

System House

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

Volume 11

Number 10

Available by subscription only

ISSN 0967-2583

August 2000

Doing rather well "over there"

For most of the last thirty years we witnessed the "pillaging" of the UK SCS sector by overseas companies. In the mid 1980s all but one of the Top Ten SCS suppliers to the UK market were in UK-ownership. In 1999 NONE were UK-owned. The situation contrasts with most of the major markets in Europe (and, of course, the US) where many of the top SCS suppliers are indigenous. If France can have its Cap Gemini and Germany its SAP, why can't the UK have at least one UK-owned major?

When we have raised this issue in the past, we were often told that "ownership" didn't matter - it was jobs in the UK, contribution to the UK economy etc. that were more important.

But "ownership" goes deeper than that. UK-owned companies tend to do development in the UK - rather than most US SCS companies that use the UK (and particularly Ireland) as "just" a distribution/support location. Development is like the "white heat" of a fire...it draws all the important tasks. Any visitor to Seattle or Silicon Valley can testify to that.

UK-owned companies also tend to raise funds in the UK, even IPO in the UK, with all the attendant advantages to the financial services, PR, legal and other sectors. Even, dare we say it, benefiting UK SCS analysts!

UK-owned companies also tend to pay more corporate taxes in the UK and, if their entrepreneurial founders and top management stay in the UK (which, to be fair, and despite the liabilities for CGT and NI on share options, most do) they pay their personal taxes here too!

So we continue to believe that ownership is important to the UK economy. But, if we can't have a UK-owned "heavyweight", how is the UK doing overseas? The answer is "really rather well".

Non-UK revenues of UK SCS companies has grown dramatically and now represents about a third of the total

revenues of such companies. Growth in the US - up 55% in the last year - means that the US now rivals Europe as the largest overseas market. Of course, these are not the "exports" which

HM Govt. counts. These are the revenues that such noble companies as Sage, Misys, Logica, NSB, London Bridge etc. earned overseas....often resulting from acquisitions.

Indeed, the ever strengthening pound, and a strong UK Stock Market, has enabled UK M&A activity to soar. As we reported in the 2000 Holway Report, last year the UK bought more (and spent more doing it) abroad than the rest of the world spent in total on UK companies.

Regent Associates' statistics for H1
Continued page 2

Top Ten Providers of IT Software and Services to UK market in 1988		
	Ownership in 1988	Current ownership?
1	Thom EMI	UK
2	Hoskyns	UK
3	Isiel	UK
4	IBM-INS	US
5	ICL	UK
6	Logica	UK
7	CAP	UK
8	Centrelle	UK
9	SCICON	UK
10	Systems Designers	UK

Top Ten Providers of IT Software and Services to UK market in 1999		
	Ownership in 1999	
1	EDS	US
2	IBM	US
3	ICL	J
4	CSC	US
5	Cap Gemini	F
6	Andersen Consulting	US
7	Microsoft	US
8	Sema Group	UK/F
9	Oracle Corp.	US
10	PricewaterhouseCoopers	US

Balance of payments

British SCS Companies "Buy Big" Overseas

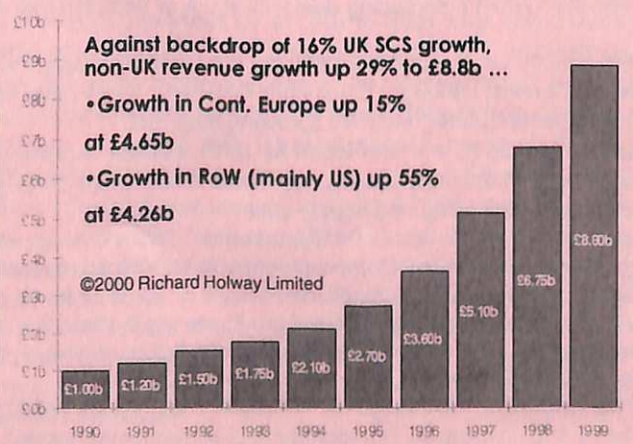


APOLOGY

BRIGHT STATION AND DAN WAGNER

The 1st June 2000 issue of the magazine, New Media Age, carried a front page article containing industry reaction and comment on Bright Station's acquisition of the technology assets of Boo.com. Richard Holway of Richard Holway Limited was quoted extensively in this article, questioning the value of the technology and suggesting that the purchase was motivated by the personal reasons of its MD Dan Wagner. Richard Holway and Richard Holway Limited accept that this was not the case and that Bright Station considers the technology to be sophisticated, valuable and applicable to a number of different businesses. In addition, many of Boo.com's development staff have now joined Bright Station to develop the technology. Richard Holway and Richard Holway Limited apologise to Bright Station and its MD Dan Wagner for any suggestion that Bright Station did not make a good purchasing decision and that the purchase was motivated by the personal reasons of Dan Wagner. Richard Holway and Richard Holway Limited have paid a sum to the charity, the NSPCC, in recognition of the damage caused to Bright Station and Dan Wagner.

Doing rather well "over there"?



Continued from page one

2000 confirm that trend with 50% more UK acquisitions than vice versa. UK-owned SCS companies increased their purchases in the US by over 160% whereas US purchases in the UK declined by 14%.

Now we happen to think that's rather praiseworthy. *But does HM Govt. agree?* The much heralded "Invest in Britain" statistics this month showed an all-time high for inward investment with all things connected with IT leading the way. But a third of all "inward investment" was overseas companies acquiring UK companies with the Orange acquisition the biggest of them all. Germans buy UK companies "Good"? UK companies buy US companies "Bad"?.. We think not.

Which set of statistics you celebrate is up to you. But we will be opening our bubbly to celebrate the Regent figures.

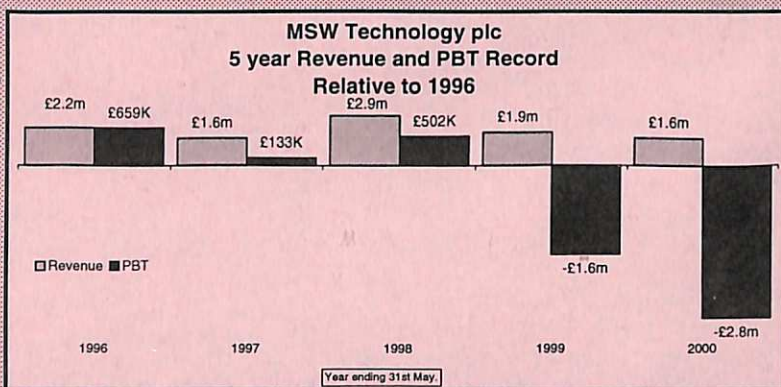
Alphameric Making "Significant Progress"

Alphameric (retail and gaming systems) announced results for the six months to 31st May 00. Turnover almost doubled (+97%) to £22m and operating profits did likewise (pre-exceptionals), exactly doubling to £2m. However, 'exceptional' reorg. and product rationalisation expenses of £580K, plus goodwill of £1.2m from the recent spate of acquisitions (Online - Jan. 00, Pennine - Mar. 00, Microskill - Mar. 00) dragged 'true' PBT down 39% to £616K. EPS (pre-exceptionals) rose 67% to 2.0p but diluted EPS almost disappeared, from 1.2p down to 0.1p. Chairman Rodney Hornstein is "confident we can maintain the momentum that we are currently enjoying and make significant progress in both revenue and profit terms". He signalled more acquisitions are on the cards. At the end of the month Alphameric's share price was down 15% at 288p.

MSW Revenues "Frustrating" but probably not Y2K hangover related

MSW has announced results for the year ended 31st May 00. Highlights: turnover down from £1.9m to £1.6m, LBT deepened from £1.6m to £2.8m and Loss Per Share also deepened from 20.86p to 27.73p. Commenting on the results Chairman J Lang said:

"The results for the year to 31 May 2000 reflect a period of difficulty and change for MSW, but do not, in my view, reflect the value of our MAPS product and the Company. Although the time it is taking to deliver substantial increases in turnover is frustrating, the changes made and the opportunities identified give cause for optimism and a determination to grow a successful company.... Your Board had hoped that the business would be trading profitably by the end of the year, but certain major contracts have not yet been concluded". Well to say the lack of growth in revenues is frustrating is somewhat of an understatement! Back in Nov. 98, when MSW floated, revenues stood at £2.9m, PBT at £500K and the share price at 97p. Revenues declined in 1999 and 2000, and now the shares are just 43p, a 53% fall on the float price. During the month MSW placed 1.24m shares at 40p per share raising £496K.



From Across the Pond....More Reports of Flat Revenues and Profits Warnings!



Microsoft reported flat revenues of \$5.8b in Q4. Although earnings were up 10% at \$2.41b this was mainly due to investment gains. Operating profits fell by 13% to \$2.52b. "Sluggishness" in the business PC market - probably the Y2K hangover effect - was one of the causes although the resistance to Windows 2000 was another reason. Conversely consumer business and its internet operations soared. For the full year Microsoft recorded revenue up 16% at \$22.96b, profits up 21% at \$9.42b and EPS up 20% at \$1.70. We are now only two years off our year (FY2002) when we predicted that Microsoft would make <50% of its revenues from product licences and we can cash (or otherwise) the cheques we are holding!

IBM reported its Q2 results. They too are not immune from the Y2K "hangover". Although revenues for the three months to 30th Jun. 00 declined 'just' 1% to \$21.7b, pre-tax income plummeted 31% to \$2.77b bringing margins down from 18.4% to 12.8%. The all important Global Services business did little better - revenue rose 2% to \$8.2b and pre-tax income dropped 5% to \$1b, a 12.2% margin. However, excluding IBM's declining maintenance business, revenue growth would have been 3%. Services revenues were also affected by the 1999 sale of IBM's global network to AT&T. Software revenue growth was also depressed - up 2% to \$3.2b, with pre-tax income down 23% to \$736m, a 21.7% margin. However, chairman and CEO Lou Gerstner reported that the services business "re-ignited mid-way through Q2. New signings in the quarter totalled \$20b - a record quarter". Needless to say, IBM experienced "explosive growth" in e-business products and services. EMEA was the worst performing region, with revenue down 9% to \$5.9b - although at constant currency it would have been line ball with last year - much as expected. While it's great to hear about the 'explosion' in e-services business, as we've been saying for some time this is still a small part of IBM's (and other major players') revenues. It'll be the 'big ticket' items like the £700m outsourcing deal with Bank of Scotland that will remain the real driver in the short/medium term.

EDS has published its Q2 results - revenue for the 3 months to 30th Jun. 00 are line ball at \$4.62b but pre-tax income rose 6% to \$397m. No breakdown given for EMEA or for the various new lines of business, although "E.solutions revenue grew by more than 35% for the second consecutive quarter". On the face of it EDS had a better quarter relatively speaking than IBM.

During the month EDS extended its Rolls Royce outsourcing contract until 2012 in a deal worth \$2.1b/£1.4 billion "incremental revenue to EDS". The initial outsourcing contract awarded in 1996 was one of the early outsourcing "mega deals" which really put EDS on the IT services map in the UK. The new deal covers e-business, consulting and supply chain management.

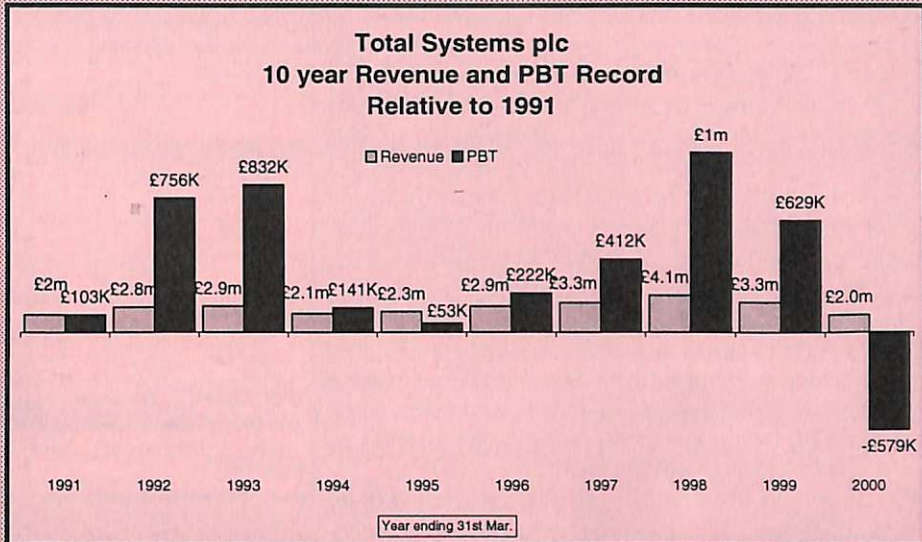
EDS' UK head - David Courtley - had moved on to become Services Director for Europe at Computacenter. This is a great catch - Courtley brings with him a huge amount of experience in the higher level services that Computacenter are striving to move in to. Informix was marked down a massive 38% on the day it announced that it expects to report net income of \$0.01 to \$0.03 per share on revenues of between \$240-\$250m. In the same quarter last year, the company reported pro forma net income of \$0.06 per share on revenues of \$250.6 million, excluding non-recurring charges. Q2 revenue was essentially flat in all geographic areas, including Europe, which has been further impacted by the strength of the dollar.

