# System House

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

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# dot.con?

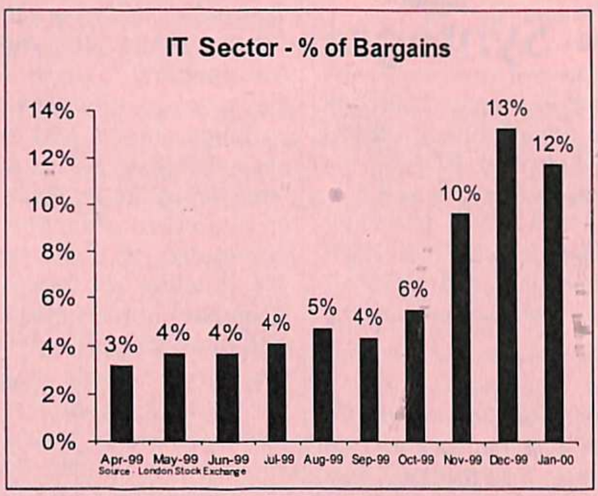
Just two years ago FTSE International were having doubts about creating a new IT sector and index because IT represented <1% of the total market's capitalisation. They went ahead anyway and the FTSE IT index is up a quite staggering 395% in the period. IT now represents nearly 6% of the market. The launch of techMARK just 3 months ago either created, or coincided with, an even greater explosion in investor interest in IT. The techMARK 100 index is up 136% since its launch on 3rd November compared with absolutely no increase at all in the FTSE100 in the same period. Close announced this month that its techMARK fund had raised over £140m: making it the most successful launch of its type ever. Investors, mainly investing small amounts via an ISA, have seen the share price more than double in three months.

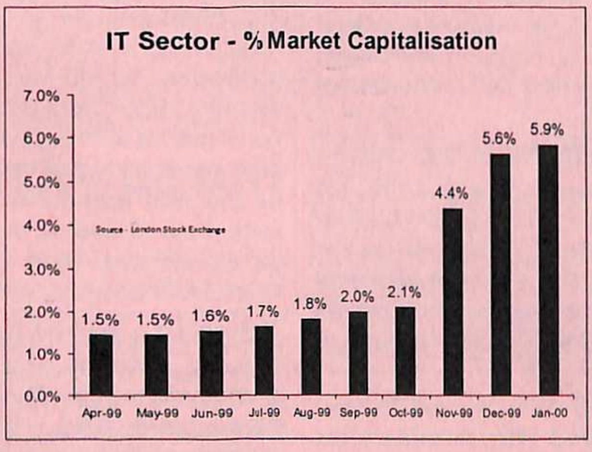
In Jan. 00, there were over 270,000 IT-related bargains - up over 5-times in a year.

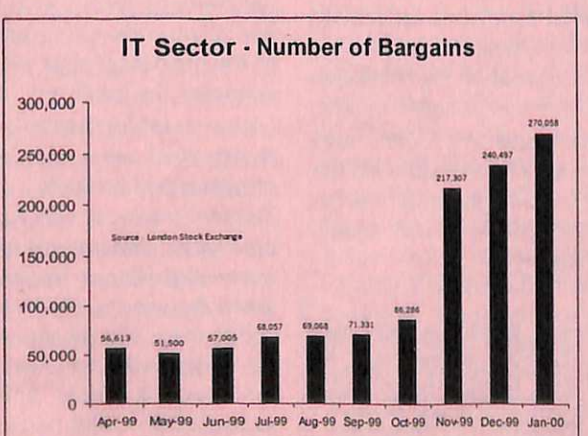
After spending most of the last 30 years bemoaning UK investors' lack of interest in IT, all this might appear to be nothing but excellent. It is not just the institutional investors who have taken to IT. It is private investors who have gone, literally, bonkers for the sector. Cases of Granny betting her savings on IT are one thing...the latest reports of people mortgaging their homes to play the IT market are another.

If it were just investments in sound IT companies - like FTSE100 constituents Sage, CMG, Logica, Sema, Misys and many others with a long track record of good management, revenues and profits - we might be worried at their current exalted valuations. But we would have little fear that shareholders would lose the lot, as would happen if the receivers were appointed.

It is the private investors appetite for the new dot.coms that we believe is very dangerous. As can be seen on p10, the Holway Internet Index is already up 1,550% since 1st Jan. 99. Although the index includes some quality stocks, we must point out that most of the companies we rate highly in the B2B/e-commerce/ASP space (e.g. Sage, Kewill, Microgen) are not. Our Internet Index has far too many with no track record, large losses and market valuations which are quite simply unsustainable.




But the problem gets even worse as, to this genre have been added a whole raft of even more risky internet investment companies. We have seen **Net invest, NewMedia Spark, e-capital, e-primefinancial, eVestment, Jellyworks, StartIT.com, Oxygen, Medi@Invest, Voyager IT, Internet Indirect** and others, join the market only to soar in "value" thereafter. This month **Convergence** saw its shares rise from its 10p launch price to end the month on 80p (was 110p at one time) valuing it at £81m March will see another such internet investment company - **Legendary Investments** - launch on AIM. Indeed many others are showing 100x increases on their IPO price. Considerable "real" money has been raised - mostly from private investors - to be "invested" in equally risky internet startups. Even less checks and safeguards on these, so the money laundering opportunities are great. The Stock Exchange has already put out several warnings to advisers. But, the LSE should also consider its own position in allowing so many such companies to get quotes in the first place.

The opportunity for some major collapses, possibly even associated with some serious malpractice, is real. If we thought it would be institutions, VCs or even some of the many high-net worth investors, that would be left nursing losses, we might feel little sorrow. *But it won't be.* It will be Granny losing her life savings or even her home.

The reputation of the Stock Exchange and the IT sector will suffer as investors seem incapable of differentiating the quality companies from the others. Forget **FreeJellyBeans.com**...the stock we might all remember from this period might well be better named **Smellydeals.con**.

## Give a dog a bad name

**RexOnline** reported losses up from £94K to £144K in the six months to 31st Oct. 99. *"Changes in the internet recruitment market and the development of the company's websites had impacted results in the period"*. Revenues were down from £273K to £217K. *Why are such companies quoted on AIM? Why do we waste our time reporting them?*

## Revenue halves at MSW

**MSW Technology** (personnel records database - MAPS - and consultancy services) has reported losses of £1.77m (up over 10-fold from the £140K loss last time) in the six months to 30th Nov. 99. More alarmingly, revenues almost halved from £1.35m to £747K. Now, far be it from us to make light of anything, but the new year seems even worse. *"The pre-Christmas slowdown, compounded by the Y2K distraction, the long millennium break and the hiatus caused by the MoD review"*. If we had that many problems we would have slit our throat before now.

## BT snores

**BT** has announced a fall in PBT from £858m to £651m in Q3 (to 31st Dec. 99). As a result of the rapid growth of the internet, inland call revenues were up 11% (*"the highest % growth in a decade"*) but price competition meant that revenues actually FELL by 0.9%. No wonder top level changes are planned. BT Solutions (**Syntegra** and **Syncordia**) boosted revenue by 8.1%. Syntegra's Q3 revenue was up 19% at £124m (£343m for the 9 months) and operating profits up 25% at £10m (£20m for the 9 months). Also all pretty average and unexciting given the enormous potential of communications centric IT services at the moment.

## Sure Thing?

**Alphameric** has announced revenue of £25.3m and PBT of £3.1m in year to 30th Nov. 99. (Comparisons are not possible as the previous period was eight months). They reported *""unprecedented" level of secured orders at the end of 1999 and "unprecedented" funds available to support future growth"*. The roll-out of their systems for Coral Racing and Stanley Leisure were progressing well with orders of c£6.3m.

## Molecular profits and staff atomised

**Oxford Molecular** (molecular modelling software) announced revenue reduced from £21.5m to £19.7m. The company issued a warning that losses, after exceptionals, would exceed £26m for the year to Dec. 99 (another member of the losses>revenues club). Costs will be reduced - 20 will lose their jobs at the Oxford HQ.

## Tora Tora Torex

The acquisitive **Torex** has posted a 68% increase in pre-tax profits (to £5.5m), on turnover up 115% (to £46.7m) for the year ended 31st Dec. 99. Market conditions continue to be *"very positive"* and this year's purchases seem to have bedded down well, with the board upbeat on the prospects for all three divisions. The company's two principle targets: *"a share price of £5 and a market cap of £100m"*, have both been achieved two years ahead of schedule, with the share price at the end of the month giving a market capitalisation of £200m! The net debt of just £14.9m should provide scope for further purchases.

## Intelligence slips

Web software specialist **Intelligent Environments** has issued a profit warning blaming the Y2K microclimate. E-commerce revenues increased 90% to £4m in calendar 1999, but a £0.75m license fee deal slipped into FY00.

## Gresham continues "pain training" city

**Gresham Computing's** woes continue unabated. Gresham lost £1.9m in the last six months to give a pre-tax loss for the year of £401K (loss per share of 2.26p), on turnover up 32% at £30.4m. *"Staff costs...increased rapidly in the expectation of continued growth which in the event failed to materialise"*. The deterioration in trading that they experienced as part of Y2K microclimate has continued into the first quarter. The preliminary statement is littered with phrases like *"business volumes have been lower than expected"*, *"adverse market conditions continue"*, *"reduced pace"*. Whilst these comments are a shareholders nightmare, they should not be a surprise to the informed. Shareholders can look forward to *"reduced losses"* in the first six months of this year, but compared to profits of £1.5m in the same period last year, their cheers will be muted. To Gresham's credit they remain unrepentant in the face of adversity *"retaining staff resources in order to meet upturns demand"* and investing in *"developing intellectual property"*, concentrating on e-business integration.

