill-ability" in consulting. In managed services, it's about driving costs out of the outsourcing contracts. Meanwhile, in the traditional maintenance business, which accounts for 62% of total services revenues, there are opportunities to take out costs through the improved use of remote resolution, for instance.

Hurd has certainly been busy in Q3, but there is still a lot of work to be done. Not all of it is rocket science, however. Hurd made clear that there's a lot to do in improving margins in HP Services. He made a point of mentioning that the services business has three very different business models, indicating that he may well see this as a problem more than an opportunity. We suspect that the rationale of the services business is under review, and that the role that IT services should play at HP is still an open question.

(Kate Hanaghan)

Mergers & Acquisitions

Buyer	Seller	Seller Description	Acquiring	Price	Comment
BEA	Plumtree Software Inc	Provider of specialist portal software	100%	$200m	The market for application platform suites such as those provided by BEA, IBM and Oracle has been consolidating for some time. As such this transaction is not greatly surprising - it follows the consolidation theme happening in the market. Smaller companies with interesting technology or a strong customer base will continue to be acquired by larger players and their products integrated into wider suites.
Cornwell Management Consultants	Quantum Plus	A privately owned outsourcing consultancy based in Stratford-upon-Avon	100%	£3m on completion of the deal, with up to £1.5m in earn-outs	This looks a good move for Cornwell, assuming that it can hold on to Quantum's staff. It's buying a high-quality company that's growing and highly profitable (27% pre-tax margin - four times as profitable as Cornwell). Quantum is narrowly focused on providing high-value advice to decision makers at a crucial stage of the IT spending cycle, and in an area (outsourcing) that's still growing faster than the overall market.
Kognitio	Whitecross	The two companies, both in the BI and data migration markets, are merging	N/a	A share-based merger with <£250K cash changing hands	Both Kognitio and WhiteCross are relatively small niche players in the UK data integration, data warehousing and BI markets, offering mainly complementary business models and customer bases. Kognitio offers consultancy services around data migration and data quality to companies in the insurance and financial services sectors. WhiteCross provides a massively parallel memory database for processing and querying large volumes of data for organisations mainly in the telecom and retail sectors.
Logicalis Group	Hawke Systems	A privately-held HP partner based in Berkshire	100%	An undisclosed sum	This latest acquisition follows the purchase of Notability, an IBM partner, in March for £11.4m. The addition of Hawke will give Logicalis increased technical expertise within its multi-vendor storage practice and contributes to the company's ambition to become a service-centric provider. Currently, revenues are split an estimated 50/50 between product and services. By bringing in additional services capabilities, Logicalis will also be able to add to the portfolio of its recently launched managed services offering.
Netstore	System Software Solutions	Birmingham-based provider of security-related consulting, integration and support services	100%	£3m in cash	Netstore is fast emerging as one of the UK market's key consolidators in the mid-market. This is a radical change of direction and ambition for a company that, at the time of its 2000 IPO, declared itself "Europe's leading Application Service Provider". But it looks to be working. One key will be to keep the business on a solid financial footing while all this growth is going on.
QinetiQ	Apogen Technologies	A US supplier of IT to the Federal Government.	100%	$288m (£162.7m)	Apogen is a significant acquisition for QinetiQ, which is making a big push into the world's largest defence and security market, the US. QinetiQ's strategy in the US is to create three operating businesses that reflect its three main routes to market. Foster-Miller (which will include the Planning Systems acquisition) and Westar will provide technology, systems engineering and customer support, while Apogen will provide IT.
Qualcomm	Elata	Mobile content delivery platform software developer	100%	$57m	Qualcomm's purchase of Elata is the boldest indicator yet that the US mobile technology giant is serious about expansion into GSM territories, especially Europe. Compared with its earlier acquisition of Trigenix, whose user interface customisation software (now known as uiOne) would at best have kept Qualcomm on the periphery of the European mobile technology market, Elata's software points right to the heart of operators' evolving data service infrastructures.
Tata Technologies	INCAT	IT consulting and systems-integration	100%	c£53.4m	Parties involved claim this is the biggest acquisition so far by an Indian company in Europe - although that's not saying much, and of course this part of Tata is technically a US company. Perhaps more significantly, it's the first acquisition by an (ultimately) Indian-based company done through public offer rather than through private trade sale.
Torex Retail	Retail Petroleum Systems	EPoS but also more specialised petrol delivery systems right down to the level of fuel pumps, gauges and pipework	100%	euro 5m in cash upfront, plus euro 1m in new shares. Up to euro 3m will be payable depending on performance	Torex Retail has not even paused to draw breath after the completion of the larger XN Checkout acquisition earlier this month and the announcement of its biggest acquisition to date (Anker) in July. Although it has a lot in common with the convenience end of the retail market, the petroleum segment has some pretty specialised needs too, and RPS, like Flexiline (a January 2005 acquisition for Torex), will help Torex Retail to exploit these. In time we'd expect to see the company take RPS' offerings beyond the relatively small Irish market through its interests in the UK and, potentially, Benelux and Germany.
VI Group	SMIRTware Inc	Sells design software to the likes of Ford, General Motors, Fiat and Volvo	100%	£600k in cash	A small, focused acquisition by a small, focused player. VI, operating through the VERO group of companies, has stuck resolutely to its niche in the mould and die segment of manufacturing, and this has served it well. The company returned double-digit growth in 2004, with operating profits before goodwill amortisation edging into the black. Given its relatively limited target market, geographical expansion is key.
XKO Group	UBM	Provider of proprietary software which can locate, bill and collect previously unbilled energy	100%	Initial consideration of £27.0m (£22.0m in cash and the remainder in shares)	What will be interesting going forward is just how XKO chooses to develop its new position/capabilities. The utilities market is forecast to grow 3.7% (CAGR) for the years 2005 to 2009 and we don't consider there to be huge opportunities. There will, however, be hot spots; deregulation in a consolidating, globalising and highly competitive market means services such as those provided by UBM will be desirable.