Sneaking in a warning on 4th July, Computer Associates joined the long list of "Y2K hangover" companies. Q1 rev. will be \$1.25-\$1.3b - little changed from last year's \$1.22b. "Weak European sales and softness in the mainframe business" were blamed.

Total Systems...Still "Confident" after all these years

Total Systems (financial services systems) has announced results for the year ended 31st Mar. 00. Highlights: turnover down from £3.25m to £1.96m, PBT of £630K in 1999 turned into a LBT of £579K, and diluted EPS of 4.29p turned into Loss Per Share of 4.0p. Commenting on the outlook Chairman Terry Bourne said: "We remain confident that major growth opportunities exist. However, any improvement in business conditions will not impact our first half results but the second half of the current financial year should benefit from a considerable improvement in activity. The Board approach the future with optimism."

Total listed on the USM in Mar. 88 at 85p per share and moved to the main market mid 1995. They have given investors a rocky ride ever since - trading at a discount for most of the time! There surely can be no other quoted company which has revenues (let alone PBT, EPS or share price) less than that recorded in 1991. We wrote in the Holway Report that Total is one of those companies that should never have gone public, and should do the decent thing and put its shareholders out of their misery by accepting a bid or by taking themselves private. We still stand by those views. Total's share price was 113p at the end of the month, a rise of 32%.



Jasmin Dives into Losses

Jasmin - reclassified as a software company within the FTSE sector classifications during the year, and now a techMARK constituent - announced results for the year ended 31st Mar. 00. Highlights: turnover down 39% at £4.2m, LBT of £1m from PBT of £811K, and Loss Per Share of 22.34p from an EPS of 16.44p. Commenting on the outlook Chairman Roger Plant said: "The order book now stands at £13m (1999 - £4.3m). With the increased level of sales and tender activity over the past few months, it is anticipated that we will be able to announce further success in the winning of orders in the near future". Jasmin now concentrates on design, development and integration of IT products for the defence, transport and security markets. Its digital CCTV systems offering stands to benefit from the government's allocation of £150m to enhance local security surveillance systems. Jasmin also has experience of supplying to local authorities, and is looking to profit from the drive to make information available to the public over the internet and through information booths. Jasmin listed on AIM in Nov. 95 at 150p per share and moved to the main market in Jul. 98. Shareholders will be hoping for the orders to materialise pretty soon, as the share price at the end of the month was 140p, a fall of 8%, and now at a discount to the 1995 IPO price.

Not Much to Shout About at RexOnline

IT staff agency **RexOnline** results for the year ended 30th Apr. 00 show revenues increased 140% at £658K. But LBT deepened from £94K to £326K. At the end of the month RexOnline shares were down just 2% at 131p.

Dimension Data makes Impressive Debut

Dimension Data Holdings (DD), an "international network and interactive integration services group" is listed on the Johannesburg Stock Exchange. They moved to a primary listing on the LSE on 19th July at 520p per share and a market cap. of approx. £5.88b. DD will join the FTSE100 when the index is revised in September. The placing raised approx. £801m. The shares ended the month up 11% at 575p.

Out of total revenues of \$1.14b to 30th Sep. 99, around 14% or \$165m (£110m) comes from the UK. Margins of around 11% were achieved. DD established its UK presence when it acquired **The Merchants Group** in 1997. It then acquired **GK Communications** in Jan. 99, **Chernikeeff Networks** in Apr. 99 and the UK networking operations of **Comparex** in Feb. 00. All UK operations will be rebranded as DD soon. With around 3000 UK/Ireland employees (80% in the Merchants' operation) the company is already a not insignificant UK player. However, getting to grips with how much of this is SCS is more difficult as we had never considered Merchants to be in our sector in the past and the networking operations comprise significant reseller revenues.

Internet Business Group Moves into Profits

Internet Business Group (new media services and internet investments) results - their first since flotation on AIM on 2nd May 00 - for the six months to 30th Apr. 00 show revenue of £988K, a move from LBT of £169K to PBT of £110K. Non-exec Chairman Gerald Berwick commented: "In addition to organic growth, the Board will continue to monitor acquisition opportunities to expand the Group's client base.... The Board is confident about the future of IBG and its growth potential." At the end of the month, IBG's shares stood at 33.5p.

Misquoted...again...

We were quite upset to see the "Sack the over 50s" headline in Computer Weekly this month and to see how it has been repeated in other newspapers like the Sunday Mirror. John Riley (editor of Computer Weekly) was at our CSSA Conference on 13th July. We never said "Sack the over 50s". We did make a "joke" that you "can't make a 50 year old COBOL programmer into a web designer by removing his tie and dressing him in scruffy clothes". We also added that many companies went through expensive retraining exercises only to find that it didn't work and they made the people redundant anyway. "Might as well face reality". Web design and "COBOL" programming require quite different skills. It can be as difficult for a 25 year old to make that change as a 55 year old.

Anyway, at 53, Holway should know! To the many "outraged from Tunbridge Wells" who have e-mailed us...Sorry, but we never said it in the first place.

Triad Suffering with Y2K Hangover!

The excommunicated Boring Award winner, Triad has announced PBT down dramatically from £8.63m to £1.9m in year to 31st Mar 00 on revenue down 2% at £48.37m.

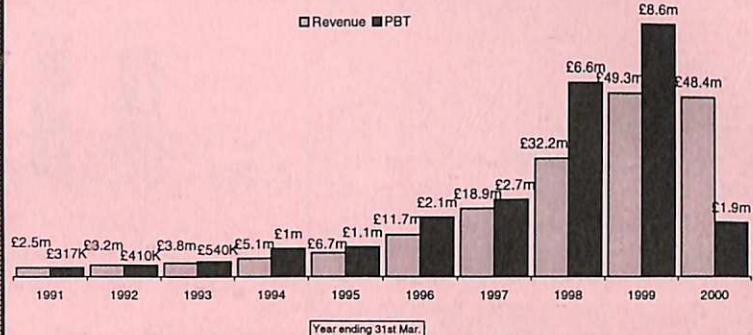
The "Y2K hangover" is seriously affecting Triad as well. As Chairman John Rigg said "Market conditions continue to be uncertain. Across the business consultancy and systems integration markets we have seen numbers of large projects making delayed or fitful starts. The millennium effect has, as I foresaw at the interim results stage, taken much longer to fade than initially expected. The main boards of many large companies are understandably thinking very carefully about how they should handle the e-commerce revolution. They want to avoid being swept along too quickly by the sort of exaggerated trends which in some cases have been generated by ERP, Year 2000 and the dot.com phenomenon. Triad is heavily involved in an already substantial and growing number of pilot and proving exercises which are expected to lead shortly to major project work, much of it e-commerce related. The precise timing is still subject to some uncertainty, although my confidence in a relatively early take off is growing steadily".

At the end of the month Triad's share price was up 17% at 235p.

Comment - Triad is as much a "barometer" of the industry as many of the ITSAs. After all, a not insignificant part of their revenues come from this. Conversely, that could well mean that Triad is amongst the first to benefit from the upturn which we expect will come in the latter parts of this year. If they could adapt to the new project needs of the "new economy" (Like "can we have a project team of 100 web designers tomorrow") Triad could well flourish. Long time before they get their Boring Award back though!

TRIAD

Triad Group plc
10 year Revenue and PBT Record
Relative to 1991



More "Y2K hangover" as Diagonal Squeeze just 1% Growth at Interims

Diagonal has announced results for the six months ending 28th May

DIAGONAL

00. Revenues were up a minimal 1% to £37.6m but PBT slumped 60% to £1.7m. Diluted EPS was also down 64% to 1.37p. Commenting on the result Chairman Mark Samuels said: "Despite a poor first quarter, which included December and January, the second quarter has picked up very quickly producing almost all of the profit recorded in the first half-year. We are particularly pleased with the performance of our new Solutions Group which produced revenue in excess of £10m in the first half."

What little growth there was at Diagonal came from their acquisitions, with continuing operations actually declining 21% to £29.2m. Diagonal went on the acquisition trail during the period to beef up their newly formed Solutions Group, which generated more than £10m in the period. With almost 45% of revenues coming from their IT staff agency activities in 1999, Diagonal are obviously keen to reduce their reliance on the lower margin business in favour of the 14% profit margin that the Solutions division produced. At least Diagonal can boast of being profitable at a time when others (such as Druid) were reporting losses! Diagonal's share price ended the month down 32% at 275p.

ECsoft Suffers Post-Y2K Blues

ECsoft presaged its interim results for the six months ended 30th Jun. 00. with a profits warning. The results showed revenues increased just £519K from £34.2m to £34.7m compared to the same period in 1999, PBT of £2.8m dropped to £447K and EPS of 15.2p became a Loss Per Share of 4.1p. ECsoft's revenues from continuing ops actually fell 10% to £30.7m for the period, with £3.9m revenue coming from acquisitions. It wasn't all good news on the acquisition front however, as the German acquisition in Jan. 00 is reported to have "taken longer to assimilate into the ECsoft model than we originally anticipated". ECsoft ended the month down 31% at 685p.

Skillsgroup Face Losses at Interims SKILLSGROUP

Skillsgroup results for the six months ended 31st May 00 showed turnover down from £96.4m (for the six months to 31st May 1999) to £78m, with "core" operations (QA Training and Pontis) up from £22.9m to £25.6m. PBT of £6.4m turned into a LBT of £0.5m, and EPS of 6.5p reduced to 0.1p. Commenting on the outlook retiring Executive Chairman David Southworth said: "Against a background of external market uncertainty we have achieved significant internal change, a clear repositioning of the Group and we have cash resources to fund the implementation of our strategy. I believe that by the end of November, I will be able to pass to my successors a business that is clearly focused in higher margin, growth sectors, with excellent market opportunities and the resources needed to exploit them". David Southworth has, of course, signalled his intention to step down at the end of November. This is a critical time for Skillsgroup - with the disposal of their Myriad IT staff agency (ITSA) business to Hays at a very acceptable price (£31m) and the proposed jettison of the loss-making Acuma reseller business, they will become a true SCSI company. Their plans to launch their new web-based skills management and training portal Qaglobal.com in September are exciting - Southworth says they have three pilot customers in Sep-Dec..... and are aiming for 20 more in 2001. The skills management part of this service is based on the DMT acquisition announced last month. Now, on the face of it, paying £5.3m for a CD-ROM product producing just £700K revenue looked a bit rich. But what Skillsgroup actually bought with DMT was their new web-based product which was just coming to market. So, at an expected annual run rate of "several hundred thousand pounds" per customer of "high net margin" business, we really do hope the reality matches the promise. It would be a fitting tribute to the accomplishments of Southworth. Skillsgroup shares were down 7% at 129p at the end of the month, despite the displays of confidence from the board buying shares.