**Comment:** *What a difference a year makes!* Last year Gresham were riding high, with multiple acquisitions moving the company towards the "hot" e-commerce space, and they enjoyed a surging share price. In mid 1999 the profits warnings started and the share price plummeted from its peak of 190p to the trough of 33p. Some of the management recruited by Trevor Read has been removed, and Trevor fell on his sword after the September 1999 profits warning. Depending on your viewpoint the current share price of 46p is either an improvement on the recent lows or an immediate not-too-pleased reaction by shareholders to the current announcement. At a current market cap of £20.6m, now only two-thirds revenues, there might be an increasing number of companies looking at Gresham as an attractive/ cheap acquisition target. We were able to have a brief word with the new CE, Bill Simpson at the SBN conference and he outlined the additional focus he is bringing to the organisation. He is looking to integrate last years acquisitions and to build on their e-business capabilities, application migration and integration skills. It would not surprise us if there was more corporate activity, though not at the frenetic pace of last year, with Gresham shedding those acquisitions it cannot integrate and looking perhaps for the odd bolt-on/fill-in purchase. To mix and mangle metaphors, it seems that whilst Gresham is not yet out of the woods, they have stopped sinking. We think they may also have made the first tentative steps in the right direction.

## When is a profit not a profit?

Answer - When you capitalise your research and development cost. **Quality Software Products** came to the market in 1993 with just such a policy and we led the criticism of the policy for many years. This month, QSP has announced a change of accounting policy whereby all of its research and development costs are written off as incurred. In addition, the company's revenue recognition policy is to be made more prudent. Revenue will now be recognised on a 'delivery' basis rather than an 'execution of agreement' basis.

These changes will have two main consequences. First, prior year results will have to be restated and will certainly show significant losses for the years 1994 and 1995 at least. Secondly, QSP will miss its revenue target for 1999 under the new accounting policy, although post tax profits are likely to be in line with market expectations. When is a profit not a profit are likely to be in line with market expectations.

## *On balance, Skillful*

SKILLSGROUP

**Skillsgroup** has announced revenues for the year to Nov. 99 on continuing operations ahead 22.4% to £198.7m and profits on continuing operations before goodwill amortisation and tax were up 27.9% to £16.5m. Earnings per share calculated on the same basis increased 29.1% to 14.2p.

The "actual" results showed PBT down from £14.4m to £11.4m on revenue down from £208.4m at £198.7m. These results come after a trading update in December warned that the Y2K microclimate was affecting trading, particularly in the Consulting and Training divisions. Indeed, trading suffered mixed fortunes across Skillsgroup's three separately branded divisions. **QA Group** ('Resource Management' i.e. training and staffing) saw revenues rise 11% to £104.9m – but this masked a 4% *decrease* to £63.2m in **Myriad**, QA's ITSA operation. Myriad also suffered a 13% drop in operating profit to £3.3m, leaving it with just a 5% margin. It was the training business that shone – revenues rose 45% to £41.7m and operating profits increased 69% to £7.6m – but this of course includes the Mar. 99 **Knowledge Centre** acquisition and the Apr. 99 **Cap Gemini Training** acquisition. Nonetheless, the 18% margin is rather tasty.


Consulting division **Pontis** (acquired in Mar. 99 and now including QA's fledgling consulting business) scored revenues of £13.3m and operating profit of £2.4m; a very respectable 29% margin. With an impressive client list of major financial institutions, this was indeed a wise acquisition.

'Reseller-turning-solutions' division **Acuma** was badly hit by Y2K, particularly its project-based services. Which is why even though turnover rose 29% to £80.5m (driven by still relatively buoyant hardware resale), operating profits shrunk 22% to £3.2m, leaving margins at a somewhat precarious 4%. Currently only some 13% of Acuma's revenues comes from software and services – but this represented 41% of gross profit. Needless to say, they are trying *really* hard to move the business model!

Skillsgroup also announced a number of e-business initiatives such as web based learning and knowledge management systems which will require some £8-10m of investment over the next 12-18 months. Executive Chairman David Southworth said *"Skillsgroup is strongly positioned to exploit expected profitable growth opportunities"*.

**Comment**: We applauded Skillsgroup for biting the bullet and making the very painful transition from 'straight' hardware reseller to a solutions and services supplier. However, this seemed to leave them (in our eyes) a rather diffuse mixed business with no clear direction. Indeed, we asked the question "where's the knitting"? Well, the "knitting" is to be 'knowledge management' (or should we say 'e-knowledgemanagement.com'?) and Skillsgroup's businesses have – to a greater or lesser extent - started making the transition. KM is a hot area, so we think this strategy is a very good idea and will help differentiate Skillsgroup in the market. Nonetheless, Southworth expects QA, Pontis and Acuma to continue to run as independent operations for some time yet, with little cross-selling between the divisions. The weak link remains the Myriad ITSA business, which mainly serves to provide bodies to Pontis and Acuma but actually has the opportunity to become a specialist knowledge management staff agency if they were to put their minds to it.

The share price has actually fallen slightly this month to end on 309p.

## *Spring has sprung*

Spring.com

It looks like **Spring Group's** new "e-ITSA" - **Spring.com** - has got off to a good start. At this month's EGM, Spring's ebullient CEO Karl Chapman claimed more than 8,000 contractors have already registered for the share participation programme announced last month and approved by shareholders at today's meeting. He also reckons they've attracted 17 new customer organisations to their Spring Direct business unit. Chapman also made optimistic noises about the state of the IT staff agency (ITSA) market believing *"there are some early signs the market is picking up"*.

**Comment**: We were rather impressed with Spring.com as a marketing concept when Chapman took us through it early in the year. Needless to say, it has also attracted a fair number of brickbats - mainly from the competition – and you won't believe how many other ITSAs have asked us to look at their web sites too! But this market is now in upheaval. There's a growing number of e-based new entrants (e.g. **StepStone**), and other players we are aware of are looking to make even more innovative and spectacular entrees *(no names, no pack drill)*. Nonetheless, Spring has - at least - scored a marketing coup. They now need to get the execution right and keep the announcements rolling along.

The shares fell 12% this month to end on 300p.

## *Staffware search for stronger currents*

Workflow software supplier **Staffware** has announced details of the formation of its eProcess division. This new division is setting its stall out as a provider of software that can be the engine for business to business web technologies. It is, of course, well documented that inter-company web related transactions are set to increase exponentialy over the next few years. Development of this new division will cost Staffware £20m over the next three years of which £5m will be spent in the current year. The company is also launching an alliance program which includes several large systems integrators as well as the UK's Infobank International. As far as current trading is concerned, 1999 revenues will be in line with expectations at £25m following a record order in December.

**Comment**: Staffware was a real go-go stock a couple of years ago as workflow software was flavour of the month. However, workflow functionality increasingly became embedded in larger applications and the shine was taken off after a series of profit warnings. Whilst we were originally sceptical, this announcement looks like the right move for the company. However, the market space Staffware is attacking will be fiercely contested and the £20m will have to be spent very wisely on the right products, partnerships and marketing if there is any chance of success.

## ECsoftens

London and NASDAQ listed IT services company **ECsoft** has announced results for the year to 31st Dec. 1999. Whilst overall revenues moved ahead slightly to £67.3m, underlying revenues before acquisitions were actually a shade lower at £62.0m. Operating profits all but disappeared to £1.0m from £6.5m in 1998, although pre-tax profits were helped by interest receivable and came in at £3.4m (£8.1m). The real problem for ECsoft in 1999 was the decimation of its ERP business and there is no real prospect of that business returning to health. However, the company has announced initiatives in ASP and WAP technologies and with its Scandinavian base close to Nokia and Ericcson, the company is in the right place to exploit particularly the latter of these opportunities.

## CFS takes assured steps

Supplier of software to providers of wholesale and lease finance **CFS Group** is raising £10m through a placing and open offer. The money will be used to fund the development of the company's products into an application service provision (ASP) model. The company also announced that profits for the year to Dec. 1999 will be not less than £2.46m and EPS will be no less that 13.6p.

**Comment**: CFS has a market leading position in the global market for software that manages the process of trade and lease finance. So, for example, IBM is a large customer and CFS's CreditLine software manages IBM's credit relationships with its thousands of resellers worldwide. We have seen many companies raise money in the last few months for vague looking e-commerce strategies; but we believe that there is a real opportunity for CFS here as many of its potential customers are still using legacy systems and an ASP option would be an attractive method of upgrade.

## Further progress for Parity

Solutions and IT staff agency **Parity Group** is moving into the application service provider (ASP) market with **Infobank** to build an on-line procurement service initially for utilities companies and their suppliers.

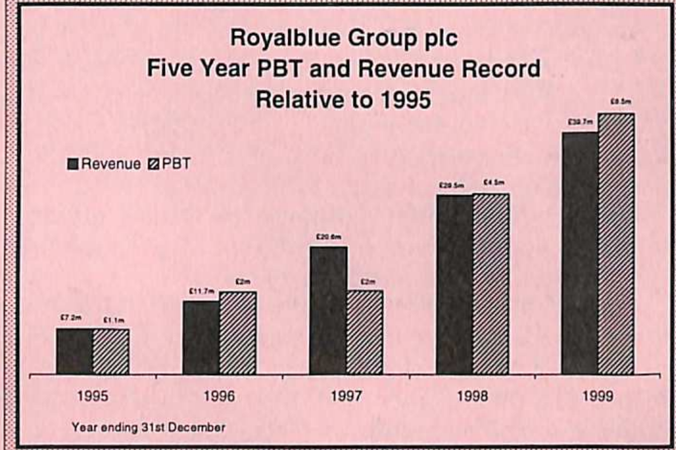
**Comment**: In Feb. 99 Parity's executive Chairman Philip Swinstead signalled that they were to reposition the solutions business into an e-commerce consultancy - and we have found he is invariably as good as his word. In particular the Dec. 99 acquisition of web consultancy **Interactive Developments** was the type of move we expect to see more of in 2000. It is of course very early days for the ASP market and it is far from clear how the various 'stakeholders' (software developers, systems integrators, ASP host, network provider) will divvy up the spoils. Nonetheless, this is an important 'stake in the ground'.