Recent IPOs

Name	Activity	Index Class	Market	Issue Price	Market Cap.	IPO Date	Price end August 05	Change since IPO
Messaging International Plc	Messaging management systems	SP	AIM	5p	£5.8m	03-Jul-05	4.88	-2.4%
Carlisle Group	Staffing services	A	AIM	115p	n/a	31-Aug-05	125	8.7%

Forthcoming IPOs

Name	Activity	Index Class	Market	Est Issue Price	Est Mkt Cap.	IPO Date
Vimio plc	Mobile media compression technology	SP	n/a	n/a	n/a	02-Sep-05
Seeing Machines Ltd	Image recognition technology	SP	AIM	n/a	n/a	n/a
SQS Software Quality Systems AG plc	Software testing and quality management	CS	AIM	n/a	n/a	n/a

UK software and IT services share prices and market capitalisation - August

	SCS Cat	Share Price 31-Aug-05	Capitalisation 31-Aug-05	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 31-Aug-05	Share price move since 29-Jul-05	Share price % move in 2005	Capitalisation move since 29-Jul-05
Alphameric	SP	£0.93	£112.1m	-	1.60	427	-1%	16%	-£0.60m
Alterian	SP	£1.44	£57.3m	-	7.35	718	26%	40%	£11.79m
Anite Group	CS	£0.66	£233.5m	131.0	1.23	383	-2%	15%	-£1.78m
Ascribe	SP	£0.31	£33.2m	-	N/a	1632	-4%	63%	-£1.07m
Atlantic Global	SP	£0.24	£5.4m	40.5	2.51	797	-11%	-38%	-£0.69m
Autonomy Corporation	SP	£3.48	£413.2m	78.4	12.38	106	36%	107%	£109.84m
Aveva Group	SP	£8.45	£185.1m	62.7	3.22	4225	7%	28%	£12.59m
Axon Group	CS	£2.45	£129.9m	29.5	2.16	1400	8%	66%	£9.54m
Bond International	SP	£1.08	£27.1m	16.0	3.85	1654	-2%	31%	-£0.50m
Brady	SP	£0.54	£13.8m	8.8	5.79	660	-12%	-41%	-£1.94m
Business Systems	CS	£0.20	£16.4m	20.7	0.56	164	4%	30%	£0.63m
Capita Group	CS	£3.64	£2,400.9m	25.3	1.87	98464	1%	0%	£14.83m
Charteris	CS	£0.40	£17.2m	27.6	1.24	444	3%	4%	£0.43m
Chelford Group	CS	£2.42	£16.0m	64.9	1.35	42000	-1%	89%	-£0.17m
Civica	CS	£2.26	£114.9m	-	1.10	1288	0%	-1%	£0.00m
Clarity Commerce	SP	£0.80	£12.7m	32.3	0.95	636	12%	18%	£1.36m
Clinical Computing	SP	£0.15	£4.6m	-	2.60	117	7%	-55%	£0.32m
CODASciSys	CS	£4.20	£106.7m	42.4	1.57	3256	10%	24%	£9.52m
Comino	SP	£2.68	£37.3m	30.7	1.46	2058	1%	22%	£0.58m
Compel Group	CS	£1.04	£34.9m	-	0.55	828	1%	13%	£0.51m
Computacenter	R	£2.03	£384.4m	8.4	0.16	302	2%	-30%	£8.54m
Computer Software Group	SP	£0.55	£27.5m	16.8	1.96	464	-3%	-11%	-£3.27m
Cornwell Management Consultants	CS	£1.31	£23.1m	-	1.66	941	-1%	-2%	£1.04m
Corpora	SP	£0.13	£7.8m	-	15.54	336	42%	-18%	£2.40m
DCS Group	CS	£0.13	£3.2m	2.6	0.06	213	-6%	21%	-£0.19m