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

Actinic plc				Delcam plc				Kalamazoo Computer Group plc			
REV	Final - Sep 99	Interim - Mar 00	Comparison	REV	Final - Dec 98	Final - Dec 99	Comparison	REV	Final - Mar 99	Final - Mar 00	Comparison
PBT	\$571,000	\$879,000	n/a	PBT	\$13,735,249	\$15,774,254	+14.8%	PBT	\$65,870,000	\$62,781,000	-4.7%
EPS	-\$775,000	-\$529,000	n/a	EPS	-\$1,418,549	\$1,042,075	Loss to profit	EPS	-\$2,198,000	\$6,933,000	Loss both
	-0.81p	-0.55p	n/a		-23.10p	13.20p	Loss to profit		-3.30p	-11.70p	Loss both
Admiral plc				Diagonal plc				Kazoo3D plc			
REV	Final - Dec 98	Final - Dec 99	Comparison	REV	Interim - May 99	Final - Nov 99	Interim - May 00	REV	Interim - Mar 99	Interim - Mar 00	Comparison
PBT	\$147,187,000	\$170,186,000	+15.6%	PBT	\$37,141,000	\$72,376,000	\$37,555,000	PBT	\$400,000	\$400,000	n/a
EPS	\$23,479,000	\$24,752,000	+5.4%	EPS	\$4,358,000	\$8,184,000	\$1,745,000	EPS	-\$1,200,000	n/a	n/a
	24.90p	25.40p	+2.0%		3.66p	7.52p	1.32p		n/a	n/a	n/a
AFA Systems plc				Easyscreen plc				Kewill Systems plc			
REV	Final - Dec 98	Final - Dec 99	Comparison	REV	Final - Mar 99	Final - Mar 00	Comparison	REV	Final - Mar 99	Final - Mar 00	Comparison
PBT	\$809,000	\$1,779,000	+119.9%	PBT	\$110,915	\$1,056,519	+852.5%	PBT	\$60,079,000	\$75,245,000	+25.2%
EPS	-\$1,444,000	-\$581,000	Loss both	EPS	-\$637,143	-\$3,425,999	Loss both	EPS	\$7,196,000	\$1,803,000	-74.9%
	-11.30p	-3.40p	Loss both		-1.90p	-9.96p	Loss both		5.44p	-1.20p	Profit to loss
AIT Group plc				ECsoft Group plc				Keystone Software plc			
REV	Final - Mar 99	Final - Mar 00	Comparison	REV	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	REV	Final - Mar 99	Final - Mar 00	Comparison
PBT	\$17,460,000	\$21,693,000	+24.2%	PBT	\$34,186,000	\$57,304,000	\$34,705,000	PBT	\$1,585,217	\$4,799,000	+202.7%
EPS	\$2,764,000	\$3,651,000	+32.1%	EPS	\$2,840,000	\$3,416,000	\$447,000	EPS	-\$2,400,057	-\$1,650,000	Loss both
	9.08p	11.81p	+30.1%		15.20p	17.30p	-4.10p		-18.90p	-0.60p	Loss both
Alphameric plc				Eidos plc				Knowledge Management Software plc			
REV	Interim - May 99	Interim - May 00	Comparison	REV	Final - Mar 99	Final - Mar 00	Comparison	REV	Final - Dec 98	Final - Dec 99	Comparison
PBT	\$11,161,000	\$25,330,000	+127.9%	PBT	\$226,284,000	\$203,265,000	-10.2%	PBT	\$713,000	\$770,000	+8.0%
EPS	\$1,010,000	\$3,050,000	+30.9%	EPS	\$37,920,000	\$49,275,000	+29.9%	EPS	\$60,000	-\$981,000	Profit to loss
	1.20p	3.62p	+31.7%		25.00p	23.80p	-4.8%		0.02p	-1.31p	Profit to loss
Alterian plc				Electronic Data Processing plc				Knowledge Support Systems Group plc			
REV	Final - Mar 99	Final - Mar 00	Comparison	REV	Interim - Mar 99	Final - Sep 99	Interim - Mar 00	REV	Final - Dec 98	Final - Dec 99	Comparison
PBT	\$425,958	\$1,011,140	+137.4%	PBT	\$5,469,000	\$10,492,000	\$4,529,000	PBT	\$1,579,090	\$1,838,025	+16.4%
EPS	-\$254,658	\$3,905	Loss to profit	EPS	\$1,225,000	\$2,377,000	\$1,004,000	EPS	-\$34,765	-\$83,497	Loss both
	-25.28p	0.38p	Loss to profit		3.24p	6.85p	2.56p		-0.10p	-0.10p	Loss both
Anite Group plc				Eurolink Managed Services plc				Logica plc			
REV	Final - Apr 99	Final - Apr 00	Comparison	REV	Co-Inv. 1998	Final - Mar 99	Comparison	REV	Interim - Dec 98	Final - Jun 99	Interim - Dec 99
PBT	\$180,829,000	\$158,976,000	-12.1%	PBT		\$8,323,171	n/a	PBT	\$292,400,000	\$659,468,000	\$403,300,000
EPS	\$6,788,000	\$7,171,000	+5.6%	EPS		\$844,762	n/a	EPS	\$256,000,000	\$58,604,000	\$35,100,000
	1.50p	1.30p	-13.3%			n/a	n/a		4.80p	10.80p	5.60p
Axon Group plc				F.I. Group plc				London Bridge Software Holdings plc			
REV	Final - Dec 98	Final - Dec 99	Comparison	REV	Final - Apr 99	Final - Apr 00	Comparison	REV	Final - Dec 98	Final - Dec 99	Comparison
PBT	\$20,024,253	\$25,378,000	+26.7%	PBT	\$228,353,000	\$307,696,000	+34.7%	PBT	\$22,375,000	\$42,165,000	+88.4%
EPS	\$1,824,401	\$4,560,000	+149.9%	EPS	\$17,025,000	\$17,391,000	+2.1%	EPS	\$7,365,000	\$7,092,000	-3.7%
	2.80p	5.70p	+103.6%		5.80p	3.91p	-32.6%		3.95p	3.18p	-19.5%
Azlan Group plc				Financial Objects plc				Lorien plc			
REV	Final - Mar 99	Final - Mar 00	Comparison	REV	Final - Dec 98	Final - Dec 99	Comparison	REV	Final - Nov 98	Final - Nov 99	Comparison
PBT	\$342,861,000	\$410,604,000	+19.8%	PBT	\$21,662,000	\$22,301,000	+2.9%	PBT	\$138,407,000	\$138,817,000	+0.3%
EPS	\$3,835,000	\$9,258,000	+141.4%	EPS	\$3,438,000	\$4,656,000	+35.4%	EPS	\$2,549,000	-\$1,649,000	Profit to loss
	2.50p	6.10p	+144.0%		8.80p	8.87p	-1.2%		7.30p	-8.50p	Profit to loss
Baltimore Technologies plc				Flomerics Group plc				Lynx Group plc			
REV	Final - Dec 98	Final - Dec 99	Comparison	REV	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	REV	Interim - Mar 99	Final - Sep 99	Interim - Mar 00
PBT	\$9,883,512	\$23,272,000	+135.5%	PBT	\$3,443,000	\$8,713,000	\$4,890,000	PBT	\$103,844,000	\$212,541,000	\$111,018,000
EPS	-\$5,173,012	-\$31,351,000	Loss both	EPS	-\$149,000	\$807,000	\$41,000	EPS	\$6,370,000	\$1,017,000	\$1,789,000
	-2.78p	-10.27p	Loss both		-5.80p	18.60p	-1.40p		3.92p	6.65p	0.98p
Baron Corporation plc				Focus Solutions Group plc				MMT Computing plc			
REV	Final - Aug 99	Interim - Feb 00	Comparison	REV	Final - Mar 99	Final - Mar 00	Comparison	REV	Interim - Feb 99	Final - Aug 99	Interim - Feb 00
PBT	\$122,774	\$1,392,585	n/a	PBT	\$360,000	\$721,000	+100.3%	PBT	\$21,100,000	\$41,024,210	\$16,800,000
EPS	-\$59,749	-\$127,831	n/a	EPS	-\$368,000	-\$1,039,000	Loss both	EPS	\$5,100,000	\$9,710,952	\$2,000,000
	-5.75p	-3.70p	n/a		-2.60p	-5.60p	Loss both		26.60p	52.20p	60.80p
Bond International Software plc				Freecom plc				Macro 4 plc			
REV	Final - Dec 98	Final - Dec 99	Comparison	REV	Final - Dec 98	Interim	Comparison	REV	Interim - Dec 98	Final - Jun 99	Interim - Dec 99
PBT	\$8,807,697	\$8,457,169	-4.0%	PBT		\$599,000	n/a	PBT	\$13,152,000	\$31,025,000	\$17,086,000
EPS	\$935,378	-\$789,085	Profit to loss	EPS		-\$2,100,000	n/a	EPS	\$5,024,000	\$10,400,000	\$4,751,000
	4.54p	-4.81p	Profit to loss			n/a	n/a		16.60p	34.80p	15.30p
Bright Station plc				Freemove plc				MERANT plc			
REV	Final - Dec 98	Final - Dec 99	Comparison	REV	Final - Apr 99	Final - Apr 00	Comparison	REV	Final - Apr 99	Period to Apr 99	Final - Apr 00
PBT	\$170,762,000	\$174,450,000	+2.2%	PBT	\$2,740,000	\$19,560,000	+613.9%	PBT	\$186,104,000	\$215,473,000	\$227,283,000
EPS	\$5,564,000	-\$3,857,000	Profit to loss	EPS	-\$2,150,000	-\$22,930,000	Loss both	EPS	-\$16,655,000	-\$11,572,000	-\$35,369,000
	2.90p	-3.50p	Profit to loss		-5.20p	-2.20p	Loss both		-16.30p	-14.30p	-24.90p
Business Systems Group Holdings plc				Gresham Computing plc				Microgen plc			
REV	Final - Jun 98	Period to Mar 00	Final - Jun 99	REV	Interim - Apr 99	Final - Oct 99	Interim - Apr 00	REV	Final - Dec 98	Final - Dec 99	Comparison
PBT	\$37,260,000	\$24,993,000	\$32,386,000	PBT	\$16,301,000	\$30,350,000	\$11,206,000	PBT	\$70,105,000	\$31,324,000	-55.3%
EPS	\$1,494,000	\$979,000	\$750,000	EPS	\$1,483,000	-\$864,000	-\$2,723,000	EPS	\$8,492,000	\$1,834,000	-78.4%
	1.34p	0.96p	0.62p		2.35p	-2.23p	-6.06p		2.20p	5.70p	+159.1%
Cadcentre Group plc				Guardian IT plc				Misys plc			
REV	Final - Mar 99	Final - Mar 00	Comparison	REV	Final - Dec 98	Final - Dec 99	Comparison	REV	Final - May 99	Final - May 00	Comparison
PBT	\$17,861,000	\$23,889,000	+33.7%	PBT	\$29,693,000	\$49,245,000	+65.8%	PBT	\$57,110,000	\$70,800,000	+22.7%
EPS	\$3,001,000	\$4,338,000	+44.6%	EPS	\$6,629,000	\$7,048,000	+6.3%	EPS	\$91,400,000	\$113,600,000	+24.3%
	11.21p	17.40p	+55.2%		9.00p	10.90p	+21.1%		10.60p	14.20p	+34.0%
Capita Group plc				Harvey Nash Group plc				Mondas plc			
REV	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	REV	Final - Jan 99	Final - Jan 00	Comparison	REV	Interim - Oct 98	Final - Apr 99	Interim - Oct 99
PBT	\$150,000,000	\$327,199,000	\$208,000,000	PBT	\$104,851,000	\$150,998,000	+44.0%	PBT	\$223,345	\$955,301	\$541,678
EPS	\$12,600,000	\$32,200,000	\$13,800,000	EPS	\$8,869,000	\$11,974,000	+35.0%	EPS	-\$208,004	-\$520,770	-\$390,900
	3.97p	9.90p	3.99p		19.20p	27.64p	+43.3%		-3.40p	-5.70p	-3.10p
Cedar Group plc				Highams Systems Services Group plc				Morse Holdings plc			
REV	Final - Mar 99	Final - Mar 00	Comparison	REV	Final - Mar 99	Final - Mar 00	Comparison	REV	Interim - Dec 98	Final - Jun 99	Interim - Dec 99
PBT	\$23,046,000	\$36,314,000	+57.6%	PBT	\$34,069,990	\$26,863,817	-21.2%	PBT	\$144,275,000	\$283,943,000	\$203,073,000
EPS	\$2,807,000	\$4,829,000	+72.0%	EPS	\$1,524,855	-\$308,504	Profit to loss	EPS	\$9,784,000	\$18,853,000	\$10,427,000
	5.50p	5.20p	-5.5%		5.40p	-1.58p	Profit to loss		39.10p	22.70p	4.30p
CFS Group plc				ICM Computer Group plc				MSB International plc			
REV	Final - Dec 98	Final - Dec 99	Comparison	REV	Interim - Dec 98	Final - Jun 99	Interim - Dec 99	REV	Final - Jan 99	Final - Jan 00	Comparison
PBT	\$10,989,000	\$13,614,000	+23.9%	PBT	\$18,534,000	\$40,047,000	\$22,328,000	PBT	\$191,345,000	\$184,936,000	-3.3%
EPS	\$1,223,000	\$1,125,000	-8.0%	EPS	\$1,949,000	\$4,335,000	\$2,035,000	EPS	\$8,088,000	\$4,958,000	-38.7%
	8.26p	6.11p	-26.0%		6.60p	14.90p	7.00p		27.00p	17.30p	-35.9%
Clinical Computing plc				IE Group plc				MSW Technology plc			
REV	Final - Dec 98	Final - Dec 99	Comparison	REV	Final - Dec 98	Final - Dec 99	Comparison	REV	Final - May 99	Final - May 00	Comparison
PBT	\$3,039,301	\$3,112,623	+2.4%	PBT	\$6,633,118	\$7,218,738	+8.8%	PBT	\$1,896,518	\$1,611,619	-15.0%
EPS	\$276,584	\$382,336	+38.2%	EPS	-\$1,024,104	-\$3,020,988	Loss both	EPS	-\$1,641,524	-\$2,790,867	Loss both
	1.10p	1.50p	+36.4%		3.42p	8.16p	Loss both		-20.86p	-27.73p	Loss both
CMG plc				Innovation Group plc (The)				NetBenefit plc			
REV	Final - Dec 98	Final - Dec 99	Comparison	REV	Final - Sep 99	Interim - Mar 00	Comparison	REV	Interim - Dec 98	Final - Jun 99	Interim - Dec 99
PBT	\$443,832,000	\$608,588,000	+37.1%	PBT	\$20,800	\$4,195,000	not comparable	PBT	\$803,848	\$1,969,751	\$1,688,541
EPS	\$57,482,000	\$83,629,000	+45.5%	EPS	-\$912,811	\$1,530,092	not comparable	EPS	\$146,731	\$279,862	-\$473,421
	7.25p	10.70p	+45.6%		-173.50p	1.50p	not comparable		0.01p	0.02p	-0.04p
Comino plc				iSoft Group plc				Netstore plc			
REV	Final - Mar 99	Final - Mar 00	Comparison	REV	PF Final - Apr 99	PF Final - Apr 00	Comparison	REV	Final - Jun 98	Period to Jan 00	Final - Jun 99
PBT	\$18,595,000	\$20,452,000	+10.0%	PBT	\$11,096,000	\$17,769,000	+60.1%	PBT	\$362,595	\$744,238	\$757,911
EPS	\$2,718,000	\$6,020,000	+121.5%	EPS	\$763,000	\$2,131,000	+179.3%	EPS	\$611,458	\$1,908,400	\$1,149,675
	14.83p	29.90p	+101.6%		0.51p	0.97p	+90.2%		-1.86p	3.50p	-2.22p
Compel Group plc				IS Solutions plc				Nettec plc			
REV	Interim - Dec 98	Interim - Dec 99	Comparison	REV	Final - Dec 98	Final - Dec 99	Comparison	REV	Final - Dec 98	Final - Dec 99	Comparison
PBT	\$121,590,000	\$293,750,000	\$135,698,000	PBT	\$8,745,633	\$11,8					