## Compel repels

As expected, following a profit warning in October, **Compel** has seen PBT for the six months to 31st Dec. 99 drop from £5.0m to £3.0m. However, included in this period's profits is £3.0m of goodwill added back following the acquisition of **Infoproducts** which had negative goodwill at the time of the acquisition. Essentially what this means is that if goodwill amortisation is stripped out, the group only just broke even in the period on revenues up from £121.6m to £135.7m. The Y2K microclimate is blamed for the poor performance, but the statement refers to a "*strong flow of substantial new contracts*". The question is, how profitable are those contracts?

## royalblue's bizarre special dividend

Financial trading systems software company **royalblue** has reported turnover up 35% to £39.7m and PBT up 44% to £6.5m for the year to 31st Dec. 99. EPS rose 41% to 13.19. They also announced fidessaNet, claimed to be *"the world's first electronic transaction network for equities."* Group CEO John Hamer *"expect(s) good revenue and profit growth in the core business in 2000..."*.




**Comment**: With fidessaNet, royalblue has, yet again shown that it can develop ahead of the curve. fidessa is rapidly becoming the global market leader in its space amongst tier one banks, but fidessaNet takes the product into two new areas. First, the communications aspect of the product should be able to get brokers closer to the holy grail of seamless international trading and secondly, the application rental aspect of fidessaNet should make this high ticket product more accessible to smaller investment banks for the first time, and also potentially opens up the fund management industry. Development of the new product will impact royalblue's profitability in 2000 and 2001, but that seems a small price to pay for such a big jump in the company's addressable market. The 10p special dividend looks frankly a bit bizarre.

## Pay per lead growth

**Netcall** has announced its interims. Turnover up *"38%"* to £114K apparently, but the figures are a tad opaque. News of a couple of interesting developments. Firstly it is taking a 20% stake in **Jobs4U,** which allows respondents to advertisements (in local newspapers) to be connected free to the recruitment agencies, with Jobs4U, taking a "pay per lead" fee. Secondly this model has been adapted to reroute respondents to advertisements for Auto Trader, to their local salesman.

**Comment:** We are led to believe that the initial demand for Jobs4U was so strong the scheme had to be suspended. Revenue is still small, but the board is right to call it *"encouraging"*. Whilst "losses greater than revenues" is a common feature of internet companies, we are not sure we have come across a company where losses (£1.27m) are ten times greater than revenues. It is a sign of the times that a company which boasts this distinction also announces in its interims that *"the numbers of shareholders has increased dramatically..with a backlog developing at the registrars due to sheer volume"*. Kinda scary.

## Vega boys

We met up with Roger Gilbert (CE) and Richard Amos (FD) as **Vega** touted the (impressive) figures to 31st October - see Feb. *System House*. They are focusing on continuing to expand organically and by acquisition - specifically towards the "softer", less technical end of the market, as demonstrated by the Skillchange acquisition. They see the Internet as a catalyst for increasing training demand.

## *No Trace of progress*

**Trace Computers** interim's for the six months to 30th Nov. 99 are "somewhat flat". Turnover increased by £9 (yes, nine pounds) to £8.6m. Operating profit fell by £10 (again correct..) to £956K. The company is *"confident of improvement in the second half"*. Of the divisions, Trace Isys and Trace Financial showed progress, with Trace Solutions, Prospect, and Trace Employer Services dragging the group's performance back.

**Comment:** In Mar. 98 we wrote *"Trace Computers... is always confident of the future, always swinging from revival to slump to recovery"*. Trace was floated in 1989 at 125p, and after ten years of effort and toil they ended the month on 117p. The full year figures on 3rd Sep. 99 stated "*I believe that we should now seriously consider strategic acquisitions or partnerships"*. Chairman John Perry now says "*We shall continue to consider strategic acquisitions and partnerships......"*. The company is obviously finding it hard to attract a bid in the current environment. *Wonder why.*

## *Growth, the numbers game*

**365 Corporation** has announced Q3 and nine month results to Dec. 99 which showed continued strong sequential growth in Internet revenues. Overall revenues increased from £4.9m in Q2 to £5.6m in Q3, although Internet revenues grew 57% to £0.5m. Losses in the quarter increased to £2.8m. In the period, 365 acquired RugbyRugby.com, and launched personals365.com and theswitch.com. Since the end of Dec. 365Television has been formed and soccer365.com has been launched. 365 has also announced a deal with BT to provide sport content on WAP enabled mobile phones.

## *The £3m Musketeers*

**AFA Systems** (Musketeer financial services software) announced revenue up 120% at £1.78m and losses reduced from £1.44m to £581K in year to 31st Dec. 99. Indeed, H2 was profitable to the tune of £135K. £3m new orders were signed in 1999 and CEO Mike Hart (ex ACT) seems pretty bullish about the first half of the current year too.

## *MacroManager*

Ronnie Wilson continues to deliver on his promises to **Macro 4** shareholders with a 30% increase in revenues for the six months to 31st Dec. 99 to £17.1m. As expected, pre-tax profits were only up a shade at £5.3m as an investment program continues to improve the product suite that was somewhat neglected under previous management. During the period, Fault Management solutions enjoyed strong growth, but Output Management was weaker.

## *Hand over Glovia*

**MDIS** has announced the sale of its 69.5% in ERP supplier **Glovia** to **Fujitsu**, the joint venture partner for $4.0m. MDIS also said that poor trading at Glovia had continued into the fourth quarter and that the business would produce a *"material loss"* for the year to Dec. 99. The statement also gives a trading update for MDIS as a whole and it looks like the group suffered from the Y2K microclimate. November and December were poor trading months and a *"broadly break even position"* is expected, before exceptional items, for the year to Dec. 99.

## *Micro growth*

London and NASDAQ listed **Merant** has announced third quarter results to Jan. 00 showing year on year revenues declining from £29.1m to £27.3m and operating profits before goodwill amortisation almost halved at £2.2m. The poor results were put down to delayed orders to the value of £5m and a reduction in sales of the group's Y2K products.

## *System struggles*

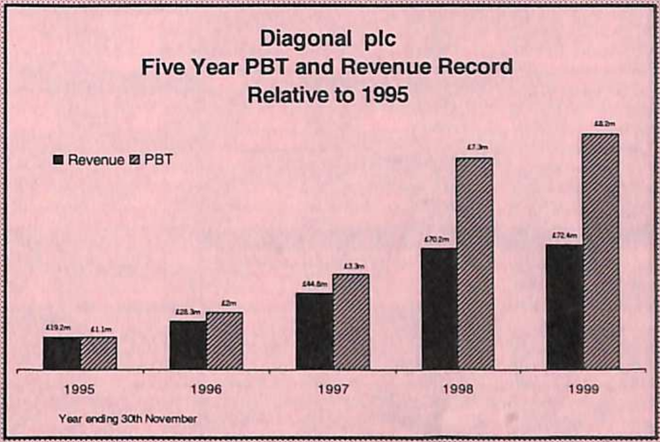
**Systems International Group** has posted, at the interim stage to 31st Dec. 99, a Y2K-microclimate-affected slump in pre-tax to £33K (was £1.1m). Turnover was broadly static at £8.4m. Nick Reid (CEO) remained upbeat saying "*Our confidence in the future remains undiminished. Whilst it would be premature to talk of a recovery in the market, early indications are that business is slowly returning. The recruitment divisions are currently writing higher levels of business than in recent months and the consulting division revenues and utilisation rates are growing at a steady pace.*"

## *Diagonal makes the right moves*

DIAGONAL

Making IT work

SAP consultancy **Diagonal**, having faced *"a uniquely difficult trading period for IT Service companies"*, has done well to report their seventh successive year of increased profits. In the year to 30th Nov. 99 turnover was up 3% at £72.4m and PBT up 14% at £8.4m. Chairman Mark Samuels is optimistic - "*we are already*




*witnessing a return to normality. Our first quarter, which included December, will be affected but sales activity is now picking up quickly and we expect to be fully back on track in the second half-year*".

**Comment:** The company's stated aim of reducing revenue from the staffing side to 30% of turnover is progressing nicely - indeed it was the only reason that they were able to show any top-line growth. We have long advocated this shifting up the value chain and Diagonal are reaping the benefits, with margins increasing by a full percentage point over the period.

## *Pegasus grounded*

**freecom.net** have finally got hold of **Pegasus**, but only just. The bid has been declared unconditional with 51.6% acceptances.

**Comment:** Even though there were four interested parties (**Solution 6**, **freecom.net**, **EDP** and **Sage**) the takeout price was not high, leading to two conclusions. Firstly that Pegasus shareholders were not keen to accept the highly rated freecom.net paper, and secondly that the various bidders did not consider Pegasus worth "paying up" for.

Regardless, Pegasus ended the month up 44% at 900p.

## *Virtual's finals*

**Virtual Internet** 13 month results see revenue up 370% (to £2.1m) and hosted and managed domains up by 250%. "*As more and more businesses continue to want a presence on the Internet, Virtual Internet's reputation and range of products and services ensures that we are well placed to benefit from this growth*". The group will seek to move to a full listing on the London Stock Exchange.

## Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

### Admiral plc

| | Interim - Jun 98 | Final - Dec 98 | Interim - Jun 99 | Comparision |
|---|---|---|---|---|
| REV | £65,805,000 | £147,187,000 | £84,927,000 | +29.1% |
| PBT | £10,329,000 | £23,479,000 | £10,936,000 | +5.9% |
| EPS | 10.20p | 24.90p | 11.20p | +9.8% |

### **AFA Systems plc**

| | Final - Dec 98 | | Final - Dec 99 | Comparision |
|---|---|---|---|---|
| REV | £809,000 | | £1,779,000 | +119.9% |
| PBT | -£1,444,000 | | -£581,000 | Loss both |
| EPS | -11.30p | | -3.40p | Loss both |

### AIT Group plc

| | Interim - Sep 98 | Final - Mar 99 | Interim - Sep 99 | Comparision |
|---|---|---|---|---|
| REV | £8,429,000 | £17,460,000 | £9,765,000 | +15.9% |
| PBT | £1,262,000 | £2,764,000 | £1,530,000 | +21.2% |
| EPS | 4.11p | 9.08p | 5.06p | +23.1% |

### **Alphameric plc**

| | Fin.8mos - Nov 98 | | Final - Nov 99 | Comparision |
|---|---|---|---|---|
| REV | £11,460,000 | | £25,330,000 | Not comparable |
| PBT | £900,000 | | £3,050,000 | Not comparable |
| EPS | 1.20p | | 3.62p | Not comparable |

### Anite Group plc

| | Interim - Oct 98 | Final - Apr 99 | Interim - Oct 99 | Comparision |
|---|---|---|---|---|
| REV | £81,101,000 | £180,829,000 | £83,930,000 | +3.5% |
| PBT | £3,986,000 | £6,788,000 | £4,690,000 | +17.7% |
| EPS | 1.00p | 1.50p | 1.00p | +0.0% |

### Axon Group plc

| | Interim - Jun 98 | Final - Dec 98 | Interim - Jun 99 | Comparision |
|---|---|---|---|---|
| REV | £7,488,000 | £20,024,253 | £11,744,000 | +56.8% |
| PBT | £287,000 | £1,824,401 | £1,686,000 | +487.5% |
| EPS | 0.40p | 2.80p | 2.20p | +450.0% |

### Azlan Group plc

| | Interim - Oct 98 | Final - Mar 99 | Interim - Oct 99 | Comparision |
|---|---|---|---|---|
| REV | £153,711,000 | £342,861,000 | £193,984,000 | +26.2% |
| PBT | -£424,000 | £3,835,000 | £2,369,000 | Loss to profit |
| EPS | -0.80p | 2.60p | 1.60p | Loss to profit |

### **Baltimore Technologies plc**

| | Final - Dec 98 | | Final - Dec 99 | Comparision |
|---|---|---|---|---|
| REV | £9,883,512 | | £23,272,000 | +135.5% |
| PBT | -£5,173,012 | | -£31,351,000 | Loss both |
| EPS | -27.80p | | -102.70p | Loss both |

### Baron Corporation plc

| | Final - Aug 97 | Sep 98 - Apr 99 | Final - Aug 98 | Comparision |
|---|---|---|---|---|
| REV | £3,758,000 | £1,513,000 | £2,364,000 | -37.1% |
| PBT | £85,000 | -£84,000 | -£175,000 | Profit to loss |
| EPS | n/a | n/a | n/a | n/a |

### Bond International Software plc

| | Interim - Jun 98 | Final - Dec 98 | Interim - Jun 99 | Comparision |
|---|---|---|---|---|
| REV | £4,320,000 | £8,807,697 | £4,567,000 | +5.7% |
| PBT | £284,000 | £935,378 | £327,000 | +15.1% |
| EPS | 1.37p | 4.54p | 1.58p | +15.3% |

### Cadcentre Group plc

| | Interim - Sep 98 | Final - Mar 99 | Interim - Sep 99 | Comparision |
|---|---|---|---|---|
| REV | £8,798,000 | £17,861,000 | £10,929,000 | +24.2% |
| PBT | £1,367,000 | £3,001,000 | £1,900,000 | +39.0% |
| EPS | 4.92p | 11.21p | 7.94p | +61.4% |

### **Capita Group plc**

| | Final - Dec 98 | | Final - Dec 99 | Comparision |
|---|---|---|---|---|
| REV | £237,802,000 | | £327,199,000 | +37.6% |
| PBT | £25,814,000 | | £32,200,000 | +24.7% |
| EPS | 8.17p | | 9.90p | +21.2% |

### Cedar Group plc

| | Interim - Sep 98 | Final - Mar 99 | Interim - Sep 99 | Comparision |
|---|---|---|---|---|
| REV | £7,249,000 | £23,046,000 | £11,688,000 | +61.2% |
| PBT | -£971,000 | £2,807,000 | £55,000 | Loss to profit |
| EPS | -2.30p | 5.50p | 0.10p | Loss to profit |

### CFS Group plc

| | Interim - Jun 98 | Final - Dec 98 | Interim - Jun 99 | Comparision |
|---|---|---|---|---|
| REV | £3,160,000 | £10,989,000 | £6,090,000 | +92.7% |
| PBT | £161,000 | £1,223,000 | £262,000 | +62.7% |
| EPS | 1.23p | 8.33p | 1.29p | +4.9% |

### Clinical Computing plc

| | Interim - Jun 98 | Final - Dec 98 | Interim - Jun 99 | Comparision |
|---|---|---|---|---|
| REV | £1,664,000 | £3,039,301 | £1,561,000 | -6.2% |
| PBT | £205,000 | £276,584 | £253,000 | +23.4% |
| EPS | 0.80p | 1.10p | 1.00p | +25.0% |

### **CMG plc**

| | Final - Dec 98 | | Final - Dec 99 | Comparision |
|---|---|---|---|---|
| REV | £443,832,000 | | £608,588,000 | +37.1% |
| PBT | £57,482,000 | | £83,629,000 | +45.5% |
| EPS | 29.00p | | 42.80p | +47.6% |

### Comino plc

| | Interim - Sep 98 | Final - Mar 99 | Interim - Sep 99 | Comparision |
|---|---|---|---|---|
| REV | £8,721,000 | £18,595,000 | £11,036,000 | +26.5% |
| PBT | £1,266,000 | £2,718,000 | £1,562,000 | +23.4% |
| EPS | 6.97p | 14.83p | 7.79p | +11.8% |

### **Compel Group plc**

| | Interim - Dec 98 | Final - Jun 99 | Interim - Dec 99 | Comparision |
|---|---|---|---|---|
| REV | £121,590,000 | £293,750,000 | £135,698,000 | +11.6% |
| PBT | £4,972,000 | £12,679,000 | £3,028,000 | -39.1% |
| EPS | 11.30p | 34.90p | 9.70p | -14.2% |

### Computacenter plc

| | Interim - Jun 98 | Final - Dec 98 | Interim - Jun 99 | Comparision |
|---|---|---|---|---|
| REV | £775,746,000 | £1,586,238,000 | £904,816,000 | +16.6% |
| PBT | £31,332,000 | £64,603,000 | £40,732,000 | +30.0% |
| EPS | 11.40p | 23.50p | 14.60p | +28.1% |

### DCS Group plc

| | Interim - Jun 98 | Final - Dec 98 | Interim - Jun 99 | Comparision |
|---|---|---|---|---|
| REV | £46,480,000 | £110,172,000 | £74,430,000 | +60.1% |
| PBT | £3,053,000 | £7,353,000 | £3,364,000 | +10.2% |
| EPS | 9.07p | 21.62p | 8.16p | -10.0% |

### DRS Data & Research Services plc

| | Interim - Jul 98 | Final - Dec 98 | Interim - Jul 99 | Comparision |
|---|---|---|---|---|
| REV | £3,167,000 | £6,777,000 | £4,517,000 | +42.6% |
| PBT | -£316,000 | -£26,000 | £214,000 | Loss to profit |
| EPS | -0.91p | -0.13p | 0.53p | Loss to profit |

### Delcam plc

| | Interim - Jun 98 | Final - Dec 98 | Interim - Jun 99 | Comparision |
|---|---|---|---|---|
| REV | £6,479,637 | £13,735,249 | £7,677,884 | +18.5% |
| PBT | -£675,577 | -£1,418,549 | £509,549 | Loss to profit |
| EPS | -9.60p | -23.10p | 7.00p | Loss to profit |

### **Diagonal plc**

| | Final - Nov 98 | | Final - Nov 99 | Comparision |
|---|---|---|---|---|
| REV | £70,179,000 | | £72,376,000 | +3.1% |
| PBT | £7,314,000 | | £8,184,000 | +11.9% |
| EPS | 6.16p | | 7.52p | +22.1% |

### Dialog Corporation plc

| | Interim - Jun 98 | Final - Dec 98 | Interim - Jun 99 | Comparision |
|---|---|---|---|---|
| REV | £88,750,000 | £170,762,000 | £87,330,000 | -1.6% |
| PBT | £6,990,000 | £5,564,000 | £1,700,000 | -75.7% |
| EPS | 4.10p | 2.90p | 0.70p | -82.9% |

### Druid Group plc

| | Final - Jun 98 | | Final - Jun 99 | Comparision |
|---|---|---|---|---|
| REV | £40,604,000 | | £59,776,000 | +47.2% |
| PBT | £8,044,000 | | £11,216,000 | +39.4% |
| EPS | 23.37p | | 33.22p | +42.1% |

### Easynet Group plc

| | Final - Dec 97 | | Final - Dec 98 | Comparision |
|---|---|---|---|---|
| REV | £7,433,000 | | £16,978,000 | +128.4% |
| PBT | -£1,315,000 | | £143,000 | Loss to profit |
| EPS | -6.21p | | 0.53p | Loss to profit |

### **ECsoft Group plc**

| | Final - Dec 98 | | Final - Dec 99 | Comparision |
|---|---|---|---|---|
| REV | £62,211,000 | | £67,304,000 | +8.2% |
| PBT | £8,108,000 | | £3,416,000 | -57.9% |
| EPS | 49.90p | | 17.30p | -65.3% |

### Eidos plc

| | Interim - Sep 98 | Final - Mar 99 | Interim - Sep 99 | Comparision |
|---|---|---|---|---|
| REV | £47,586,000 | £226,284,000 | £44,060,000 | -7.4% |
| PBT | -£18,928,000 | £37,920,000 | -£37,907,000 | Loss both |
| EPS | -16.12p | 28.30p | -29.24p | Loss both |

### **Electronic Data Processing plc**

| | Final - Sep 98 | | Final - Sep 99 | Comparision |
|---|---|---|---|---|
| REV | £11,518,000 | | £10,492,000 | -8.9% |
| PBT | £2,210,000 | | £2,377,000 | +7.6% |
| EPS | 5.89p | | 6.85p | +16.3% |

### Eurolink Managed Services plc

| | Coy.Inc. 1998 | | Final - Mar 99 | Comparision |
|---|---|---|---|---|
| REV | | | £8,323,171 | n/a |
| PBT | | | £844,762 | n/a |
| EPS | | | n/a | n/a |