Dealogic	SP	£1.88	£131.2m	31.0	4.24	815	10%	39%	£12.24m
Delcam	SP	£3.09	£18.8m	14.5	0.88	1188	24%	58%	£3.60m
Detica	CS	£9.28	£207.3m	28.9	2.92	2319	2%	20%	£3.69m
Dicom Group	R	£9.82	£208.9m	34.8	1.34	3010	4%	20%	£7.23m
Dimension Data	R	£0.38	£506.9m	-	0.37	67	8%	-1%	£37.08m
DRS Data & Research	SP	£0.44	£14.4m	31.9	1.00	400	-6%	7%	-£0.98m
Electronic Data Processing	SP	£0.82	£4.1m	-	0.49	2495	14%	9%	-£13.36m
Epic Group	CS	£1.02	£5.1m	10.4	0.63	971	10%	10%	-£16.98m
FDM Group	A	£0.88	£20.4m	-	0.62	1080	21%	13%	£3.60m
Ffastfill	SP	£0.06	£14.9m	-	5.64	52	6%	-2%	£0.90m
Financial Objects	CS	£0.40	£16.2m	-	1.70	174	18%	-22%	£2.42m
Flomerics Group	SP	£0.86	£0.2m	-	0.02	3288	15%	29%	-£10.86m
Focus Solutions Group	CS	£0.25	£7.0m	-	1.28	128	-6%	-37%	-£0.42m
GB Group	CS	£0.38	£30.9m	-	2.75	245	-7%	50%	-£2.44m
Gladstone	SP	£0.20	£9.8m	20.1	1.28	488	-8%	-14%	-£0.88m
Glotel	A	£0.92	£35.0m	18.7	0.39	475	-14%	-10%	-£5.55m
Gresham Computing	CS	£1.43	£72.0m	-	5.81	1532	24%	-48%	£13.92m
Group NBT	CS	£1.25	£24.3m	19.5	3.17	625	6%	21%	£1.46m
Harvey Nash Group	A	£0.59	£5.2m	1.7	0.03	337	20%	-35%	-£25.54m
Highams Systems Services	A	£0.05	£1.7m	-	0.12	146	11%	-5%	£0.16m
Horizon Technology	CS	£0.79	£58.0m	19.0	0.30	289	11%	1%	£6.10m
IBS OPENSystems	CS	£1.72	£68.6m	-	N/a	1125	18%	14%	£10.20m
I S Solutions	CS	£0.14	£3.3m	-	0.61	503	10%	-7%	£0.31m
ICM Computer Group	CS	£3.53	£73.5m	23.8	0.95	1958	8%	-14%	£5.42m
IDOX	SP	£0.10	£19.1m	32.0	2.00	13	-7%	-8%	-£1.40m
INCAT International	SP	£2.18	£52.8m	-	0.81	1364	6%	41%	£3.16m
In Technology	CS	£0.39	£54.3m	-	0.19	1540	-15%	-49%	-£9.88m
Innovation Group	SP	£0.31	£136.5m	-	2.35	134	-14%	-12%	-£20.41m
Intelligent Environments	SP	£0.03	£4.8m	-	1.56	33	-4%	-50%	-£0.19m
Intercede Group	SP	£0.19	£2.2m	-	1.2	317	-5%	3%	-£4.55m
Invu	SP	£0.19	£21.8m	28.9	6.94	1947	-10%	-20%	-£0.61m
iSOFT Group	SP	£4.57	£1,046.5m	41.1	3.99	4150	7%	32%	£70.80m
iTrain	SP	£0.08	£6.4m	81.3	5.85	96	2%	0%	£0.10m
K3 Business Technology	SP	£1.03	£16.0m	10.3	1.87	783	-5%	-2%	-£0.86m
Kewill	SP	£0.79	£62.2m	22.6	2.33	1561	-3%	38%	-£1.77m
Knowledge Technology Solutions	SP	£0.04	£5.9m	-	7.62	800	3%	-27%	£0.19m
LogicaCMG	CS	£1.78	£1,336.6m	57.4	0.80	2438	-5%	-8%	-£75.09m
Lorien	A	£0.34	£6.2m	7.8	0.05	335	-8%	-36%	-£0.56m
Macro 4	SP	£2.91	£63.2m	52.0	2.02	1173	-2%	59%	-£1.19m
Manpower Software	SP	£0.24	£10.7m	34.3	2.07	247	14%	-24%	£1.33m