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

Oxford Molecular plc				Royalblue Group plc				Systems International Group plc					
REV	Final - Dec 98	Final - Dec 99	Comparison	REV	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison	REV	Interim - Dec 98	Final Jun 99	Interim - Dec 99	Comparison
PBT	£21,505,000	£19,760,000	-8.1%	PBT	£17,905,000	£39,693,000	£25,500,000	+42.4%	PBT	£8,457,000	£17,053,427	£8,368,000	-1.1%
EPS	£1,228,000	£26,280,000	Loss both	EPS	£2,744,000	£6,511,000	£3,037,000	+10.7%	EPS	£1,093,000	£2,313,053	£33,000	-97.0%
	-2.30p	-30.00p	Loss both		5.50p	13.10p	6.00p	+9.1%		2.21p	4.77p	0.07p	-96.8%
Parity plc				Sage Group plc				TelMe.com plc					
REV	Final - Dec 98	Final - Dec 99	Comparison	REV	Interim - Mar 99	Final - Sep 99	Interim - Mar 00	Comparison	REV	Final - Mar 99	Final - Mar 00	Comparison	
PBT	£290,200,000	£314,154,000	+8.3%	PBT	£132,545,000	£307,041,000	£202,528,000	+52.8%	PBT	£10,014,000	£13,974,000	+39.5%	
EPS	£20,032,000	£18,561,000	-7.3%	EPS	£35,479,000	£74,313,000	£53,992,000	+62.2%	EPS	£3,381,000	£2,105,000	Loss both	
	8.84p	7.77p	-12.1%		2.06p	4.17p	2.94p	+42.9%		5.40p	-3.00p	Loss both	
Patsystems plc				SBS Group plc				Terence Chapman Group plc					
REV	Interim	Comparison		REV	Interim - Feb 99	Final - Feb 00	Comparison	REV	Interim - Feb 99	Final - Aug 99	Interim - Feb 00	Comparison	
PBT	£508,000	n/a		PBT	£28,300,000	£53,305,000	£22,900,000	-19.1%	PBT	£15,750,000	£30,641,000	£12,220,000	-22.4%
EPS	£1,800,000	n/a		EPS	£1,400,000	£2,219,000	£124,000	-91.1%	EPS	£2,720,000	£4,464,000	£460,000	-83.1%
	n/a	n/a			9.60p	16.10p	0.90p	-90.6%		3.62p	5.45p	0.52p	-85.6%
Planit Holdings plc				Science Systems plc				Torex plc					
REV	Final - Apr 99	Final - Apr 00	Comparison	REV	Final - Dec 98	Final - Dec 99	Comparison	REV	Final - Dec 98	Final - Dec 99	Comparison		
PBT	£9,676,000	£13,304,000	+37.5%	PBT	£24,319,000	£30,966,000	+27.3%	PBT	£21,770,000	£46,762,000	+114.8%		
EPS	£1,570,000	£2,483,000	+58.2%	EPS	£2,217,000	£2,633,000	+18.8%	EPS	£2,982,000	£4,039,000	+35.4%		
	1.60p	2.30p	+43.8%		8.90p	11.40p	+28.1%		6.80p	14.50p	+113.2%		
Policy Master Group plc				SDL plc				Total Systems plc					
REV	Final - Dec 98	Final - Dec 99	Comparison	REV	Final - Dec 98	Final - Dec 99	Comparison	REV	Final - Mar 99	Final - Mar 00	Comparison		
PBT	£11,338,405	£16,730,281	+47.6%	PBT	£10,098,000	£12,960,000	+28.3%	PBT	£3,247,157	£1,958,040	-39.7%		
EPS	£697,390	£1,062,587	+52.4%	EPS	£209,000	£279,000	+33.2%	EPS	£629,873	£1,959,589	+210.1%		
	5.86p	6.90p	+17.7%		0.41p	0.53p	+29.3%		4.29p	5.05p	+17.7%		
Primar-E plc				Sema Group plc				Touchstone Group plc					
REV	Final - Nov 98	Final - Nov 99	Comparison	REV	Final - Dec 98	Final - Dec 99	Comparison	REV	Final - Mar 99	Final - Mar 00	Comparison		
PBT	£11,286,246	£9,194,799	-18.5%	PBT	£1,250,000	£1,410,000	+12.8%	PBT	£7,663,000	£10,511,000	+37.2%		
EPS	£98,447	£861,861	+776.1%	EPS	£97,800,000	£93,800,000	-4.1%	EPS	£1,048,000	£1,196,000	+14.1%		
	-0.07p	0.63p	Loss both		14.60p	14.70p	+0.7%		7.60p	9.50p	+25.0%		
Protherics plc				ServicePower Technologies plc				Trace Computers plc					
REV	Final - Mar 99	Final - Mar 00	Comparison	REV	Final - Dec 98	Final - Dec 99	Comparison	REV	Interim - Nov 98	Final - May 99	Interim - Nov 99	Comparison	
PBT	£2,847,000	£1,598,000	-43.9%	PBT	£3,099,881	£3,760,910	+21.3%	PBT	£8,684,000	£17,072,781	£8,693,000	+0.1%	
EPS	£13,017,000	£15,454,000	+18.7%	EPS	£14,177	£2,541,087	+17.7%	EPS	£928,000	£4,967,036	£973,000	+4.8%	
	-9.88p	-10.49p	Loss both		-226.00p	-249.00p	Loss both		4.47p	25.94p	4.74p	+6.0%	
QSP plc				Sherwood International plc				Triad Group plc					
REV	Final - Dec 98	Final - Dec 99	Comparison	REV	Final - Dec 98	Final - Dec 99	Comparison	REV	Final - Mar 99	Final - Mar 00	Comparison		
PBT	£37,006,000	£50,538,000	+36.6%	PBT	£42,591,000	£47,186,000	+10.8%	PBT	£49,306,000	£48,366,000	-1.9%		
EPS	£2,044,000	£4,212,000	+106.1%	EPS	£5,494,000	£7,345,000	+33.7%	EPS	£8,629,000	£1,905,000	-77.9%		
	2.82p	5.38p	+89.0%		9.00p	11.40p	+26.7%		22.74p	5.06p	-77.7%		
Quantica plc				Skillsgroup plc				Ultima Networks plc					
REV	Final - Nov 98	Final - Nov 99	Comparison	REV	Interim - May 99	Final - Nov 99	Interim - May 00	Comparison	REV	Final - Dec 98	Final - Dec 99	Comparison	
PBT	£15,164,000	£18,153,000	+19.7%	PBT	£96,400,000	£198,700,000	£78,000,000	+82.1%	PBT	£14,437,000	£12,541,000	-13.1%	
EPS	£3,460,000	£3,224,000	-6.8%	EPS	£6,400,000	£11,400,000	£500,000	+78.1%	EPS	£5,093,000	£7,833,000	+53.8%	
	6.79p	6.02p	-11.3%		6.50p	10.70p	0.10p	-98.5%		-3.97p	-0.44p	Loss both	
RM plc				Sopheon plc				Ultrasis Group plc					
REV	Interim - Mar 99	Final - Sep 99	Interim - Mar 00	Comparison	REV	Final - Dec 98	Final - Dec 99	Comparison	REV	Interim - Jan 99	Final - Jul 99	Interim - Jan 00	Comparison
PBT	£71,116,000	£162,210,000	£78,074,000	+9.8%	PBT	£891,000	£1,510,000	+69.5%	PBT	£1,099,000	£2,520,000	£1,055,000	-4.0%
EPS	£2,493,000	£12,262,000	£1,432,000	+42.6%	EPS	£1,142,000	£2,072,000	+81.3%	EPS	£1,419,000	£2,316,000	£1,839,000	+26.3%
	1.92p	9.80p	1.10p	+42.1%		-6.10p	-10.10p	Loss both		-0.10p	-1.60p	-0.90p	Loss both
Rage Software plc				Spring Group plc				Vega Group plc					
REV	Interim - Dec 98	Final - Jun 99	Interim - Dec 99	Comparison	REV	Final - Apr 99	Final - Apr 00	Comparison	REV	Final - Apr 99	Final - Apr 00	Comparison	
PBT	£3,050,000	£3,845,000	£2,680,000	+12.1%	PBT	£403,154,000	£396,106,000	-1.7%	PBT	£28,933,000	£40,201,000	+38.7%	
EPS	£610,000	£3,121,000	£614,000	Profit to loss	EPS	£14,180,000	£6,420,000	Profit to loss	EPS	£4,292,000	£4,843,000	+12.8%	
	0.18p	1.03p	-0.28p	Profit to loss		6.00p	-5.00p	Profit to loss		17.42p	17.17p	-1.4%	
RDL Group plc				Staffware plc				VI Group plc					
REV	Final - Sep 98	Final - Sep 99	Comparison	REV	Final - Dec 98	Final - Dec 99	Comparison	REV	Final - Dec 98	Final - Dec 99	Comparison		
PBT	£15,692,000	£18,172,000	+15.8%	PBT	£22,187,000	£25,262,000	+13.9%	PBT	£4,117,000	£4,545,000	+10.4%		
EPS	£1,154,000	£1,335,000	+15.7%	EPS	£250,000	£2,953,000	+1081.2%	EPS	£333,000	£438,000	+31.5%		
	6.75p	8.05p	+19.3%		1.10p	11.70p	+963.6%		-2.38p	1.24p	Loss to profit		
Recognition Systems Group plc				StatPro Group plc				Vocalis Group plc					
REV	Interim - Mar 99	Final - Sep 99	Interim - Mar 00	Comparison	REV	Final - Dec 98	Final - Dec 99	Comparison	REV	Final - Mar 99	Final - Mar 00	Comparison	
PBT	£965,000	£2,315,000	£3,021,000	+26.3%	PBT	£3,221,041	£3,144,000	-2.4%	PBT	£4,820,000	£2,694,000	-44.1%	
EPS	£733,000	£1,609,000	£2,258,000	Loss both	EPS	£84,753	£183,000	Profit to loss	EPS	£1,098,000	£4,507,000	+312.1%	
	-1.30p	-2.30p	-2.70p	Loss both		0.40p	0.40p	Profit to loss		-3.36p	-10.57p	Loss both	
Retail Decisions plc				Superscape VR plc				Wealth Management Software plc					
REV	Interim	Comparison		REV	Interims - Jan 99	Final - Jul 99	Interims - Jan 00	Comparison	REV	Period - Dec 98	Final - Dec 99	Comparison	
PBT	£11,700,000	n/a		PBT	£2,122,000	£3,071,000	£708,000	+66.6%	REV	£4,082,000	£12,818,000	+214.0%	
EPS	£2,500,000	n/a		EPS	£87,000	£2,765,000	£2,897,000	+94.8%	OP	£355,000	£1,005,000	+180.3%	
	n/a	n/a			-0.71p	-22.50p	-16.30p	Loss both		2.30p	-0.90p	Loss both	
RexOnline plc				Synstar plc				XKO Group plc					
REV	Final - Apr 99	Final - Apr 00	Comparison	REV	Interim - Mar 99	Final - Sep 99	Interim - Mar 00	Comparison	REV	PFFinal - Mar 99	Final - Mar 00	Comparison	
PBT	£273,570	£558,000	+103.5%	PBT	£104,034,000	£214,289,000	£119,253,000	+41.6%	REV	£28,428,000	£29,628,000	+4.2%	
EPS	£94,303	£326,000	+245.3%	EPS	£420,000	£8,094,000	£5,191,000	+1136.0%	OP	£2,667,000	£5,263,000	+97.3%	
	-2.60p	-4.50p	Loss both		0.30p	3.60p	1.70p	+466.7%		8.20p	27.20p	Profit to loss	
Rolfe & Nolan plc				Systems Integrated Research plc									
REV	Final - Feb 99	Final - Feb 00	Comparison	REV	Interim - Nov 98	Final - May 99	Interim - Nov 99	Comparison					
PBT	£20,988,000	£22,856,000	+8.9%	PBT	£661,000	£1,405,000	£658,000	-0.5%					
EPS	£1,606,000	£1,838,000	+14.4%	EPS	£32,000	£140,000	£42,000	+31.3%					
	7.90p	9.30p	+17.7%		0.07p	0.71p	0.15p	+114.3%					
Flomerics (flow measurement software) announced revenue up to													