### F.I. Group plc

| | Interim - Oct 98 | Final - Apr 99 | Interim - Oct 99 | Comparision |
|---|---|---|---|---|
| REV | £108,857,000 | £228,353,000 | £145,379,000 | +33.6% |
| PBT | £7,545,000 | £17,025,000 | £9,539,000 | +26.4% |
| EPS | 2.50p | 5.80p | 2.63p | +5.2% |

### Financial Objects plc

| | Interim - Jun 98 | Final - Dec 98 | Interim - Jun 99 | Comparision |
|---|---|---|---|---|
| REV | £10,275,000 | £21,662,000 | £10,690,000 | +4.0% |
| PBT | £1,589,000 | £3,438,000 | £2,649,000 | +66.7% |
| EPS | 4.13p | 8.98p | 5.20p | +25.9% |

### Flomerics Group plc

| | Interim - Jun 98 | Final - Dec 98 | Interim - Jun 99 | Comparision |
|---|---|---|---|---|
| REV | £2,938,163 | £6,910,106 | £3,443,222 | +17.2% |
| PBT | -£268,699 | £384,123 | -£149,606 | Loss both |
| EPS | n/a | 10.10p | n/a | n/a |

### **Gresham Computing plc**

| | Final - Oct 98 | | Final - Oct 99 | Comparision |
|---|---|---|---|---|
| REV | £23,063,000 | | £30,350,000 | +31.6% |
| PBT | £3,003,000 | | -£864,000 | Profit to loss |
| EPS | 5.47p | | -2.29p | Profit to loss |

### **Guardian iT plc**

| | Final - Dec 98 | | Final - Dec 99 | Comparision |
|---|---|---|---|---|
| REV | £29,693,000 | | £49,245,000 | +65.8% |
| PBT | £6,629,000 | | £7,048,000 | +6.3% |
| EPS | 9.00p | | 10.90p | +21.1% |

### Harvey Nash Group plc

| | Interim - Jul 98 | Final - Jan 99 | Interim - Jul 99 | Comparision |
|---|---|---|---|---|
| REV | £44,861,000 | £104,851,000 | £71,899,000 | +60.3% |
| PBT | £4,074,000 | £8,869,000 | £5,326,000 | +30.7% |
| EPS | 9.52p | 19.29p | 11.81p | +24.1% |

### Highams Systems Services Group plc

| | Interim - Sep 98 | Final - Mar 99 | Interim - Sep 99 | Comparision |
|---|---|---|---|---|
| REV | £16,163,000 | £34,069,990 | £14,967,000 | -7.4% |
| PBT | £782,000 | £1,524,855 | £2,000 | -99.7% |
| EPS | 3.00p | 5.40p | -0.07p | Profit to loss |

### ICM Computer Group plc

| | Final - Jun 98 | | Final - Jun 99 | Comparision |
|---|---|---|---|---|
| REV | £35,881,000 | | £40,047,000 | +11.6% |
| PBT | £2,702,000 | | £4,335,000 | +60.4% |
| EPS | 8.70p | | 14.90p | +71.3% |

### Intelligent Environments Group plc

| | Interim - Jun 98 | Final - Dec 98 | Interim - Jun 99 | Comparision |
|---|---|---|---|---|
| REV | £2,627,000 | £6,633,118 | £4,090,000 | +55.7% |
| PBT | -£874,000 | -£1,024,104 | -£370,000 | Loss both |
| EPS | -3.20p | -3.42p | -1.20p | Loss both |

### Internet Technology Group plc

| | Interim - Apr 98 | Final - Oct 98 | Interim - Apr 99 | Comparision |
|---|---|---|---|---|
| REV | £4,286,000 | £11,012,000 | £8,854,000 | +106.6% |
| PBT | -£164,000 | £55,000 | -£1,588,000 | Loss both |
| EPS | -0.42p | 0.12p | -3.43p | Loss both |

### IS Solutions plc

| | Interim - Jun 98 | Final - Dec 98 | Interim - Jun 99 | Comparision |
|---|---|---|---|---|
| REV | £4,200,000 | £8,745,633 | £4,300,000 | +2.4% |
| PBT | £404,000 | £942,384 | £362,000 | -10.4% |
| EPS | 5.68p | 13.67p | 5.28p | -7.0% |

### **ITNET plc**

| | Final - Dec 98 | | Final - Dec 99 | Comparision |
|---|---|---|---|---|
| REV | £105,728,000 | | £130,764,000 | +23.7% |
| PBT | £7,346,000 | | £9,836,000 | +33.9% |
| EPS | 6.93p | | 10.14p | +46.3% |

### Jasmin plc

| | Interim - Sep 98 | Final - Mar 99 | Interim - Sep 99 | Comparision |
|---|---|---|---|---|
| REV | £3,126,000 | £6,914,000 | £2,980,000 | -4.7% |
| PBT | £269,000 | £811,000 | -£94,000 | Profit to loss |
| EPS | 5.52p | 16.44p | -1.88p | Profit to loss |

### JSB Software Technologies plc

| | Interim - Nov 98 | Final - May 99 | Interim - Nov 99 | Comparision |
|---|---|---|---|---|
| REV | £1,825,000 | £4,003,000 | £3,406,000 | +86.6% |
| PBT | -£386,000 | -£1,314,000 | -£3,263,000 | Loss both |
| EPS | -4.10p | -12.78p | -23.20p | Loss both |

### Kalamazoo Computer Group plc

| | Interim - Sep 98 | Final - Mar 99 | Interim - Sep 99 | Comparision |
|---|---|---|---|---|
| REV | £32,018,000 | £65,870,000 | £32,768,000 | +2.3% |
| PBT | -£550,000 | -£2,198,000 | £754,000 | Loss to profit |
| EPS | -1.10p | -3.30p | 0.90p | Loss to profit |

### Kewill Systems plc

| | Interim - Sep 98 | Final - Mar 99 | Interim - Sep 99 | Comparision |
|---|---|---|---|---|
| REV | £27,443,000 | £60,079,000 | £35,738,000 | +30.2% |
| PBT | £3,164,000 | £7,196,000 | £2,336,000 | -26.2% |
| EPS | 2.40p | 5.44p | 1.30p | -45.8% |

### Keystone Software plc

| | Interim - Sep 98 | Final - Mar 99 | Interim - Sep 99 | Comparision |
|---|---|---|---|---|
| REV | £630,000 | £1,585,217 | £2,384,000 | +278.4% |
| PBT | -£1,195,000 | -£2,400,057 | £17,000 | Loss to profit |
| EPS | -10.60p | -18.90p | 0.10p | Loss to profit |

### Laser-Scan Holdings plc

| | Final - Dec 97 | | Final - Dec 98 | Comparision |
|---|---|---|---|---|
| REV | £6,317,000 | | £6,761,000 | +7.0% |
| PBT | -£1,298,000 | | -£397,000 | Loss both |
| EPS | -4.30p | | -1.40p | Loss both |

### **Logica plc**

| | Interim - Dec 98 | Final - Jun 99 | Interim - Dec 99 | Comparision |
|---|---|---|---|---|
| REV | £292,400,000 | £659,468,000 | £403,300,000 | +37.9% |
| PBT | £25,600,000 | £58,604,000 | £35,100,000 | +37.1% |
| EPS | 4.80p | 10.80p | 5.60p | +16.7% |

### **London Bridge Software Holdings plc**

| | Final - Dec 98 | | Final - Dec 99 | Comparision |
|---|---|---|---|---|
| REV | £22,375,000 | | £42,165,000 | +88.4% |
| PBT | £7,365,000 | | £7,092,000 | -3.7% |
| EPS | 19.77p | | 15.89p | -19.6% |

### **Lorien plc**

| | Final - Nov 98 | | Final - Nov 99 | Comparision |
|---|---|---|---|---|
| REV | £138,407,000 | | £138,817,000 | +0.3% |
| PBT | £2,549,000 | | -£1,649,000 | Profit to loss |
| EPS | 7.30p | | -8.50p | Profit to loss |

### Lynx Group plc

| | Final - Sep 98 | | Final - Sep 99 | Comparision |
|---|---|---|---|---|
| REV | £180,870,000 | | £212,541,000 | +17.5% |
| PBT | £13,252,000 | | £11,017,000 | -16.9% |
| EPS | 8.67p | | 6.82p | -21.3% |

### MMT Computing plc

| | Final - Aug 98 | | Final - Aug 99 | Comparision |
|---|---|---|---|---|
| REV | £36,698,698 | | £41,024,210 | +11.8% |
| PBT | £10,005,754 | | £9,710,952 | -2.9% |
| EPS | 50.60p | | 52.20p | +3.2% |

### MDIS Group plc

| | Interim - Jun 98 | Final - Dec 98 | Interim - Jun 99 | Comparision |
|---|---|---|---|---|
| REV | £61,518,000 | £133,014,000 | £68,609,000 | +11.5% |
| PBT | -£387,000 | £3,966,000 | -£8,116,000 | Loss both |
| EPS | -0.16p | 3.06p | -3.03p | Loss both |

### **Macro 4 plc**

| | Interim - Dec 98 | Final - Jun 99 | Interim - Dec 99 | Comparision |
|---|---|---|---|---|
| REV | £13,152,000 | £31,025,000 | £17,086,000 | +29.9% |
| PBT | £5,024,000 | £10,400,000 | £4,751,000 | -5.4% |
| EPS | 16.60p | 34.80p | 15.30p | -7.8% |

### MERANT plc

| | Interim - Oct 98 | Final - Apr 99 | Interim - Oct 99 | Comparision |
|---|---|---|---|---|
| REV | £69,411,000 | £215,473,000 | £111,925,000 | +61.2% |
| PBT | -£5,878,000 | -£11,572,000 | -£11,593,000 | Loss both |
| EPS | -6.00p | -14.30p | -10.00p | Loss both |