UK software and IT services share prices and market capitalisation - August

	SCS Cat.	Share Price 31-Aug-05	Capitalisation 31-Aug-05	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 31-Aug-05	Share price move since 29-Jul-05	Share price % move in 2005	Capitalisation move since 29-Jul-05
Maxima Holdings	CS	£1.77	£21.8m	-	1.76	1287	-1%	81%	£0.59m
Mediasurface	SP	£0.14	£11.0m	-	2.04	1048	10%	90%	£0.97m
Micro Focus	SP	£1.76	£350.9m	26.6	4.32	0	-1%	17%	-£1.92m
Microgen	CS	£0.79	£81.1m	-	1.91	335	-4%	39%	-£3.10m
Minorplanet Systems	SP	£0.03	£5.0m	-	0.15	64	32%	-26%	£1.20m
Misys	SP	£2.26	£1,152.1m	77.9	1.30	2812	-4%	8%	-£45.88m
Mondas	SP	£0.18	£4.7m	-	1.02	240	-8%	-3%	-£0.39m
Morse	R	£0.97	£145.7m	-	0.37	386	4%	1%	£6.04m
MSB International	A	£0.61	£12.5m	23.7	0.14	321	-7%	-27%	-£0.92m
NCC Group	CS	£2.57	£83.6m	42.0	4.45	1536	-3%	33%	-£2.77m
Ncipher	SP	£2.29	£62.7m	16.9	4.40	914	3%	8%	£1.65m
Netcall	SP	£0.14	£8.9m	-	3.68	273	-11%	-29%	-£1.15m
Netstore	CS	£0.40	£40.1m	35.0	1.94	263	3%	5%	£1.01m
Nexus Management	CS	£0.01	£2.5m	-	2.19	255	56%	8%	£0.91m
Northgate Information Solutions	CS	£0.78	£414.2m	94.8	2.01	299	-1%	21%	-£5.33m
NSB Retail Systems	SP	£0.30	£109.6m	-	2.41	2609	-3%	13%	-£3.09m
OneclickHR	SP	£0.05	£7.4m	-	1.55	125	33%	43%	£1.86m
Parity	A	£0.08	£23.8m	-	0.14	1375	0%	-16%	£0.00m
Patsystems	SP	£0.16	£24.8m	-	2.11	145	3%	27%	£2.40m
Phoenix IT	CS	£3.20	£188.5m	23.5	2.13	1185	4%	17%	£6.48m
Pilat Media Global	SP	£0.44	£22.3m	47.3	1.85	2200	-9%	19%	-£2.27m
Pixology	SP	£0.96	£19.1m	-	4.23	684	0%	-50%	£0.00m
Planit Holdings	SP	£0.24	£22.0m	17.1	0.78	1000	7%	0%	£1.37m
Portrait Software (was AIT)	CS	£0.25	£18.6m	9.4	1.30	164	-4%	-19%	-£0.35m
Prologic	CS	£0.71	£7.1m	-	1.02	849	0%	-9%	£0.00m
PSD Group	A	£2.35	£58.7m	32.2	1.34	1068	-1%	-10%	-£0.37m
QA	CS	£0.02	£5.4m	-	0.18	8	10%	-40%	£0.50m
Qonnectis	CS	£0.02	£2.8m	-	N/a	467	-8%	-53%	-£0.24m
Quantica	A	£0.61	£24.6m	16.5	0.80	488	5%	30%	£1.22m
Raft International	SP	£0.07	£4.3m	-	0.59	103	4%	-24%	£0.17m
Red Squared	CS	£0.07	£1.8m	-	1.09	357	18%	-28%	£0.28m
Retail Decisions	SP	£0.30	£86.9m	28.3	2.74	405	-1%	5%	-£0.72m
RM	SP	£1.70	£152.6m	-	0.58	4843	-5%	-2%	-£7.65m
Royalblue Group	SP	£6.59	£215.2m	25.9	3.60	3874	16%	48%	£30.07m
Sage Group	SP	£2.29	£2,933.2m	21.3	4.27	87885	-1%	13%	-£38.51m
Sanderson Group	SP	£0.68	£27.8m	-	1.91	1360	3%	11%	£0.82m
SDL	CS	£1.60	£97.8m	-	1.56	1067	14%	19%	£12.22m
ServicePower	SP	£0.34	£25.3m	-	6.15	340	-11%	0%	-£2.97m
Sirius Financial	SP	£0.98	£17.2m	69.6	0.79	650	3%	17%	£0.44m
SiRViS IT plc	CS	£0.07	£7.4m	-	2.3	57	-2%	6%	-£0.14m
smartFOCUS plc	SP	£0.19	£14.8m	-	5.2	2081	43%	113%	£4.43m
Sopheon	SP	£0.24	£28.5m	-	6.59	338	2%	-1%	£0.61m
Spring Group	A	£0.64	£103.1m	9.2	0.22	714	21%	-30%	£16.44m
StatPro Group	SP	£0.57	£20.7m	8.4	2.28	706	13%	69%	£2.38m
Stilo International	SP	£0.03	£2.3m	-	1.09	50	11%	-44%	£0.23m
SurfControl (was JSB)	SP	£4.90	£52.2m	-	1.09	2450	18%	-11%	-£72.25m
Systems Union	SP	£1.34	£144.2m	26.2	1.38	1027	11%	16%	£14.04m
Tadpole Technology	SP	£0.05	£18.8m	-	3.90	118	8%	-51%	£1.45m
Telecity	CS	£0.21	£57.2m	-	2.21	27	1%	11%	£0.69m
Tikit Group	CS	£2.03	£25.6m	43.1	2.15	1761	8%	26%	£1.96m
Torex Retail	SP	£1.15	£364.3m	-	5.36	2863	-3%	51%	£138.24m
Total Systems	SP	£0.47	£4.9m	13.1	1.42	877	1%	-13%	£0.05m
Touchstone Group	SP	£1.29	£14.7m	-	0.85	1229	15%	39%	£2.48m
Trace Group	SP	£0.84	£12.7m	16.4	0.82	668	1%	4%	£0.15m
Triad Group	CS	£0.49	£7.3m	61.4	0.16	359	4%	-16%	£0.30m
Tribal Group	CS	£2.09	£159.2m	-	0.69	1264	3%	45%	£5.21m
Ubiquity Software	SP	£0.36	£65.8m	-	12.38	905	0%	4%	£0.01m
Ultima Networks	R	£0.03	£5.1m	17.9	2.69	61	54%	33%	£1.79m
Ultrasis Group	SP	£0.02	£27.1m	-	17.64	47	227%	594%	£18.47m
Universe Group	SP	£0.22	£13.7m	-	0.31	989	9%	10%	£1.08m
Vega Group	CS	£2.16	£44.0m	24.8	0.84	1770	-2%	11%	-£1.12m
VI group	SP	£0.09	£3.2m	-	0.33	170	6%	-40%	£0.19m
Xansa	CS	£0.86	£294.9m	32.6	0.78	2205	-4%	-8%	-£12.00m
XKO Group	SP	£0.96	£26.4m	2.8	0.59	640	12%	32%	£2.75m
XN Checkout Holdings	SP	£3.05	£84.9m	31.4	4.64	3112	5%	103%	£4.39m
Xpertise Group	CS	£0.01	£5.0m	-	0.38	48	0%	60%	£0.00m

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

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

Alphameric plc

	Interim - May 05	Final - Nov 04	Interim - May 05	Comparison
REV	£18,048,000	£69,973,000	£31,520,000	+74.6%
PBT	-£2,350,000	-£59,487,000	£3,117,000	Loss to profit
EPS	-2.10p	-50.90p	2.30p	Loss to profit