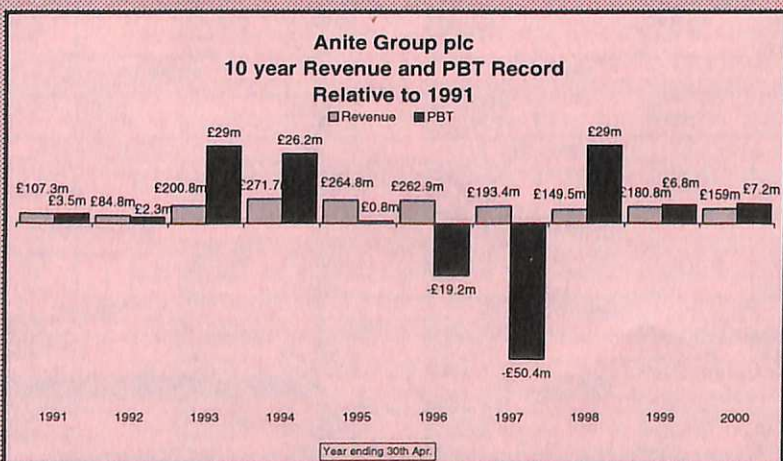
Royalblue announced revenue up 42% to £25.5m with PBT up a lower 11% to £3m in six months to 30th June. John Hamer asked us "What's all this Y2K hangover, Richard? More next month. Royalblue's share price went up 14% to end the month on £14.50.

Flomerics (flow measurement software) announced revenue up to £4.9m and the prior loss of £149K is now a PBT of £41K in six months to 30th June 00. More next month.

Anite Simplifies Organisation and Reports Profits Growth

Anite has announced revenue up 7.1% on existing operations to £147.4m (overall revenues fell from £180.8m to £158.9m) and PBT up 5.6% at £7.17m in year to 30th Apr. 00. EPS reduced from 1.5p to 1.3p. However, so much has happened at Anite in the last year that these comparisons do not give the full picture. Operating profits on continuing operations increased by 37% to £13.7m with particularly strong performances in **Telecoms** (up 150% at £4.0m), **Consultancy** (up 29% at £7.5m) and **Travel** (up 29% at £2.2m). Anite was, however, hit by reductions in demand at its **ITSA** operation which saw revenue reduce by 24% to £37.7m although profits of just £500K were at least maintained.

With 16 acquisitions undertaken since Feb. 98, Anite seems well on the road to integrating these successfully. Indeed, the 11 "core" businesses have now been pruned to just three. Chairman Alec Daly "looks forward to the future with confidence". Anite's share price improved 17% to end the month on 184p.



Give us Boring Any Day!

Capita has reported revenues up 39% at £208m and PBT (before goodwill amortisation) up 30% at £18.4m in six months to 30th June 00. PBT (after goodwill) however was up 10% at £13.8m and EPS was only up a tad from 3.97p to 3.99p. In the accompanying trading statement Chairman Rod Aldridge said that all its markets remained "very positive", current trading was strong and the order pipeline "highly encouraging".

So Capita has turned in another excellent set of results. The interims show organic growth of 29%, with the acquisitions during the period (LHR and IRG) contributing £14m and on track to add over £50m revenues during the year. Capita has shown once again that it is able to digest acquisitions very quickly, and is close to seeing real benefit from cross selling its services between private sector clients (IRG has c1,200) and its traditional public sector customers. Revenue from the private sector now accounts for 36% of total, and is an obvious growth area for the company. Expect to see more astute acquisitions added to the portfolio of services.

Capita has reorganised its business into five streams (**Customer Services; Human Resources; Property Services; Software, Systems & Strategic Services; and Commercial Services**) each has a divisional sales force, with the 'big ticket' sales opportunities handled by a separate team. This is obviously working! In addition to the recently announced win at the Criminal Records Bureau worth £400m over 10 years (where Capita beat off tenders from **Siemens, IBM, PwC** and **Serco**) it has £750m of sales prospects in the pipeline! Capita is right to be confident- they typically win one in three of bids tendered for but have been enjoying a winning streak of late, not losing a single bid in the last six months. The newly created Commercial Services Division (comprising IRG, Capita's 31.5% stake in **myshares-online** and financial/treasury consultancy) has the potential to generate a higher margin than the c10% associated with the rest of the business. Whilst accounting for just £13.8m in the period, it returned almost 17% margin. Organic and acquisitive growth is planned.

Crucially, Capita is organised in such a way that it is able to take on more major projects with the current management team and business structure. Paul Pindar, CEO, said they would be "comfortable" right now with another win the size of the CRB - and that was their biggest win to date, with c1,000 staff and £20m upfront investment.

Unlike the systems houses, Capita is not dependent on fee-earning consultants to generate/increase revenue, and has not suffered the Y2K hangover. Economies of scale should deliver an increase in the revenue per head during 2000.

With repeat business from established customers, recurring revenues (no major contracts come up for renewal until 2002), strong management and opportunity for growth in its key sectors (education and health in particular) Capita is well poised for growth. If this is **Boring**, let's have more of it! Capita ended the month level at £16.13p.

More Warnings from..

Policy Master: profits for H1 are likely to be below last year's although turnover will be ahead. The shortfall in the first half is unlikely to be recovered in the second half of the year. **Lynx:** market expectations for the current year for the Group as a whole will not be achieved. **DCS:** warning of slow demand for its ERP and general services during H1, with demand only recently starting to increase. "We anticipate that these areas will under perform for the year as a whole".

DCS expects trading conditions in H2 to continue improving but customer demand for large new projects remains slow. **Highams:** "the Group is unlikely to return to profitability in the current first half year".

A Torrid Time for Gresham!

Gresham has announced interim results for the six months ended 30th Apr. 00. Highlights: revenue down from £16.3m to £11.2m, an operating loss (pre-goodwill amortisation) of £2.25m from profit £1.6m in 1999 resulting in a pre-tax loss of £2.7m and a Loss Per Share of 6.06p. Most of Gresham's divisions were affected: Financial Services revenue down 58% to £3.2m, contract staffing down 43% to £1.7m and Integration Solutions down 65% to £739K. On the brighter side, Enterprise Solutions Software revenue rose 13% to £3.7m and the revenue stream from SIM Group (acquired Apr. 99 for £10m max) contributed £1.8m. About 31% of Gresham's revenue originates outside the UK, mostly (22%) from North America.

Commenting on the outlook Chairman Sid Green said: "Gresham's performance over the past 12 months has been unsatisfactory ... (but) I am pleased to report that we are now benefiting from improved market conditions in all aspects of our business, and, with our new focus, are experiencing significantly higher levels of enquiries from existing and new customers in most business areas. The Directors and I believe that the new strategy, combined with the clear focus and improved market conditions will enable us to return to monthly operating profitably by the end of 2000".

Having seen the departure of house broker SG Securities and financial advisers Close Bros back in Apr. 00 - along with Chairman Roger Graham and two other NEDs - Gresham did not hold an analyst briefing to announce these results, which were presaged in Gresham's trading statement last month, so no surprises there then. The problems were a combination of Y2K 'hangover' and 'acquisition indigestion'. Frankly, it's been a torrid year for Gresham, starting with the Aug. 99 profits warning pre-empting the poor 1999 results. Then CEO Trevor Read (whom we were involved in appointing) fell on his sword in Dec. 99. But it was the Apr. 99 board shake-up that really grabbed the headlines, seeing the departure of new CEO Bill Simpson and CTO Alan Davies along with the NEDs and advisors. Major shareholder Sid Green took over as chairman, and son-in-law Andrew Walton-Green (ex-Deloitte & Touche) was appointed CEO. Having conducted a 'strategic review' of the business, Walton-Green has restructured the many and various niche businesses into five streams some of which "will be developed to a stage where divestment can take place at a level which maximises shareholder value". We spoke to Andrew Walton-Green and they have yet to announce which activities are likely to be divested. We think Gresham's business as it stands today is too broad and diffuse so their plan to divest in order to focus is one we support - we are just not clear which is the bit they want to focus on. Gresham has some great products and services - we've always been impressed with its Casablanca middleware, and we think testing services is one of the most underrated part of the sector - particularly given the rush for companies to launch new websites. But they do not have the resources to develop all these lines of business to their full potential so will be looking for partners. Gresham now claims to have a "united board" which fully backs Walton-Green's new strategy - he will need all the support he can muster and will need to convince investors and the City likewise. Gresham's shares have fallen 51% this year and are now less than a third of their value a year ago. But at least they held steady this month to close on 30p.



GRESHAM

Modest recovery continues

Our SCS Index recorded another modest 4% rise in July. So we are almost back to where we started the year! Yet again it was the Software Products companies which led the way (up 6.2%) headed by newcomers **Orchestream** (network management s/w - up 127%), **Alterian** (database analysis s/w - up 80%) and **London Bridge** (positive trading statement issued on 17th Jul.) "recovering" by 60% (again that just puts them back to where they started 2000). Please note our new format IPO information on p11.

At the other end of the scale, **DCS** (profits warning - p7) fell 42%, **Policy Master** (profits warning - p7) down 35%, **Diagonal** ("Y2K hangover" - p4) down 32%, **ECsoft** (profits warning - p4) down 31%.

Our Internet Index fell another 4.5%. Back in Feb. 00 these 50+ companies had a market cap. of £28b - now it's "just" £12.5b. Yet again it's the B2Cs (like **Totally.com** down 37%) and Content&Media companies that have been the hardest hit, with the B2B companies holding up surprisingly well.

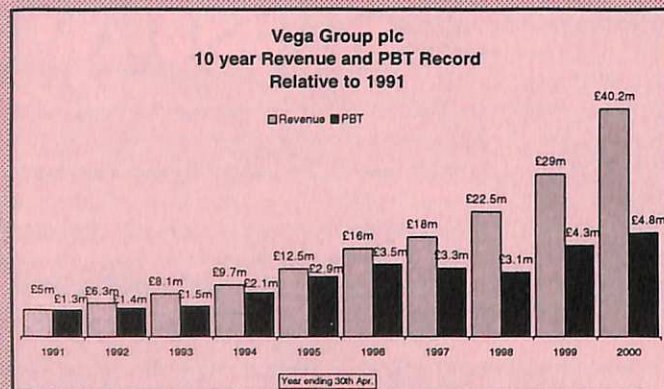
Baltimore has put on a stout recovery - up 30% this month. But (at £2.5b) still worth £1.3b less than in Feb. 00. With more private dot.coms going to the wall as we write, this sector will continue to make headlines for all the wrong reasons. If any subscribers would like more details of the performance of the 58 dot.com companies in our Internet Index, please e-mail on mail@holway.com.