### **Microgen plc**

| | Final - Dec 98 | | Final - Dec 99 | Comparision |
|---|---|---|---|---|
| REV | £70,105,000 | | £31,324,000 | -55.3% |
| PBT | £8,492,000 | | £1,834,000 | -78.4% |
| EPS | 2.20p | | 5.70p | +159.1% |

### Misys plc

| | Interim - Nov 98 | Final - May 99 | Interim - Nov 99 | Comparision |
|---|---|---|---|---|
| REV | £287,900,000 | £582,000,000 | £280,600,000 | -2.5% |
| PBT | £58,900,000 | £91,400,000 | £48,300,000 | -18.0% |
| EPS | 7.70p | 10.60p | 6.00p | -22.1% |

### Mondas plc

| | Interim - Oct 98 | Final - Apr 99 | Interim - Oct 99 | Comparision |
|---|---|---|---|---|
| REV | £223,945 | £955,301 | £641,678 | +186.5% |
| PBT | -£208,004 | -£520,770 | -£390,090 | Loss both |
| EPS | -3.40p | -5.70p | -3.10p | Loss both |

### Moorepay Group plc

| | Interim - Jun 98 | Final - Dec 98 | Interim - Jun 99 | Comparision |
|---|---|---|---|---|
| REV | £3,181,000 | £8,365,688 | £5,662,000 | +78.0% |
| PBT | £1,141,000 | £2,043,492 | £1,617,000 | +41.7% |
| EPS | 7.14p | 12.39p | 9.51p | +33.2% |

### Morse Holdings plc

| | Final - Jun 98 | | Final - Jun 99 | Comparision |
|---|---|---|---|---|
| REV | £216,101,000 | | £283,943,000 | +31.4% |
| PBT | £11,799,000 | | £18,853,000 | +59.8% |
| EPS | 19.60p | | 22.70p | +15.8% |

### MSB International plc

| | Interim - Jul 98 | Final - Jan 99 | Interim - Jul 99 | Comparision |
|---|---|---|---|---|
| REV | £90,403,000 | £191,345,000 | £99,869,000 | +10.5% |
| PBT | £5,474,000 | £8,088,000 | £4,185,000 | -23.5% |
| EPS | 17.90p | 27.00p | 16.00p | -10.6% |

### **MSW Technology plc**

| | Interim - Nov 98 | Final - May 99 | Interim - Nov 99 | Comparision |
|---|---|---|---|---|
| REV | £1,350,000 | £1,896,518 | £747,363 | -44.6% |
| PBT | -£140,309 | -£1,641,522 | -£1,770,000 | Loss both |
| EPS | -1.82p | -20.86p | -21.59p | Loss both |

### NetBenefit plc

| | Period to Jun 98 | | Final - Jun 99 | Comparision |
|---|---|---|---|---|
| REV | £1,138,823 | | £1,969,751 | +73.0% |
| PBT | -£2,857 | | £279,862 | Loss to Profit |
| EPS | n/a | | 0.02p | n/a |

### NSB Retail Systems plc

| | Interim - Jun 98 | Final - Dec 98 | Interim - Jun 99 | Comparision |
|---|---|---|---|---|
| REV | £3,413,000 | £8,366,637 | £5,214,000 | +52.8% |
| PBT | £749,000 | £1,477,983 | £873,000 | +16.6% |
| EPS | 4.30p | 8.00p | 4.50p | +4.7% |

### Oxford Molecular plc

| | Interim - Jun 98 | Final - Dec 98 | Interim - Jun 99 | Comparision |
|---|---|---|---|---|
| REV | £7,737,000 | £21,505,000 | £10,161,000 | +31.3% |
| PBT | -£2,195,000 | -£1,228,000 | -£4,184,000 | Loss both |
| EPS | -3.10p | -2.20p | 5.00p | Loss both |

### Parity plc

| | Interim - Jun 98 | Final - Dec 97 | Interim - Jun 99 | Comparision |
|---|---|---|---|---|
| REV | £134,987,000 | £290,200,000 | £153,556,000 | +13.8% |
| PBT | £8,754,000 | £20,032,000 | £10,240,000 | +17.0% |
| EPS | 3.86p | 8.84p | 4.53p | +17.4% |

### Pegasus Group plc

| | Interim - Jun 98 | Final - Dec 98 | Interim - Jun 99 | Comparision |
|---|---|---|---|---|
| REV | £7,410,000 | £14,979,000 | £8,121,000 | +9.6% |
| PBT | £632,000 | £928,000 | £86,000 | -86.4% |
| EPS | 6.70p | 18.30p | 5.20p | -22.4% |

### PhoneLink plc

| | Interim - Sep 98 | Final - Mar 99 | Interim - Sep 99 | Comparision |
|---|---|---|---|---|
| REV | £3,479,000 | £10,014,000 | £6,360,000 | +82.8% |
| PBT | -£1,701,000 | -£3,381,000 | -£1,412,000 | Loss both |
| EPS | -3.00p | -5.40p | -2.00p | Loss both |

### Planit Holdings plc

| | Interim - Oct 98 | Final Apr -99 | Interim - Oct 99 | Comparision |
|---|---|---|---|---|
| REV | £4,514,000 | £9,676,000 | £6,041,000 | +33.8% |
| PBT | £659,000 | £1,570,000 | £1,273,000 | +93.2% |
| EPS | 0.70p | 1.60p | 1.10p | +57.1% |

### Policy Master Group plc

| | Interim - Jun 98 | Final - Dec 98 | Interim - Jun 99 | Comparision |
|---|---|---|---|---|
| REV | £5,054,000 | £11,338,405 | £7,715,000 | +52.7% |
| PBT | £164,000 | £697,390 | £500,000 | +204.9% |
| EPS | 1.32p | 5.86p | 3.50p | +165.2% |

### Primar-E plc (was Stordata Solutions)

| | Interim - May 98 | Final - Nov 98 | Interim - May 99 | Comparision |
|---|---|---|---|---|
| REV | £5,994,000 | £11,286,246 | £4,806,000 | -19.8% |
| PBT | £245,000 | £98,447 | -£611,000 | Profit to loss |
| EPS | 0.21p | 0.54p | -0.38p | Profit to loss |

### Protherics plc

| | Interim - Sep 98 | Final - Mar 99 | Interim - Sep 99 | Comparision |
|---|---|---|---|---|
| REV | £2,658,000 | £696,000 | £452,000 | -83.0% |
| PBT | -£5,344,000 | -£3,947,000 | -£9,218,000 | Loss both |
| EPS | -4.14p | -5.54p | -6.75p | Loss both |

### QSP plc

| | Interim - Jun 98 | Final - Dec 98 | Interim - Jun 99 | Comparision |
|---|---|---|---|---|
| REV | £18,135,000 | £41,219,436 | £22,166,000 | +22.2% |
| PBT | £1,285,000 | £4,604,830 | £1,422,000 | +10.7% |
| EPS | 9.00p | 32.60p | 7.50p | -16.7% |

### **Quantica plc**

| | Final - Nov 98 | | Final - Nov 99 | Comparision |
|---|---|---|---|---|
| REV | £15,164,000 | | £18,153,000 | +19.7% |
| PBT | £3,460,000 | | £3,224,000 | -6.8% |
| EPS | 6.79p | | 6.02p | -11.3% |

## Quoted Companies - Results Service

**Note: Highlighted Names indicate results announced this month.**

### RM plc

| | Final - Sep 98 | | Final - Sep 99 | Comparision |
|---|---|---|---|---|
| REV | £130,996,000 | | £162,210,000 | +23.8% |
| PBT | £10,037,000 | | £12,262,000 | +22.2% |
| EPS | 7.80p | | 9.80p | +25.6% |

### Rage Software plc

| | Final - Jun 98 | | Final - Jun 99 | Comparision |
|---|---|---|---|---|
| REV | £3,623,000 | | £8,845,000 | +144.1% |
| PBT | £860,000 | | £3,121,000 | +262.9% |
| EPS | 0.32p | | 1.03p | +221.9% |

### RDL Group plc

| | Final - Sep 98 | | Final - Sep 99 | Comparision |
|---|---|---|---|---|
| REV | £15,692,000 | | £18,172,000 | +15.8% |
| PBT | £1,154,000 | | £1,335,000 | +15.7% |
| EPS | 6.75p | | 8.05p | +19.3% |

### Real Time Control plc

| | Interim - Sep 98 | Final - Mar 99 | Interim - Sep 99 | Comparision |
|---|---|---|---|---|
| REV | £8,590,000 | £16,795,000 | £9,319,000 | +8.5% |
| PBT | £1,887,000 | £4,366,000 | £2,189,000 | +16.0% |
| EPS | 18.50p | 42.30p | 21.80p | +17.8% |

### Recognition Systems Group plc

| | Final - Sep 98 | | Final - Sep 99 | Comparision |
|---|---|---|---|---|
| REV | £788,000 | | £2,315,000 | +193.8% |
| PBT | -£2,260,000 | | -£1,609,000 | Loss both |
| EPS | -6.30p | | -2.30p | Loss both |

### Rolfe & Nolan plc

| | Interim - Aug 98 | Final - Feb 99 | Interim - Aug 99 | Comparision |
|---|---|---|---|---|
| REV | £9,544,000 | £21,000,000 | £10,707,000 | +12.2% |
| PBT | £205,000 | £1,600,000 | £642,000 | +213.2% |
| EPS | -2.27p | 7.90p | 3.38p | Loss to profit |

### Romtec plc

| | Interim - Jul 98 | Final - Jan 99 | Interim - Jul 99 | Comparision |
|---|---|---|---|---|
| REV | £1,861,000 | £3,900,572 | £1,845,000 | -0.9% |
| PBT | £30,000 | £273,934 | £94,000 | +213.3% |
| EPS | -0.30p | 2.30p | 0.50p | Loss to profit |

### royalblue Group plc

| | Final - Dec 98 | | Final - Dec 99 | Comparision |
|---|---|---|---|---|
| REV | £29,514,000 | | £39,693,000 | +34.5% |
| PBT | £4,543,000 | | £6,511,000 | +43.3% |
| EPS | 9.30p | | 13.10p | +40.9% |