Alterian plc

	Final - Mar 04	Final - Mar 05	Comparison
REV	£5,568,000	£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 - Apr 04	Final - Apr 04	Comparison
REV	£196,232,000	£189,403,000	-3.5%
PBT	-£28,897,000	£6,820,000	Loss to profit
EPS	-8.60p	0.50p	Loss to profit

Asite plc

	Final Dec 03	Final Dec 04	Comparison
REV	£1,697,000	£1,674,000	-1.4%
PBT	-£2,457,000	-£3,962,000	Loss both
EPS	-2.10p	-3.60p	+71.4%

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%

Autonomy Corporation plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£16,900,000	£35,379,067	£20,830,000	+23.3%
PBT	£1,650,000	£4,682,488	£3,500,000	+112.1%
EPS	0.01p	0.03p	0.03p	+200.0%

Aveva Group plc

	Final - Mar 04	Final - Mar 05	Comparison
REV	£38,113,000	£57,543,000	+51.0%
PBT	£6,109,000	£5,764,000	-5.6%
EPS	22.42p	13.41p	-40.2%

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

	Final - Dec 03	Final - Dec 04	Comparison
REV	£2,386,644	£4,832,440	+102.5%
PBT	£628,628	£1,914,789	+204.6%
EPS	2.60p	5.80p	+123.1%

Bond International Software plc

	Final - Dec 03	Final - Dec 04	Comparison
REV	£7,037,000	£9,578,000	+36.1%
PBT	£451,000	£1,881,000	+317.1%
EPS	2.19p	6.63p	+202.7%

Business Systems Group Holdings plc

	Final - Mar 04	Final - Mar 04	Comparison
REV	£22,643,000	£29,485,000	+30.2%
PBT	-£117,000	£576,000	Loss to profit
EPS	-0.15p	0.90p	Loss to profit

Capita Group plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£617,300,000	£1,285,100,000	£687,300,000	+11.3%
PBT	£63,300,000	£117,000,000	£70,100,000	+10.7%
EPS	6.31p	11.21p	7.46p	+18.2%

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

	Interim - Mar 04	Final - Sep 04	Interim - Mar 05	Comparison
REV	£52,474,000	£104,100,000	£49,576,000	-5.5%
PBT	£3,764,000	£8,300,000	£4,250,000	+12.9%
EPS	5.20p	11.50p	5.70p	+9.6%

Clarity Commerce plc

	Final - Mar 04	Final - Mar 05	Comparison
REV	£13,325,000	£16,310,000	+22.4%
PBT	£511,000	£513,000	+0.4%
EPS	2.49p	2.36p	-5.2%

Clinical Computing plc

	Final - Dec 03	Final - Dec 04	Comparison
REV	£1,858,828	£1,757,997	-5.4%
PBT	-£1,236,892	-£1,087,741	Loss both
EPS	-4.50p	-2.40p	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

	Final - Mar 04	Final - Mar 05	Comparison
REV	£24,507,000	£25,533,000	+4.2%
PBT	£1,713,000	£1,946,000	+13.6%
EPS	6.90p	8.60p	+24.6%

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 04	Final - Feb 05	Comparison
REV	£6,253,000	£14,072,000	+125.0%
PBT	-£343,000	£928,000	Loss to profit
EPS	0.47p	3.19p	+578.7%

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

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£10,554,000	£21,503,000	£11,835,000	+12.1%
PBT	£662,000	£1,196,000	£803,000	+21.3%
EPS	8.60p	18.81p	11.00p	+27.9%

Detica Group plc

	Final - Mar 04	Final - Mar 05	Comparison
REV	£53,523,000	£71,027,000	+32.7%
PBT	£8,775,000	£8,781,000	+0.1%
EPS	35.30p	31.30p	-11.3%

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%

Electronic Data Processing plc

	Interim - Mar 04	Final - Sep 04	Interim - Mar 05	Comparison
REV	£4,323,000	£8,319,000	£3,472,000	-19.7%
PBT	£549,000	£1,032,000	£193,000	-64.8%
EPS	1.93p	2.61p	0.44p	-77.2%

Epic Group plc

	Final - May 04	Final - May 05	Comparison
REV	£7,296,000	£8,104,000	+11.1%
PBT	£1,364,000	£2,085,000	+52.9%
EPS	3.90p	6.20p	+59.0%

FDM Group

	Final - Dec 03	Final - Dec 04	Comparison
REV	£25,980,000	£32,971,000	+26.9%
PBT	£1,000,000	£1,805,000	+80.5%
EPS	N/a	N/a	N/a

Ffastfill Plc

	Final - Mar 04	Final - Mar 05	Comparison
REV	£2,651,000	£4,327,000	+63.2%
PBT	-£2,547,000	-£2,879,000	Loss both
EPS	-3.43p	-1.60p	Loss both

Financial Objects plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£4,589,000	£9,509,000	£5,589,000	+21.8%
PBT	£125,000	-£45,000	-£144,000	Profit to loss
EPS	0.45p	-0.16p	-0.47p	Profit to loss

Flomerics Group plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£4,430,000	£10,241,000	£5,256,000	+18.6%
PBT	-£106,000	£671,000	£321,000	Loss to profit
EPS	-0.71p	3.85p	1.66p	Loss to profit

Focus Solutions Group plc

	Final - Mar 04	Final - Mar 05	Comparison
REV	£5,388,000	£5,431,000	+0.8%
PBT	-£382,000	£26,000	Loss to profit
EPS	-1.00p	0.10p	Loss to profit

GB Group plc

	Final - Mar 04	Final - Mar 05	Comparison
REV	£11,916,000	£11,231,000	-5.7%
PBT	-£10,000	-£283,000	Loss both
EPS	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