31-Jul-00	SCSI Index					11081.92
	FTSE IT (SCS) Index					3062.36
	techMARK 100					3635.84
	FTSE 100					6365.30
	FTSE AIM					1693.40
	FTSE SmallCap					3376.47
SCSI Index = 1000 on 15th April 1989						
Changes in Indices	SCSI Index	FTSE 100	techMARK 100	FTSE IT SCS Index	FTSE AIM Index	FTSE Small Cap
Month (30/6/00 to 31/7/00)	+4.18%	+0.83%	+7.22%	+9.69%	-1.41%	+0.66%
From 15th Apr 89	+1008.19%	+209.96%				
From 1st Jan 90	+1104.43%	+169.49%				
From 1st Jan 91	+1465.53%	+194.64%				
From 1st Jan 92	+960.61%	+155.32%				
From 1st Jan 93	+595.41%	+123.62%				+143.38%
From 1st Jan 94	+563.75%	+86.21%				+80.69%
From 1st Jan 95	+639.20%	+107.64%				+93.34%
From 1st Jan 96	+390.68%	+72.53%	+360.67%		+77.61%	+73.91%
From 1st Jan 97	+313.90%	+54.55%	+297.50%		+73.49%	+54.66%
From 1st Jan 98	+265.13%	+23.95%	+281.11%	+206.24%	+70.71%	+45.96%
From 1st Jan 99	+181.16%	+8.21%	+149.71%	+111.78%	+111.25%	+63.04%
From 1st Jan 00	-3.39%	-8.15%	-3.80%	-17.63%	-12.38%	+9.00%

End Jul 00	Move since 1st Jan 98	Move since 1st Jan 99	Move since 1st Jan 00	Move in July 00
System Houses	257.3%	131.3%	-9.9%	2.2%
IT Staff Agencies	-24.5%	-9.5%	-21.3%	2.1%
Resellers	55.1%	64.9%	-20.6%	2.9%
Software Products	420.7%	345.1%	7.0%	6.2%
Holway Internet Index		629.6%	-11.2%	-4.5%
Holway SCS Index	265.1%	181.2%	-3.4%	4.2%

Strong Results from Vega

Vega has announced some very strong results for year to 30th Apr. 00 with revenue up 39% at £40.2m. PBT was up 13% at £4.8m but "before amortisation and board restructuring charges" it increased 31% to £5.8m. But diluted EPS was down 1%. A record £41.4m of new orders were signed in the year with a



further £5.8m signed in May 00. No mention is made of Y2K hangover problems. Indeed, Chairman Andy Roberts is "confident of another year of strong growth and profitability". At the end of July, Vega's share price stood at 570p, down 4%.

Keystone Moves Closer to Profitability

Keystone Software - provides practice management software to the professions - results for the year ended 31st Mar. 00 showed turnover up by 203% to £4.8m, LBT improved from £2.4m to £165K, and Loss Per Share improved from 18.9p to 0.6p. Chairman Tony Caplin said "The current level of sales enquiry in all markets bodes well for a post Y2K recovery in the second half of the 2001 financial year and we look forward to an exciting period of growth over the next 12 months". Keystone is looking to move from AIM to the main market in late August, and will join the techMARK index. At the end of the month Keystone share price stood at 78p, a rise of 8%.

Super Results from Smith

Smith Group, the privately owned consultancy, has announced results for the year to 31st Mar. 00. Highlights: revenue grew 25% to £20.9m and PBT grew a very commendable 51% to



£3.6m - a 17% margin. Smith is increasingly focused on eCRM (generating £6.6m) and e-security (£5.3m), providing expertise to commercial clients and government. Most of Smith's activities are in the UK, with just 11% coming from "exports".

Solid Results from Planit

Developer of sales and design software for retailers in the kitchen, bathroom and furniture sectors, **Planit Holdings** has announced results for the year ending 30th Apr. 00. Highlights: turnover up 38% to £13.3m, PBT up 58% to £2.5m, and diluted EPS up 44% to 2.3p.

Chairman Bob Morton said: "The computer software business continues to grow and trade in line with expectations and, with the recent French and USA acquisitions and the accelerated Internet development programme improving our overall product offering and position in the market place, the Group is well placed to continue its growth both organically and by acquisition". The software business of Planit was a reverse take-over in Apr. 98. The shares ended July up 12% at 120p.

Holway/System House SCS Share Prices and Capitalisation

	SCS Cat.	Share Price 31-Jul-00	Capitalisation 31-Jul-00	Historic P/E	PSR Ratio Cap./Rev.	SCSI Index 31-Jul-00	Share price move since 30-Jun-00	Share price % move in 2000	Capitalisation move since 30-Jun-00	Capitalisation move (€m) in 2000
Actinic	SP	£1.17	£140.20m	Loss	245.53	1438.27	18.88%	43.83%	£19.70m	£40.60m
Admiral	CS	£15.50	£1,040.00m	63.1	6.11	56022.45	0.00%	0.65%	£48.00m	£54.40m
AFA Systems	SP	£5.47	£130.70m	Loss	73.47	4554.17	-6.98%	105.07%	£5.00m	£82.20m
AIT Group	CS	£14.30	£290.30m	121.1	13.38	9533.33	15.79%	-5.30%	£39.60m	£16.20m
Alphameric	CS	£2.88	£295.80m	75.5	11.68	1318.81	-15.07%	95.58%	£49.50m	£182.60m
Alterian	SP	£3.59	£140.70m	944.7	140.70	1795.00	79.50%	79.50%	£62.30m	£62.30m
Anite Group	CS	£1.84	£502.90m	46.5	3.16	1073.10	16.51%	35.42%	£94.20m	£167.80m
Axon	SP	£9.05	£439.20m	158.8	17.31	5171.43	-7.89%	52.74%	£40.30m	£150.10m
Balkan Group	R	£1.46	£162.40m	24.0	0.40	634.78	-9.03%	1.39%	£9.70m	£8.00m
Baltimore Technologies	SP	£6.37	£2,456.00m	Loss	105.53	65393.33	27.40%	24.29%	£446.00m	£545.00m
Baron	SP	£1.78	£9.10m	Loss	2.88	1775.00	-2.74%	-58.72%	£0.80m	£5.70m
Bond International	SP	£0.69	£9.94m	Loss	1.18	1053.85	-3.01%	-6.80%	£0.45m	£0.58m
Bright Station	CS	£0.62	£108.80m	Loss	0.62	563.64	-24.85%	-31.87%	£32.50m	£32.10m
Business Systems	CS	£1.33	£107.30m	213.7	3.31	1113.45	11.34%	11.34%	£7.30m	£7.30m
Cadcentre Group	SP	£4.76	£79.50m	23.6	3.33	2380.00	2.37%	47.37%	£1.80m	£25.90m
Capita Group	CS	£16.13	£3,530.00m	162.9	10.79	145315.32	-0.25%	42.74%	£22.00m	£1,171.00m
Cedar Group	SP	£7.20	£486.90m	138.5	13.41	6857.14	8.27%	29.15%	£40.70m	£141.30m
CFS Group	SP	£2.06	£44.20m	19.2	3.25	2288.89	5.37%	-21.07%	£3.90m	£2.70m
Clinical Computing	CS	£0.44	£11.20m	28.9	3.60	354.84	-4.35%	-29.60%	£0.30m	£4.50m
CMG	CS	£11.50	£6,752.00m	107.5	11.09	31724.14	22.86%	0.97%	£1,165.00m	£919.00m
Commo	CS	£5.75	£80.80m	32.1	3.95	4423.08	19.79%	-5.35%	£15.50m	£1.80m
Compel Group	R	£2.68	£83.20m	7.7	0.28	2140.00	1.90%	-50.42%	£1.80m	£97.80m
Computacenter	R	£3.30	£596.80m	10.8	0.34	492.54	-12.58%	-67.57%	£92.90m	£1,228.20m
DCS Group	CS	£4.08	£96.80m	15.0	0.59	6791.67	-42.40%	-61.37%	£74.40m	£158.50m
Delcam	SP	£2.30	£13.40m	17.0	0.85	884.62	10.84%	12.20%	£1.20m	£1.30m
Diagonal	CS	£2.75	£242.40m	44.8	3.35	3998.15	-32.10%	-27.15%	£96.20m	£62.60m
DRS Data & Research	SP	£0.17	£5.97m	32.8	0.73	156.82	-14.81%	-25.00%	£1.04m	£1.99m
Easyscreen	SP	£2.43	£107.80m	Loss	102.08	1426.47	2.11%	-26.40%	£2.80m	£37.80m
ECSoft	CS	£6.85	£82.30m	39.6	1.22	379.08	-30.63%	-39.38%	£34.20m	£40.90m
Eidos	SP	£4.23	£451.30m	Loss	2.22	21140.71	-12.78%	-61.09%	£47.30m	£662.70m
Electronic Data Proc	SP	£0.91	£24.50m	18.5	2.34	2786.28	-16.13%	-75.83%	£3.90m	£74.10m
Eurolink	CS	£0.97	£10.24m	n/a	1.23	970.00	-5.37%	-20.49%	£0.42m	£2.36m
FI Group	CS	£4.88	£1,541.00m	124.7	5.01	12500.00	26.62%	-36.48%	£318.00m	£220.00m
Financial Objects	SP	£1.47	£58.00m	13.3	2.51	636.96	-17.46%	-78.53%	£11.50m	£187.00m
Flomerics Group	SP	£8.53	£25.00m	31.5	2.87	6557.69	-1.16%	91.57%	£1.70m	£13.00m
Focus	SP	£2.37	£59.50m	Loss	82.52	1215.38	24.74%	21.54%	£11.80m	£10.60m
Freecom	CS	£0.64	£61.70m	Loss	103.01	488.46	-19.62%	-80.46%	£14.50m	£11.30m
Freeerve	CS	£3.09	£3,187.00m	Loss	162.93	2060.00	-4.92%	-47.63%	£102.00m	£2,756.00m
Graham Computing	CS	£0.30	£14.90m	Loss	0.49	322.58	0.00%	-51.22%	£1.20m	£12.10m
Guardian IT	CS	£13.48	£957.00m	123.6	19.43	5284.31	-0.92%	40.58%	£226.70m	£466.20m
Harvey Nash Group	A	£7.43	£216.80m	25.0	1.44	4242.86	-1.98%	23.03%	£4.40m	£44.80m
Highams Systems Servs	CS	£0.35	£6.92m	Loss	0.26	958.33	-18.82%	-38.94%	£1.37m	£3.78m
ICM Computer	SP	£0.20	£59.90m	214.1	1.50	1777.78	-6.57%	-60.12%	£5.20m	£92.60m
IE Group	SP	£0.82	£34.40m	Loss	1.77	967.02	-5.78%	-70.74%	£2.10m	£8.10m
Innovation Group	SP	£3.94	£385.80m	Loss	91.97	1705.52	19.94%	72.05%	£39.60m	£144.38m
ISoft Group	SP	£1.61	£179.90m	Loss	10.12	1459.09	45.91%	45.91%	£56.63m	£56.63m
IS Solutions	CS	£2.09	£53.80m	59.5	4.55	7788.46	-11.06%	161.25%	£5.00m	£34.60m
ITNET	CS	£6.65	£478.00m	61.7	3.66	1900.00	1.14%	-2.56%	£15.80m	£1.80m
Jasmin	SP	£1.40	£6.34m	Loss	1.51	933.33	-8.20%	12.00%	£0.83m	£0.46m
JSB Software	SP	£18.00	£516.60m	Loss	129.15	9000.00	-24.61%	75.61%	£106.50m	£258.30m
Kalamazoo Computer	CS	£0.33	£14.40m	Loss	0.23	925.57	3.17%	-71.86%	£0.90m	£35.10m
Kewill Systems	SP	£9.30	£736.20m	Loss	9.78	18378.45	22.05%	-40.58%	£157.80m	£430.80m
Keystone	SP	£0.78	£32.40m	Loss	6.75	861.11	7.64%	-21.32%	£1.90m	£1.60m
Knowledge Management	SP	£1.68	£177.30m	Loss	230.26	1288.46	-12.99%	28.85%	£22.30m	£42.43m
Knowledge Support	SP	£4.49	£325.50m	Loss	177.09	2040.91	58.94%	104.09%	£117.00m	£183.03m
Logica	CS	£17.30	£7,075.00m	160.2	10.73	23692.08	10.61%	8.33%	£788.00m	£719.00m
London Bridge Software	SP	£7.75	£1,303.00m	243.7	30.90	19375.00	59.79%	-8.28%	£520.20m	£227.00m
Lorien	A	£1.24	£24.70m	Loss	0.18	1235.00	37.99%	-2.37%	£7.20m	£0.10m
Lynx Holdings	SP	£1.40	£217.90m	30.6	1.03	3500.00	-18.84%	-15.15%	£51.50m	£39.70m
Macro 4	SP	£8.25	£179.40m	23.6	5.78	3326.61	-4.35%	10.37%	£0.00m	£32.10m
MERANT	SP	£1.45	£218.70m	21.1	0.96	697.90	3.96%	-64.14%	£11.20m	£362.00m
Microgen Holdings	CS	£3.23	£166.70m	72.4	5.32	1378.21	-22.75%	-51.69%	£45.80m	£173.10m
Misys	SP	£6.20	£3,797.00m	41.1	5.36	7713.53	11.11%	-35.75%	£589.00m	£1,674.00m
MMT Computing	SP	£5.83	£70.50m	17.9	1.72	347.26	-4.12%	-38.85%	£3.00m	£44.80m
Mondas	SP	£0.68	£8.51m	Loss	9.91	900.00	-19.16%	-1.59%	£1.59m	£5.19m
Morse	R	£4.95	£614.30m	28.8	2.16	1980.00	20.73%	37.69%	£114.50m	£174.60m
MSB International	A	£1.53	£31.30m	Loss	0.17	802.63	37.39%	-46.02%	£8.70m	£2.30m
MSB Technology	SP	£0.43	£5.10m	Loss	3.17	438.14	37.10%	-62.88%	£1.29m	£9.00m
NeiBenefit	CS	£4.80	£78.80m	Loss	39.00	2400.00	-16.52%	-46.07%	£15.20m	£34.40m
Netel	CS	£1.21	£109.20m	Loss	144.25	803.33	-12.04%	-19.67%	£11.50m	£23.40m
Nettec	CS	£1.57	£164.20m	Loss	34.22	652.08	-10.06%	-34.79%	£20.20m	£90.80m
Northgate	CS	£0.48	£130.00m	n/a	0.99	184.62	5.49%	57.38%	£2.80m	£59.10m
NSB Retail Systems	CS	£9.05	£639.50m	847.2	30.05	26521.74	18.45%	46.11%	£95.10m	£222.00m
Orchestream	CS	£4.20	£512.80m	Loss	1250.73	2270.27	127.03%	127.03%	£298.62m	£298.62m
Oxford Molecular	SP	£0.35	£31.10m	Loss	1.57	437.50	34.62%	16.67%	£8.00m	£5.00m
Parity	A	£1.48	£223.90m	18.2	0.71	24624.91	-9.36%	-60.49%	£24.30m	£342.30m
Patsystems	SP	£1.58	£200.20m	20.4	329.28	1481.31	12.01%	48.13%	£22.10m	£85.20m
Plantit	SP	£1.20	£98.10m	117.7	7.22	5000.00	-4.38%	-28.14%	£6.60m	£27.80m
Polymaster	SP	£4.60	£73.00m	46.0	4.36	3066.67	-35.21%	-7.54%	£38.50m	£2.90m
Primar-E (was Stordata)	CS	£0.15	£20.00m	Loss	2.18	1270.83	0.00%	74.29%	£0.00m	£8.50m
Protherics	SP	£0.29	£46.20m	Loss	28.91	339.29	-3.39%	-22.97%	£1.60m	£13.70m
QSP	SP	£1.31	£112.50m	4.6	2.23	1721.95	-11.19%	-13.70%	£20.30m	£24.10m
Quantic	A	£0.66	£25.70m	11.0	1.42	532.26	5.60%	25.71%	£1.20m	£5.10m
Rage Software	SP	£0.26	£84.50m	34.9	9.55	980.77	-10.53%	-56.22%	£5.50m	£76.00m
RDL	CS	£2.24	£25.10m	27.6	1.38	2488.89	-5.29%	134.55%	£1.40m	£14.40m
Recognition Systems	SP	£3.49	£316.30m	Loss	136.63	4985.71	28.55%	0.00%	£69.50m	£0.90m
Retail Decisions	SP	£1.40	£202.10m	n/a	17.27	1884.27	-21.30%	88.51%	£44.50m	£101.10m
FlexOnline	A	£1.31	£9.55m	Loss	11.63	1553.56	-1.51%	28.57%	£0.19m	£2.58m
RM Group	SP	£8.00	£747.20m	81.6	4.61	22857.14	20.75%	-6.71%	£128.40m	£41.70m
Rolle & Nolan	SP	£3.38	£49.00m	31.3	2.14	4017.86	0.75%	-12.34%	£1.80m	£3.00m
Royalblue Group	SP	£14.50	£427.70m	110.7	10.78	8529.41	14.40%	38.42%	£52.50m	£120.80m
Sage Group	SP	£5.59	£7,202.00m	134.1	23.46	215000.00	4.49%	-26.01%	£424.00m	£2,015.00m
SBS Group	SP	£1.59	£14.70m	18.3	0.28	1585.00	-14.32%	-22.68%	£2.10m	£3.30m
Science Systems	A	£5.65	£142.40m	48.1	4.60	4379.84	-2.59%	55.43%	£3.80m	£79.90m
SDL	CS	£3.03	£112.50m	Loss	8.68	2016.67	-3.35%	-25.49%	£10.20m	£23.90m
Sema Group	SP	£10.09	£4,877.00m	71.0	3.46	12691.82	7.34%	-9.43%	£506.00m	£280.00m
ServicePower	CS	£0.89	£46.00m	Loss	12.23	885.00	-6.84%	-23.04%	£2.50m	£12.72m
Sherwood International	CS	£7.17	£294.70m	32.4	6.25	23886.84	17.16%	-42.18%	£43.20m	£205.00m
Skillsgroup	CS	£1.29	£116.60m	12.4	0.59	578.48	-6.86%	57.14%	£4.70m	£147.10m
Sopheon	SP	£4.28	£155.30m	Loss	102.85	6151.08	-14.07%	30.53%	£20.30m	£50.20m
Spring	A	£1.12	£167.40m	Loss	0.42	1238.89	-16.48%	-34.60%	£33.00m	£79.30m
Staffware	SP	£28.13	£384.20m	163.5	15.21	12500.00	36.36%	246.15%	£103.70m	£281.00m
StatPro	SP	£0.89	£23.90m	Loss	7.60	1106.25	33.08%	10.63%	£5.90m	£2.30m
Superscape VR	CS	£2.40	£87.20m	Loss	28.40	1212.12	18.52%	-29.72%	£23.50m	£25.20m
Synstar	SP	£0.69	£108.90m	14.1	0.51	418.18	-15.34%	-69.80%	£23.50m	£262.40m
Systems Integrated	SP	£0.44	£5.83m	50.2	4.15	378.26	14.47%	16.00%	£0.74m	£0.80m
Systems International	CS	£0.54	£14.50m	20.3	0.85	930.43	24.42%	-27.70%	£0.20m	