### Sage Group plc

| | Final - Sep 98 | | Final - Sep 99 | Comparision |
|---|---|---|---|---|
| REV | £191,547,000 | | £307,041,000 | +60.3% |
| PBT | £47,635,000 | | £74,313,000 | +56.0% |
| EPS | 2.85p | | 4.17p | +46.4% |

### Sanderson Group plc

| | Interim - Mar 98 | Final - Sep 98 | Interim - Mar 99 | Comparision |
|---|---|---|---|---|
| REV | £34,743,000 | £73,589,000 | £54,366,000 | +56.5% |
| PBT | £4,049,000 | £8,592,000 | £5,609,000 | +38.5% |
| EPS | 6.20p | 12.80p | 7.20p | +16.1% |

### SBS Group plc

| | Final - Aug 98 | | Final - Aug 99 | Comparision |
|---|---|---|---|---|
| REV | £35,856,000 | | £53,305,000 | +48.7% |
| PBT | £1,485,000 | | £2,219,000 | +49.4% |
| EPS | 11.70p | | 16.10p | +37.6% |

### Science Systems plc

| | Interim - Jun 98 | Final - Dec 98 | Interim - Jun 99 | Comparision |
|---|---|---|---|---|
| REV | £12,107,000 | £24,319,000 | £16,615,000 | +37.2% |
| PBT | £1,245,000 | £2,217,000 | £1,511,000 | +21.4% |
| EPS | 4.70p | 8.90p | 6.30p | +34.0% |

### SDL plc

| | Final - Dec 97 | | Final - Dec 98 | Comparision |
|---|---|---|---|---|
| REV | £6,677,000 | | £10,098,000 | +51.2% |
| PBT | £336,000 | | £209,000 | -37.8% |
| EPS | n/a | | n/a | n/a |

### Sema Group plc

| | Final - Dec 98 | | Final - Dec 99 | Comparision |
|---|---|---|---|---|
| REV | £1,250,400,000 | | £1,410,000,000 | +12.8% |
| PBT | £97,800,000 | | £93,800,000 | -4.1% |
| EPS | 14.60p | | 14.70p | +0.7% |

### Sherwood International plc

| | Final - Dec 98 | | Final - Dec 99 | Comparision |
|---|---|---|---|---|
| REV | £42,591,000 | | £47,186,000 | +10.8% |
| PBT | £5,494,000 | | £7,345,000 | +33.7% |
| EPS | 9.00p | | 11.40p | +26.7% |

### Skillsgroup plc

| | Final - Nov 98 | | Final - Nov 99 | Comparision |
|---|---|---|---|---|
| REV | £208,400,000 | | £198,700,000 | -4.7% |
| PBT | £14,400,000 | | £11,400,000 | -20.8% |
| EPS | 12.30p | | 10.70p | -13.0% |

### Sopheon plc

| | Interim - Jun 98 | Final - Dec 98 | Interim - Jun 99 | Comparision |
|---|---|---|---|---|
| REV | £440,000 | £891,000 | £506,000 | +15.0% |
| PBT | -£390,000 | -£981,000 | -£616,000 | Loss both |
| EPS | -2.00p | -5.20p | -3.00p | Loss both |

### Spring Group plc

| | Interim - Oct 98 | Final - Apr 99 | Interim - Oct 99 | Comparision |
|---|---|---|---|---|
| REV | £193,301,000 | £403,154,000 | £206,641,000 | +6.9% |
| PBT | £3,206,000 | £14,180,000 | £1,400,000 | -56.3% |
| EPS | 0.78p | 6.09p | 0.60p | -23.1% |

### Staffware plc

| | Interim - Jun 98 | Final - Dec 98 | Interim - Jun 99 | Comparision |
|---|---|---|---|---|
| REV | £9,641,000 | £22,187,000 | £11,223,000 | +16.4% |
| PBT | £231,000 | £250,000 | £716,000 | +210.0% |
| EPS | 1.20p | 1.10p | 3.50p | +191.7% |

### Superscape VR plc

| | Final - Jul 98 | | Final - Jul 99 | Comparision |
|---|---|---|---|---|
| REV | £4,220,000 | | £3,071,000 | -27.2% |
| PBT | -£3,516,000 | | -£2,765,000 | Loss both |
| EPS | -37.30p | | -22.50p | Loss both |

### Synstar plc

| | Final - Sep 98 | | Final - Sep 99 | Comparision |
|---|---|---|---|---|
| REV | £164,425,000 | | £214,289,000 | +30.3% |
| PBT | £2,169,000 | | £8,094,000 | +273.2% |
| EPS | 1.70p | | 3.60p | +111.8% |

### Systems Integrated Research plc

| | Interim - Nov 98 | Final - May 99 | Interim - Nov 99 | Comparision |
|---|---|---|---|---|
| REV | £661,000 | £1,405,000 | £658,000 | -0.5% |
| PBT | £32,000 | £140,000 | £42,000 | +31.3% |
| EPS | 0.07p | 0.71p | 0.15p | +114.3% |

### Systems International Group plc

| | Interim - Dec 98 | Final Jun 99 | Interim - Dec 99 | Comparision |
|---|---|---|---|---|
| REV | £8,457,000 | £17,053,427 | £8,368,000 | -1.1% |
| PBT | £1,093,000 | £2,313,053 | £33,000 | -97.0% |
| EPS | 2.21p | 4.77p | 0.07p | -96.8% |

### Terence Chapman Group plc

| | Final - Aug 98 | | Final - Aug 99 | Comparision |
|---|---|---|---|---|
| REV | £20,866,000 | | £30,641,000 | +46.8% |
| PBT | £3,390,000 | | £4,464,000 | +31.7% |
| EPS | 4.02p | | 5.45p | +35.6% |

### Torex plc

| | Final - Dec 98 | | Final - Dec 99 | Comparision |
|---|---|---|---|---|
| REV | £21,770,000 | | £46,762,000 | +114.8% |
| PBT | £2,982,000 | | £4,039,000 | +35.4% |
| EPS | 6.80p | | 14.50p | +113.2% |

### Total Systems plc

| | Interim - Sep 98 | Final - Mar 99 | Interim - Sep 99 | Comparision |
|---|---|---|---|---|
| REV | £1,780,866 | £3,247,157 | £1,180,727 | -33.7% |
| PBT | £495,484 | £629,873 | -£128,216 | Profit to loss |
| EPS | 3.31p | 4.29p | -0.88p | Profit to loss |

### Touchstone Group plc

| | Interim - Sep 98 | Final - Mar 99 | Interim - Sep 99 | Comparision |
|---|---|---|---|---|
| REV | £3,508,000 | £7,663,000 | £4,812,000 | +37.2% |
| PBT | £460,000 | £1,048,000 | £678,000 | +47.4% |
| EPS | 3.34p | 7.60p | 4.75p | +42.2% |

### Trace Computers plc

| | Interim - Nov 98 | Final - May 99 | Interim - Nov 99 | Comparision |
|---|---|---|---|---|
| REV | £8,684,000 | £17,072,781 | £8,693,000 | +0.1% |
| PBT | £928,000 | £4,367,036 | £973,000 | +4.8% |
| EPS | 4.47p | 25.94p | 4.74p | +6.0% |

### Triad Group plc

| | Interim - Sep 98 | Final - Mar 99 | Interim - Sep 99 | Comparision |
|---|---|---|---|---|
| REV | £22,112,000 | £49,306,000 | £24,253,000 | +9.7% |
| PBT | £3,816,000 | £8,629,000 | £903,000 | -76.3% |
| EPS | 10.06p | 22.74p | 2.43p | -75.8% |

### Ultima Networks plc

| | Interim - Jun 98 | Final - Dec 98 | Interim - Jun 99 | Comparision |
|---|---|---|---|---|
| REV | £8,280,000 | £14,437,000 | £6,470,000 | -21.9% |
| PBT | -£1,070,000 | -£5,093,000 | -£610,000 | Loss both |
| EPS | -1.27p | -4.85p | | Loss both |

### Vega Group plc

| | Interim - Oct 98 | Final - Apr 99 | Interim - Oct 99 | Comparision |
|---|---|---|---|---|
| REV | £12,870,000 | £28,993,000 | £18,531,000 | +44.0% |
| PBT | £1,428,000 | £4,292,000 | £1,932,000 | +35.3% |
| EPS | 6.00p | 17.42p | 7.02p | +17.0% |

### VI Group plc

| | Interim - Jun 98 | Final - Dec 98 | Interim - Jun 99 | Comparision |
|---|---|---|---|---|
| REV | £1,828,000 | £4,117,000 | £2,201,000 | +20.4% |
| PBT | -£19,000 | -£333,000 | £137,000 | Loss to profit |
| EPS | -0.17p | -2.40p | 0.37p | Loss to profit |

### Vocalis Group plc

| | Interim - Sep 98 | Final - Mar 99 | Interim - Sep 99 | Comparision |
|---|---|---|---|---|
| REV | £1,342,000 | £4,820,000 | £1,318,000 | -1.8% |
| PBT | -£1,050,000 | -£1,098,000 | -£1,963,000 | Loss both |
| EPS | -3.22p | -3.36p | -4.84p | Loss both |

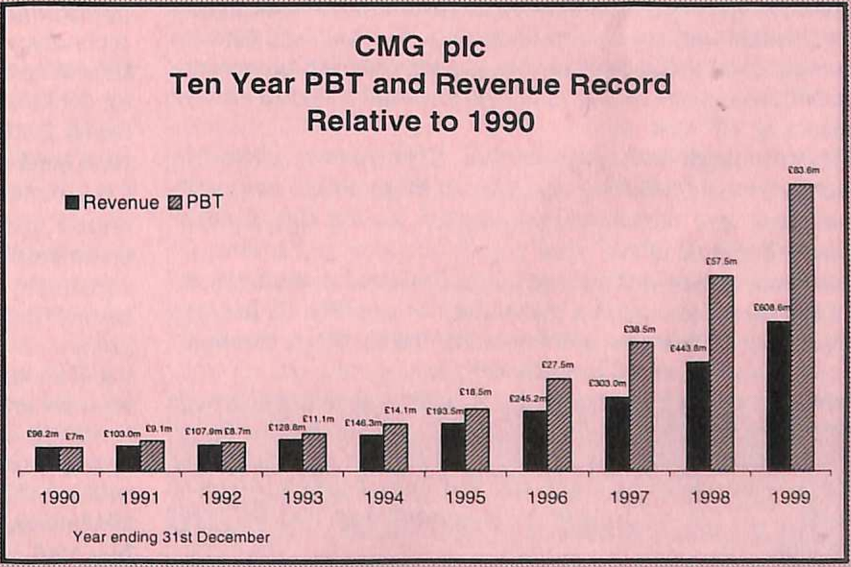
### XKO Group plc. Pro-forma only

| | Interim - Sep 98 | Final - Mar 99 | Interim - Sep 99 | Comparision |
|---|---|---|---|---|
| REV | £13,217,000 | £28,428,000 | £13,485,000 | +2.0% |
| OP | £1,195,000 | £2,667,000 | £1,313,000 | +9.9% |
| EPS | 3.50p | 8.20p | 3.90p | +11.4% |

ASAP (training, recruitment and consultancy) will float on OFEX via a £5.4m share offering at 80p giving a market value of £27m.