	Final - Mar 04	Final - Mar 05	Comparison
REV	£90,499,000	£119,496,000	+32.0%
PBT	£754,000	£2,571,000	+241.0%
EPS	1.20p	4.70p	+291.7%

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

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

	Final - Mar 04	Final - Mar 05	Comparison
REV	£8,559,000	£13,512,000	+57.9%
PBT	-£293,000	-£523,000	Loss both
EPS	-1.51p	-1.90p	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%

IBS OPENSystems plc

	Jun 05	Comparison
REV	£5,216,000	N/a
PBT	£999,000	N/a
EPS	1.20p	N/a

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

	Interim - April 04	Final - Oct 04	Interim - April 05	Comparison
REV	£3,284,000	£9,555,000	£7,024,000	+113.9%
PBT	-£193,000	£89,000	£214,000	Loss to Profit
EPS	0.03p	0.23p	0.12p	Loss to Profit

INCAT International

	Final - Aug 03	Final - Aug 04	Comparison
REV	£64,024,991	£65,261,424	+1.9%
PBT	£2,288,242	£2,465,000	+7.7%
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

	Final - Mar 04	Final - Mar 05	Comparison
REV	£221,868,000	£283,522,000	+27.8%
PBT	-£4,080,000	-£2,465,000	Loss both
EPS	-3.54p	-1.84p	Loss both

Intelligent Environments Group plc

	Final - Dec 03	Final - Dec 04	Comparison
REV	£3,485,000	£3,074,928	-11.8%
PBT	-£209,928	-£452,796	Loss both
EPS	-0.02p	-0.23p	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	N/a

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

iSOFT Group plc

	Final - Apr 04	Final - Apr 05	Comparison
REV	£149,260,000	£261,992,000	+75.5%
PBT	£17,593,000	£44,524,000	+153.1%
EPS	6.57p	10.97p	+67.0%

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 03	Final - Dec 04	Comparison
REV	£7,002,000	£8,529,000	+21.8%
PBT	-£199,000	£1,160,000	Loss to profit
EPS	-0.60p	10.00p	Loss to profit

Kewill Systems plc

	Final - Mar 04	Final - Mar 05	Comparison
REV	£22,147,000	£26,680,000	+20.5%
PBT	£1,529,000	£2,443,000	+59.8%
EPS	2.70p	4.70p	+74.1%

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

Lorien plc

	Interim - May 04	Final - Nov 04	Interim - May 05	Comparison
REV	£56,552,000	£122,598,000	£61,266,000	+8.3%
PBT	£340,000	£1,152,000	-£369,000	Profit to loss
EPS	1.00p	6.90p	-1.60p	Profit to loss

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

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

Manpower SoftWare plc

	Final - May 04	Final - May 05	Comparison
REV	£5,146,663	£5,909,466	+14.8%
PBT	£388,906	£336,139	Profit to loss
EPS	1.00p	0.70p	Loss to profit

Matrix Communications

	Final - Oct 03	Final - Oct 04	Comparison
REV	£1,452,048	£11,134,827	+666.8%
PBT	-£563,450	£1,212,423	Loss to profit
EPS	-3.58p	3.81p	Loss to profit

Maxima Holdings plc

	Interim - Nov 04	Final - 31 May 05	Comparison
REV	£6,194,000	£8,076,167	N/a
PBT	£800,000	£1,038,016	N/a
EPS	4.34p	8.30p	N/a

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%

Micro Focus International plc

	Final - Apr 04	Final - Apr 05	Comparison
REV	£73,867,000	£81,198,000	+9.9%
PBT	£12,874,000	£14,903,000	+15.8%
EPS	5.55p	6.28p	N/a

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

	Final - May 04	Final - May 05	Comparison
REV	£899,900,000	£888,400,000	-1.3%
PBT	£23,100,000	£27,600,000	+19.5%
EPS	4.30p	2.80p	-34.9%

Mondas plc

	Final - Apr 04	Final - Apr 05	Comparison
REV	£3,974,732	£4,592,675	+15.5%
PBT	-£1,779,554	-£1,384,081	Loss both
EPS	-6.60p	-5.30p	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

	Final - Jan 04	Final - Jan 05	Comparison
REV	£67,297,000	£92,321,000	+37.2%
PBT	£311,000	£825,000	+165.3%
EPS	0.76p	2.57p	+238.2%

NCC Group plc

	Final - May 04	Final - May 05	Comparison
REV	£15,316,000	£18,786,000	+22.7%
PBT	£1,403,000	£3,368,000	+140.1%
EPS	2.60p	6.00p	+130.8%

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 04	Final - Mar 05	Comparison
REV	£1,160,363	£1,157,000	-3%
PBT	-£134,991	-£106,257	Loss both
EPS	-0.04p	-0.04p	Loss both

Northgate Information Solutions plc

	Final - Apr 04	Final - Apr 05	Comparison
REV	£136,464,000	£205,692,000	+50.7%
PBT	-£10,086,000	£3,689,000	Loss to profit
EPS	-2.94p	0.79p	Loss to profit

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 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£2,291,391	£4,764,879	£2,785,928	+21.6%
PBT	-£730,170	-£1,745,204	-£115,855	Loss both
EPS	-0.66p	-1.30p	-0.09p	Loss both

Parity Group plc

	Final - Dec 03	Final - Dec 04	Comparison
REV	£160,882,000	£169,860,000	+5.6%
PBT	-£18,722,000	-£6,914,000	Loss both
EPS	-7.70p	-2.24p	Loss both