ICL Invia has announced that it is to pull its Helsinki Stock exchange IPO "due to unfavourable market conditions". **ICL still seem intent on their UK float in Q4 though. We will wait and see....** Good news for ICL came in the shape of the Government £350m IT 2000 contract - awarded to **Sirius** a consortium consisting of **ICL**, **PwC** and **Global Crossing**. The contract is part of the Private Finance Initiative and runs for ten years. The consortium will be responsible for "owning, operating and sustaining the Home Office IT infrastructure and telephone systems".

InTechnology plc is to buy **HOLF Technologies Ltd**, trading as **Storm**, and **Vdata Ltd** for £165m. **HOLF** provides data storage solutions.

Morse has acquired French "e-business enterprise management company" **Masai Systems SA** for a max. £2.4m.

Shore Capital made a recommended 1-for-2 offer for **Jellyworks**. The merged company will be valued at more than £260m, with **Jellyworks** owning a 25% stake. **Shore**, currently unlisted, will be joining **AIM**.

Eidos is "considering an informal £700m all-share offer from **Infogrames Entertainment**, the French Software Group".

Internetaction.com suspended trading in their shares on **AIM** on 1st July as "following publication of the Company's prospectus dated 16th June 00, they have become aware of information which may require the publication of a supplementary prospectus".

Pharmaceutical software supplier **Oxford Molecular** issued a pre-AGM statement reporting "disappointing" software sales. Their solutions business which was suffering "from the uncertainty of ownership" has been sold to **Millennium Pharmaceuticals** for £33.5m cash. Meanwhile the future of **OM's** other division, **Software Solutions**, remains in the balance. Chairman **Douglas Brown** commented that "discussions on the future of the Software Solutions Division are ongoing and the board hopes to be in a position to make a further announcement in the near future". Chief exec. **Dr Tony Marchington** has served notice (he's on a two year agreement).

Comino, a provider of software solutions to local government, has acquired 82% of **Rebus LG** from the **Rebus Group** for an initial cash payment of £1.77m with a further £0.9m cash payable dependent upon the collection of outstanding debts. The company has also changed its name to **Saffron Computer Services**. **Comino** also announced a contract with **Ford** of Britain to supply its pensions administration software.

Deloitte & Touche are to float **CSL** (its outsourcing division) with an estimated value of £200m.

RDL (**AIM** listed IT recruitment agency) has acquired a 74% interest in the Swiss IT placement business, **RDL Schweiz AG**. The consideration is approximately £250K payable by the issue of 105,709 new shares.

Camelot - the Apple dealer - has gone into liquidation after a proposed rescue plan was thrown out by credit insurers. Formed in 1986, **Camelot** faced debts of c£1.5m. About 30 jobs will be lost.

US-based **CommerceQuest** has acquired **Cambridge Information Technology Ltd** (**CITL**), a 50-strong e-business and IT consultancy, for an undisclosed amount.

Hemscott.net, the supplier of online financial information, has completed its reverse takeover of the shell company **Bridgend** and will be joining **AIM**. Under the deal **Bridgend** will issue shares to the value of approx. £15m, and a further £16.2m will be raised through a placing and 1-for-1 open offer. Funds raised will be used to develop new technology platforms and to move into new product areas. On completion, the company will change its name to **Hemscott.net**.

Kewill has sold its loss-making Logistics division (includes **Kewill's** US and UK warehouse management systems businesses) to Swiss supply chain solutions company **Swisslog** for \$25m (£16.7m) cash. The disposal should yield **Kewill** a £1.5m profit. This is all part of **Kewill's** 'focus on the knitting'

Mergers and acquisitions - continued

strategy and seems a good idea.

InterX has confirmed the details of the disposal of **Ideal Hardware** (first mooted back in Nov. 1999) to **Bell Microproducts Inc.** for £13.18m cash on completion and up to a further £4.98m deferred consideration which will be payable in cash on 31 March 2001. Disposal of **Ideal**, its hardware distribution unit, leaves **InterX** free to focus on "the continuing development of its internet businesses". **InterX** also stated that it will be reducing its stake in **Diligenti** (an intermediary for the life sciences industry) to 15% from the 37.5% stake acquired in Jul. 00, once **Diligenti** has made a number of acquisitions.

London Bridge Software has announced the acquisition of a 10% stake in **Aspen Grove Inc.**, a private US company, and the exclusive rights to the **Aspen Grove Workflow** product in the area of default management and retail financial markets. The consideration is an initial payment of \$1m (satisfied with \$500K cash and 63K shares), with a further \$4m payable over the next 2.5 years, dependent on performance.

IT staff agency **Harvey Nash**, has announced the acquisition of the contracts and assets of **Procomp N.V.**, a Belgium based IT services company, for initial cash consideration of 98.5m Belgium Francs (£1.5m) with up to a further maximum 11.5m Belgium Francs to be paid on 30th Sep. 00 based on meeting certain specific performance targets.

Ultrasis has concluded its acquisition of **CALM Corporation UK** (healthcare diagnostic software) for £4.1m, satisfied by the issue of 15m new shares.

IS Solutions has announced a £100K investment in **Open Methods** (who "develop and deploy new methodologies for internet based IT projects") in return for a 26% stake.

LetsBuyIt.com's IPO is back on again at an offer price of 3.5 Euros - much reduced from the original 6-7 Euros range - capitalising the company at approx. Euro320m. Trading on **Neuer Markt** began on 21st July with all net proceeds from the IPO going towards "consolidation and expansion" in Europe according to CEO **Martin Coles**.

Freecom.net is changing its name to **Systems Union Group** (acquired in May).

CMG has acquired **Computer Answers International**, a developer and supplier of Customer Care and Billing solutions for the telecommunications sector, for £60m.

Total Systems announced a deal to supply its insurance system product to **Dixons**. No financial details were given.

Knowledge Management Software has acquired the eCommerce division of **Mari Group** for approx. £1.86m, comprising 1.1m shares at £1.635 per share and £55K cash.

Syan, the privately owned outsourcing company, has acquired Fareham-based **Protocol Solutions** a services and solutions provider for desktop, NT and UNIX platforms. **Protocol** adds 80 people to **Syan's** 100, and combined the group expect to generate c£25m revenues in 2001.

Superscape has announced that it has agreed to acquire **RTZ Virtual Worlds** (Barcelona-based provider of 3D material using **Superscape's** tools) for £600K. £305K is deferred and payable dependent upon performance for the two financial years ending 31 Dec 01.

Logica is to acquire Australia's **MITs**, the "utilities focused IT services business unit" of **Utility Services Corporation** (subject to certain conditions being met) for approx. £38.9m cash.