Patsystems plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£5,329,000	£11,775,000	£7,708,000	+44.6%
PBT	-£1,808,000	-£2,929,000	-£558,000	Loss both
EPS	-1.10p	-1.40p	-0.30p	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	£10,070,000	+8.1%
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

	Final - Apr 04	Final - Apr 05	Comparison
REV	£26,926,000	£28,124,000	+4.4%
PBT	£1,547,000	£1,972,000	+27.5%
EPS	1.00p	1.40p	+40.0%

Portrait Software

	Final - Mar 04	Final - Mar 05	Comparison
REV	£19,648,000	£14,288,000	-27.3%
PBT	£2,018,000	£1,433,000	-29.0%
EPS	7.49p	2.49p	-66.8%

Prologic plc

	Final - Mar 04	Final - Mar 05	Comparison
REV	£7,542,000	£6,928,000	-8.1%
PBT	£676,000	£421,000	-37.7%
EPS	N/a	2.76p	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 04	Final - Nov 04	Interim - May 05	Comparison
REV	£13,789,000	£30,848,000	£17,019,000	+23.4%
PBT	£763,000	£1,957,000	£1,018,000	+33.4%
EPS	1.15p	3.32p	1.57p	+36.5%

Raft International plc

	Interim - Apr 04	Final - Oct 04	Interim - Apr 05	Comparison
REV	£3,164,000	£7,261,000	£4,161,000	+31.5%
PBT	-£969,000	-£991,000	-£566,000	Loss both
EPS	-1.48p	-1.45p	-0.87p	Loss both

Red Squared plc

	Interim - March 04	Final - Sep 04	Interim - March 05	Comparison
REV	£955,074	£1,696,513	£1,040,122	+8.9%
PBT	-£97,155	-£466,614	-£181,928	Loss both
EPS	-0.48p	-2.32p	-0.67p	Loss both

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

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£28,459,000	£59,768,000	£34,082,000	+19.8%
PBT	£4,090,000	-£859,000	£4,754,000	Profit to loss
EPS	8.80p	23.40p	10.80p	+22.7%

Sage Group plc

	Interim - Mar 04	Final - Sep 04	Interim - Mar 05	Comparison
REV	£332,501,000	£687,585,000	£381,616,000	+14.8%
PBT	£86,673,000	£181,144,000	£100,617,000	+16.1%
EPS	4.65p	9.85p	5.46p	+17.5%

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 Solutions plc

	Final - Dec 03	Final - Dec 04	Comparison
REV	£20,523,966	£21,704,052	+5.7%
PBT	-£581,160	£385,444	Loss to profit
EPS	-3.90p	1.40p	Loss to profit

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

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£4,258,000	£9,072,000	£5,017,000	+17.8%
PBT	£263,000	£162,000	£554,000	+110.6%
EPS	1.10p	5.30p	1.40p	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 04	Final - Jan 05	Comparison
REV	£1,100,000	£4,050,000	+268.2%
PBT	-£6,969,000	-£5,475,000	Loss both
EPS	-7.10p	-4.20p	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%

Systems Union Group plc

	Interim - Jun 04	Final - Dec 04	Interim - Jun 05	Comparison
REV	£51,016,000	£104,230,000	£53,666,000	+5.2%
PBT	£1,464,000	£4,614,000	£2,697,000	+84.2%
EPS	1.20p	3.90p	2.20p	+83.3%

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

	Final - Mar 04	Final - Mar 05	Comparison
REV	£3,843,856	£3,451,633	-10.2%
PBT	£715,938	£496,098	-30.7%
EPS	4.94p	3.56p	-27.9%

Touchstone Group plc

	Final - Mar 04	Final - Mar 05	Comparison
REV	£14,901,000	£17,269,000	+15.9%
PBT	£555,000	-£82,000	Profit to loss
EPS	1.50p	-3.20p	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

	Final - Mar 04	Final - Mar 05	Comparison
REV	£36,534,000	£46,200,000	+26.5%
PBT	-£759,000	£150,000	Loss to profit
EPS	-5.20p	0.77p	Loss to profit

Tribal Group plc

	Final - Mar 04	Final - Mar 05	Comparison
REV	£185,744,000	£229,470,000	+23.5%
PBT	£5,322,000	-£212,000	-104.0%
EPS	-1.40p	-8.20p	Profit to loss

Ubiquity Software Corporation plc

	Final - Dec 03	Final - Dec 04	Comparison
REV	£2,733,916	£5,314,776	+94.4%
PBT	-£5,421,532	-£6,407,328	+18.2%
EPS	-35.35p	-43.64p	+23.5%

Ultima Networks plc

	Final - Dec 03	Final - Dec 04	Comparison
REV	£1,770,000	£1,906,000	+7.7%
PBT	£169,000	£313,000	+85.2%
EPS	0.09p	0.14p	+55.6%

Ultrasis Group plc

	Final - Jul 03	Final - Jul 04	Comparison
REV	£548,000	£1,535,000	+180.1%
PBT	-£12,864,000	-£364,000	Loss both
EPS	-0.53p	-0.02p	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

	Final - Apr 04	Final - Apr 05	Comparison
REV	£44,127,000	£52,602,000	+19.2%
PBT	£1,918,000	£2,907,000	+51.6%
EPS	5.74p	8.61p	+50.0%

VI Group plc

	Final - Dec 03	Final - Dec 04	Comparison
REV	£8,823,000	£9,698,000	+9.9%
PBT	-£1,250,000	-£259,000	Loss both
EPS	-3.92p	-0.84p	Loss both

Xansa plc

	Final - Apr 04	Final - Apr 05	Comparison
REV	£419,500,000	£376,400,000	-10.3%
PBT	-£29,000,000	£10,800,000	Loss to profit
EPS	-11.92p	2.58p	Loss to profit

XKO Group plc

	Final - Mar 04	Final - Mar 05	Comparison
REV	£45,400,000	£44,853,000	-1.2%
PBT	-£2,323,000	£10,013,000	Loss to profit
EPS	-9.70p	34.60p	Loss to profit

XN Checkout Holdings plc

	Final - Dec 03	Final - Dec 04	Comparison
REV	£14,315,000	£18,298,000	+27.8%
PBT	-£2,242,000	£1,734,000	Loss to profit
EPS	-9.40p	10.80p	Loss to profit

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

SMALLER SHARES THROW THEIR WEIGHT AROUND

August was one of those months when the lower valued shares really made their presence felt within the Ovum software and IT services index. Overall, the index gained 6.7% during the month, a good improvement on July's gain of just over 1%. It's also impressive compared with other indices, which admittedly are less skewed towards smaller companies. The FTSE 100, for example, was almost flat at 0.28% while the FTSE SCS Index gained 1.6%.

By far the most impressive was the 227% increase in Ultrasis shares. Earlier in the month the company announced a deal with Halton Primary Care Trust, which will see patients receiving computer based products to treat a range of conditions. Management had to later issue a statement to the markets explaining that they could see no other reason for such a massive increase in the share value. Shares closed the month at 2p.

August was also a sunny month for Delcam, which reported increased revenue and profits during its first half. Traders were obviously encouraged by the Chairman's indications that the second half would show "similar positive trends".

31-Aug-05		
	S/ITS Index	**5369.72**
	FTSE IT (SCS) Index	**528.38**
	techMARK 100	**1274.20**
	FTSE 100	5296.90
	FTSE AIM	1098.60
SCSI Index = 1000 on 15th April 1989	FTSE SmallCap	3102.90

Changes in Indices	S/ITS Index	FTSE 100	techMARK 100	FTSE IT SCS Index	FTSE AIM Index	FTSE Small Cap
Month (01/08/05 to 31/08/05)	+6.71%	+0.28%	+1.77%	+1.61%	+4.23%	+2.30%
From 15th Apr 89	+436.97%	+157.93%				
From 1st Jan 90	+483.60%	+124.25%				
From 1st Jan 91	+658.57%	+145.18%				
From 1st Jan 92	+413.92%	+112.46%				
From 1st Jan 93	+236.96%	+86.08%				+123.66%
From 1st Jan 94	+221.62%	+54.95%				+66.05%
From 1st Jan 95	+258.18%	+72.79%				+77.67%
From 1st Jan 96	+137.76%	+43.57%	+61.44%		+15.23%	+59.82%
From 1st Jan 97	+100.55%	+28.61%	+39.31%		+12.55%	+42.13%
From 1st Jan 98	+76.92%	+3.14%	+33.56%	-47.16%	+10.75%	+34.14%
From 1st Jan 99	+36.24%	-9.96%	-12.49%	-63.46%	+37.05%	+49.83%
From 1st Jan 00	-53.19%	-23.57%	-66.29%	-85.79%	-43.16%	+0.16%
From 1st Jan 01	-35.86%	-14.88%	-50.33%	-72.89%	-23.59%	-2.52%
From 1st Jan 02	+11.91%	+1.52%	-13.48%	-37.42%	+22.37%	+20.31%
From 1st Jan 03	+97.94%	+34.43%	+96.40%	+55.31%	+82.22%	+70.43%
From 1st Jan 04	+14.83%	+18.32%	+25.54%	+4.92%	+31.51%	+25.37%
From 1st Jan 05	+9.02%	+10.02%	+6.50%	+8.77%	+9.23%	+12.50%

End Aug 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 Aug 05
System Houses	25.8%	-51.0%	-34.1%	18.7%	136.6%	23.3%	12.4%	4.1%
IT Staff Agencies	-71.3%	-75.1%	-60.3%	-28.4%	7.8%	-29.3%	-10.6%	4.9%
Resellers	97.1%	-5.1%	25.6%	39.8%	89.0%	-1.4%	8.6%	14.4%
Software Products	85.6%	-55.4%	-67.6%	4.4%	73.0%	6.6%	9.5%	8.1%
Holway S/ITS Index	36.2%	-53.2%	-35.9%	11.9%	97.9%	14.8%	9.0%	6.7%

Another gainer in August was XKO, the software company that during the month bought into the utilities market. Shares gained 12% to hit 96p. We expect XKO to remain active in M&A and look forward to seeing how it continues to evolve.

Followers of the ITSA players will have watched with interest the mixed performance of shares over the last month. After giving the markets a slight scare at the end of July, Spring bounced back with a gain of 21% to 64p. Positive indicators around Harvey Nash's first half sent its shares up 20% to 59p. We stand by Harvey Nash's decision to invest for growth. The firm knows it can't just sit back and wait for the growth to happen of its own accord. Following a stellar year in 2004, we would urge other companies with a foot in the UK ITSA market to take note. At the other end of the spectrum, however, MSB International (–7% to 61p), Lorien (–8% to 34p) and Glotel (–14% to 92p) all registered declines. All in all, "mixed" wouldn't be a bad word to describe the month of August. *(Kate Hanaghan)*