SDL, the "globalisation products and solutions company", has acquired **Translation Craft**, a Dublin-based development company. As part of the purchase, **SDL** has acquired intellectual property rights to the entire product range. No financial details were given.

Sema's merger with American company **LHS** was given the thumbs up by **LHS** shareholders at the AGM this month.

Lorien, the IT staff agency, released a statement saying they had "received an approach that may or may not lead to an offer being made for the Company at or around 150p. Shareholders should note that this approach is of a preliminary nature".

Recent IPOs

Name	Activity	SCS or Dotcom	Index Class	Market	Issue Price	Market Cap.	IPO Date	Price end Jul 00	Premium/Discount
Corvus Capital	New Economy Investor	Dotcom	E-I	AIM	25p	£7.0m	04-Jul-00	48p	90%
Bidtimes	e-commerce Solutions	Dotcom	S&S	AIM	25p	£4.0m	04-Jul-00	76p	202%
Robert Walters	IT Staff Agency	SCS	A	MAIN	170p	£140.0m	06-Jul-00	196p	15%
Business Systems Group	e-business Solutions Provider	SCS	CS	MAIN	119p	£100.0m	07-Jul-00	133p	11%
Compass Software	Retail Industry Software	SCS	SP	AIM	150p	£16.0m	12-Jul-00	193p	28%
iSoft	Healthcare Systems	SCS	CS	MAIN	110p	£123.0m	19-Jul-00	162p	47%
Dimension Data	Networking & Integration Services	SCS	CS	MAIN	520p	£588.0m	19-Jul-00	575p	11%
Alterian	Database Analysis Software	SCS	SP	MAIN	200p	£78.4m	20-Jul-00	326p	63%
Empire Interactive	Games Developer	SCS	SP	AIM	60p	£34.0m	25-Jul-00	59p	-3%
InTechnology (reverse to)	Data Management	SCS	CS	AIM	n/a	£165.0m	25-Jul-00	233p	n/a
Clarity Commerce Solutions	EPOS Solutions	SCS	CS	AIM	125p	£11.9m	25-Jul-00	135p	8%
OverNet Data	Mobile Data Solutions	SCS	CS	AIM	115p	£11.9m	27-Jul-00	305p	165%

Forthcoming IPOs

Name	Activity	SCS or Dotcom Index	Index Class	Market	Issue Price	Market Cap.	IPO Date	Comments
TeleWork	Messaging & Workforce Mgmt S/W	SCS	SP	MAIN	145p	£262.0m	03-Aug-00	
Axiomlab	Internet Investment	Dotcom	E-I	AIM	tbc		04-Aug-00	Market cap c£13m
Hemscott.net	Online Financial Information	Dotcom	C&M	AIM	2p	£15.0m	15-Aug-00	Reversed into Bridgend Group. To delist from Main market & join AIM
e-trading.co.uk	B2B e-commerce	Dotcom	S&S	OFEX	tbc			Market cap c£14.8m
Software4Sport	Ticketing & Membership Software	SCS	SP	AIM	tbc			Market cap c£13m. IPO expected mid August

Misys Reports Encouraging Performance

Misys has announced results for the year ended 31st May 00. At the headline level revenue was up 5.6% to £709m, PBT up 24% to £113.6m (Misys made an exceptional profit of £19m from its sale of its stake in Healtheon WebMD in the period) and diluted EPS up from 10.6p to 14.2p. However adjusted EPS was down from 16.5p to 16.1p. Revenues from continuing operations grew by a still quite modest 11% to £709m but "operating profit at £130m was only 5% below last year's exceptional performance".

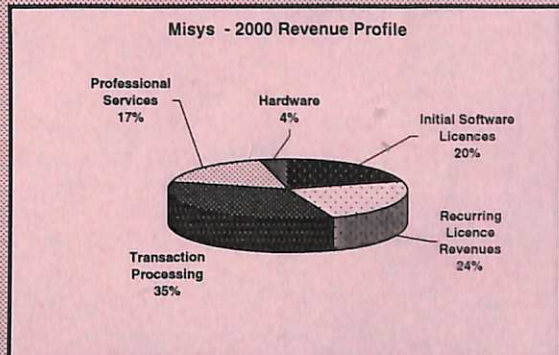
In the divisions, trading performance was both mixed and affected by quite different factors. **Banking & Securities** has had a wonderful FY99 based on the introduction of the Euro. The lack of the Euro-effect and the Y2K lockdown adversely affected trading in FY00. Revenues were static at £323m but operating profit reduced by 8% to £88m. **Healthcare** increased both revenue and profits marginally to £181m and £31m respectively. The "Y2K lockdown" hurt here too where "demand for the Vision products remained depressed throughout much of the year". However, **Insurance** grew strongly with revenues up 47% at £205m and operating profit up 36% at £19m. "While the divisional businesses that are focused on the general insurance sector saw modest growth, activities in the IFA sector, which have been considerably strengthened through acquisitions during the year, experienced strong growth".

Internet Services (like every good internet concern should) increased losses - sorry R&D - from £2m to £11m. The revenue profile is the bit that really interests us. It was as follows:

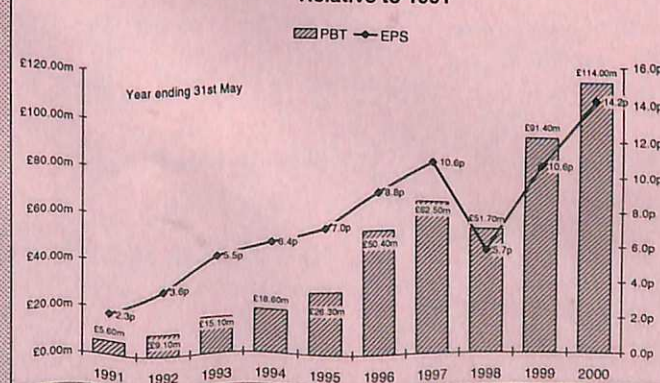
Initial Software Licences £140m - down 11%
Recurring Licence Revenues £174m - up 23%
Transaction Processing £250 - up 49%
Professional Services £117m - down 12%
Hardware £28m - down 26%.

This shows that it was the "new orders" which were really hit but the old (dare we say it *Boring*) recurring revenue streams kicked in and helped secure Misys' performance. As Misys says, even their revenues from Professional Services tend to go hand-in-hand with their new product orders.

Kevin Lomax, Chairman, said: 'I am pleased to report that Misys has delivered an encouraging performance in what has been a difficult period for the software industry as a whole.... While it is probably too early to confirm that the disruption to our normal trading patterns caused by the Y2K lock down is fully behind us, we are encouraged by the strength of order intake in the fourth quarter and we expect the recovery in Banking and Securities Division will continue in the current year. Given this background and the good prospects in the other Divisions, we should enjoy a much better year and a progressive return to the Group's long-term growth rate.'



Misys plc PBT and EPS Record Relative to 1991



We still have concerns - with Healthcare in particular. As can be seen from these results, the base Insurance business (that's where Misys started in the mid 1980s) was the best performer (growth-wise). But it faces many new web-based competitors. On the other hand Misys seems to have squared up to these challenges rather than waiting for the newcomers to eat all their lunch. The core of Misys, however, is still Banking & Securities - representing two thirds of the profits. So it's the news that "qualified prospects" are higher than last year which gives greatest cause for cautious optimism for the future. Misys shares ended the month up 11% at 620p.



Richard Holway Presentation a sell out...again

The **Richard Holway Presentation** for the **CSSA** (now indelibly dubbed the *Richard and Anthony Show*) on 13th July 00 was yet again a sell out.

Amazing as we now have the biggest venue in London (the Grosvenor House) and over 400 CEOs attended. But it wasn't just the numbers...it was the "quality" that really matters. For CEOs representing around £20 billion of UK SCS revenues to give up an evening is quite humbling. But it wasn't just the "big boys" that came. New e-economy leaders, key investors, commentators, financial gurus etc. also took the trouble to come. We wish we had 1% of the value of deals known to have been done at previous evenings!

Your comments on the event and your views of our research in general, however, have lifted us in a time when we have faced the odd difficulties. The theme of your comments, over and over again, is that you often disagree with us but that you seem to respect our independence and our ability to "make you think". We thank you all for your comments. Sorry we can't print them all. We print a selection below, representing the financial sector, the media, the new economy as well as the industry itself:

"Accurate, sensible analysis from a view point of reality". Mike Lynch - CEO Autonomy.

"Holway probably creates more enemies for himself by running against the herd - like that glorious attack on the Dot Com business models - and by insistently raising the same fundamental questions year in, year out...Even when you think he's wrong, he's making you think for yourself". Douglas Hayward - Editor Computing

"Few research organisations have the ability to delve into what is really happening out there as thoroughly as Holway. Even fewer individuals have the ability to analyse, predict and communicate on industry trends as accurately as Richard. They have a habit of being right when it matters". Peter Rowell - CEO Regent Associates.

"Through reputation and trust, Holway manages to get behind the scenes to discover how the industry is really performing in contrast to the public hyperbole, or even denial, often encountered". Geoff Unwin - CEO Cap Gemini Ernst & Young.

"Holway is to the IT industry what Jeremy Paxman is to current affairs - focused, insightful and not afraid to tread on toes".

Mark Hunter - CEO Axon Group plc

*"Always lively
a n d
interesting. A
balanced and*

**RICHARD · HOLWAY
LIMITED**

well informed view even when critical of a company. Not prone to hyperbole positive views. A professional's professional at all levels". Michael Jackson - Chairman Sage plc, Chairman Elderstreet Investments...and more.

"The leaders of the software and services industry trust Richard and his people which means that they do not hold back in what they say to him. This means his research is extremely well informed and has enabled him to assume his unique position of a friend - but a very challenging friend - of the whole industry"

- John Leighfield - Chairman RM plc, Synstar plc and others.

"Few people have studied the UK SCS industry more closely or for longer than Richard Holway. Agree or disagree with his analysis, it is more often than not thought provoking" - Nigel Hartnell - President CSSA and director ICL plc.

"Holway's insight into the industry is remarkably candid and accurate - however unpleasant or unwelcome his predictions may be - ignore him at your peril!" - Geoff Squire - Vice Chairman Veritas Software Corp.

"Richard occupies a unique position in the industry and his team's research provides a level of insight that is rarely found elsewhere. Whilst I don't always agree with his views and forecasts, I always look forward to watching the industry's cages being rattled by him" - Tarquin Henderson - Partner - Financial Dynamics.

"In an industry which has a massive tendency to generate hype, Holway provides a useful antidote". - Carl Parker - Schroder Ventures.

"Holway is probably the best source of factual, up-to-date information about quoted and unquoted companies in the IT sector in Europe...even if his analysis is sometimes more journalistic than unbiased!" - Hilary Cropper - Exec. Chairman FI Group.

"Richard and his team produce perceptive research on the software industry, demonstrating a grasp of the detail as well as understanding the important trends...they are also fun to work with!" - Nikki Beckett - CEO NSB Retail.

Summary of the 2000 Holway Report on www.holway.com

ORDER FORM

From:

Delivery address:

2000 IT Staff Agency Report (2nd edition to be published in Sept. 00)

☐ Master copy @ £1750

2000 Holway Report (now available)

☐ Master copy @ £2,950

☐ CD-ROM Package £5900 + VAT

☐ Additional copies @ £1050

System House

☐ One year's subscription @ £395 p.a. ☐ "4 - copy subscription" @ £790 p.a. ☐ Site licence @ £1200 p.a. + VAT ☐ Intranet version £1800 p.a. + VAT

8th edition Software and Computing Services Industry in Europe Report

☐ Master (Paper) copy at £6,950 ☐ CD-ROM Package at £8,000 + VAT ☐ Additional copies @ £1,050 each

Cheque payable to Richard Holway Ltd.

Address: Richard Holway Ltd, PO Box 183,
Farnham, Surrey, GU10 1YG.

☐ Cheque enclosed

☐ Please invoice my company

Signed:

Date:

System House® is published monthly by Richard Holway Limited, PO Box 183, Farnham, Surrey, GU10 1YG. Telephone 01252 740900; Fax: 01252 740919; E-mail Internet:mail@holway.com which also publishes the annual "Holway Report" and the "Software and Computing Services Industry in Europe Report". Richard Holway has been a director of several computing services companies and might hold stock in companies featured.

© 2000 Richard Holway Limited. The information contained in this publication may not be reproduced without the written permission of the publishers. Whilst every care has been taken to ensure the accuracy of the information contained in this document, the publishers cannot be held responsible for any errors or any consequences thereof. Subscribers are advised to take independent advice before taking any action. **System House®** is a registered trademark of Richard Holway Limited.