## *Cor, what a scorcher*

The fact that the analyst presentation for **CMG**'s results for the year to 31st Dec. 99 was webcasted to the workforce says a great deal about the culture of the company. It is that culture that has helped to produce average annual compound growth of 22% over the last 10 years and 33% of the last five. Results for the year were excellent showing 37% revenue growth to £609m and pre-tax profits ahead 45% to £85.8m after yet another improvement in the operating margin to 14%. EPS was up 48% to 47.2p. Contrary to statements made a year ago that margins in the Benelux region would ease back; they actually increased again in 1999 to 18.7% (18.4%). Revenue growth was 37% in the Benelux region and now represents 37% of group revenues. Driving the growth in the region was a staggering 152% growth in revenues for Telecoms products activities to £73.2m, against 'only' 25% growth from non-telecom activities. The UK business had a more sedate year with 16% growth in revenues to £125.9m and a 12% growth in profits to £13.0m. In common with other European IT services suppliers, CMG experienced a greater Y2K effect in the UK than in other countries. The German operation had a strong year, boosted by the acquisition of PartnerConsult, which added £10m to the £59.8m revenue and £1m to the £4.0m profit. The nascent operation in France nearly made break-even as promised with revenues reaching £24.3m up from £9.2m.




**Comment:** As with Logica, investors are getting hot under the collar about CMG's mobile telecoms activities and especially with the advent of WAP (wireless application protocol). Rightly so with growth rates in excess of 100% per annum, but interestingly, both CMG and Logica were made a point of saying that WAP should only be seen as a stepping stone to third generation mobile and in Logica's case warned analysts not to get carried away.

Our only worry, and it is a long term worry, is CMG's dependence on the Benelux region for their profits. The IT services market is globalizing along with everything else and there may come a time when its lack of global reach becomes a hindrance in winning new business. Nevertheless we can expect another year of growth from CMG in 2000 and readers will forgive us if we take FD Chris Banks' continued warnings of lower margins in Benelux with a pinch of salt.

## M&A

**Gameplay.com** is to raise £50m in a placing at 650p.

**BT** has formed a JV with **VerticalNet Inc.** and **Internet Capital Group** *"to enable UK companies to benefit quickly from tightly-focused on-line trade communities"*. The operation will *"be supported by >£141m cash and assets"*.

**eVestment** has made a $0.5m investment in **musicunsigned.com** which helps aspiring pop stars by promoting them both to the consumer and also to record companies.

**365 Corp.** has just added to its sport content with the acquisition of **Datanet** which owns amongst other sites, **Planet Rugby,** one of the most used Rugby sites on the web. 365 is to pay £31.1m for Datanet, £2.2m in cash and the rest in 365 shares. See also p5.

**Focus Solutions** (systems and software for the financial services sector) is planing to float on AIM in early March via broker **Beeson Gregory.**

US NASDAQ-quoted **IMRGlobal** has acquired UK **Intuitive** for $18m plus *"certain contingent consideration based on performance"*. Intuitive provides PoS applications and eCRM solutions.

Stockbroker (and long-term customer of ours) **Beeson Gregory** is to announce its intention to float with a market value of £100-£150m. They are also to acquire technology investment specialists **IndexIT**.

**Hays** has acquired three recruitment agencies - **Sedi, MD Concept** in France (both IT development staff) and **Roozen van Hoof** in the Netherlands for an initial £21.8m.

**Durlacher** has launched **nothing-ventured.com** - an online technology investment service providing dealing access to IPO and pre-IPO shares in which Durlacher is involved. Durlacher has also acquired 6.6% of Finland's **WapIT** for £2.2m.

**Anite** has acquired **2 Sell Marketing and Sales Consultancy BV** (Dutch web product/consultancy) for *"nil"* but with an earnout of up to £560K. They made a loss of £96K on revenue of £952K in year to 31st Dec. 98 and had a deficit of nett assets at 31st Dec. 99.

**Cityjobs.com** has signed two agreements, offering recruitment advertising services to Buy.co.uk's corporate members, and recruitment information via the Cityjobs.com site to Zoom.co.uk.

**Computacenter** announced the appointment of Goldman Sachs to advise on the possibility of an IPO of **Biomni** (business to business e-commerce), the 50/50 JV between Computacenter and **Computasoft**.

**Kewill Systems** has announced a cross-licensing agreement with NASDAQ listed **E-Stamp Corp.**, a leading provider of Internet posting services. The deal will see Kewill's web based supply chain management solution paired with E-Stamp's mailing solution to provide an integrated mail and shipping solution.

**CMG** has acquired Dutch telecoms consultancy company **Tell.IT** for NLG25.2m. Tell.IT, which employ 75 people, achieved revenues and profits of NLG15.5m and NLG4.0m respectively for the year to Dec. 1999. See also p.7.

E-commerce development and management group **Bizzbuild** (Internet investment company) has announced its intention to float on AIM. At the same time Bizzbuild has announced its first investment on the form of on-line domestic electrical goods retailer Value-Direct. **Durlacher** is nominated adviser to the issue. **E-Capital** has invested £250K.

**Sport Internet** is to invest in a wholly owned subsidiary of Hay and Robertson called **Sports e-tail**, which is an e-commerce platform for the sale of official sporting

***Mergers and acquisitions - continued***

merchandise. Sports Internet is paying £6m for a 49% stake in Sports e-tail in cash and loan notes, as well as issuing 1.8m Sports Internet shares to Hay and Robertson.

CRM software specialist **AIT Group** has shown further progress in expanding its alliance program with a partnership deal with **KPMG**. Under the agreement, KPMG will implement AIT's CRM products in the financial services sector.

**Lastminute.com** has formally announced that it is to float on the LSE and NASDAQ in March. Last.minute has said that it will float 20-25% of the equity to fund marketing and international expansion. We have seen valuation estimates of up to £400m.

**Lynx Group** has acquired Sage Tetra and Payroll software specialist **Bewley Carlaw Computer Systems** for £0.5m.

**Freecom.Net** has bought **Potential Development Ltd** for £2m in shares plus a further profit related £3m. PD manages the Sunday Times Enterprise Network programme (in association with DTI) helping SME's respond to changes in the market.

**Minorplanet** has bought 51% of **Firstnet Services** (an ASP) for £6m.

**PremiSys Group plc** has raised £2.4m to fund its B2B internet activities.

**VoyagerIT.com** has announced a placing and open offer at 15p to raise £7.7m. Part of the cash is being used to fund the acquisition of **FutureOne Inc.** which sells a range of communications solutions including telephone services, graphic design and e-business solutions.

**freecom.net** announced the establishment of **freecom Ventures** plc, a venture capital operation in partnership with Peel, Hunt. It has raised £3m (£2m has been committed by freecom and £1m by Peel Hunt) to do the usual, *"investing in technology-based businesses and those companies developing innovation using Internet technology"*.

**Dicom** has formally been included in techMARK, the index for technology-based companies listed on the London Stock Exchange.

**New Media Spark** announced that they are investing $3m for a minority stake in **Wireless Commerce**, a Finnish based company that develops software for wireless commerce.

eVestment company **Jellyworks** has invested £2m in **hi-revolution.com** which brings building contractors and property owners together on the web.

**London Bridge Software** has announced a marketing alliance and equity investment in **Phoenix International** (installed client/server-based core banking solutions), to jointly market London Bridge's advanced customer relationship management system, Vectus, to financial institutions worldwide. London Bridge has also agreed to buy (out of existing cash resources) a 9.16% stake in Phoenix costing c$5m.

Our friends at **College Hill PR** alerted us to a statement from **Lynx Financial Systems** that they have signed a partnership agreement with **Brokat**. Brokat's Twister architecture will be offered to Lynx's clients in the financial services sector to enable greater on-line capability such as on-line quotations, transactions and self administration.

**E-Capital Investments** has acquired 3m shares in the recent placing and open offer for **e-xentric**.

**ITG Group** is to buy an additional 4.99% of the current share capital of **ORBIS Internet Technologies**, for £3.15m raising its stake to 15.3%.

**Harrier** has announced (further to press speculation and the substantial increase in the company's share price) that it is currently undertaking due diligence in relation to two potential acquisitions, one small and the other substantial (relative to Harrier's existing operations).

**Alphameric,** (see also p2) which specialises in business communications and retail solutions, has announced the conditional acquisition of **Pennine Retail**. The acquisition is to be funded by a proposed placing and open offer of c19.9m new Alphameric ordinary shares at 381p per share. This raises £75.8m of which £60m pays for Pennine, and the rest funds "*ongoing development*".

**Schroder Ventures** has invested $56m in **Armature** - supply chain execution software. **Broadview**, who advised, also takes an equity stake. Armature was established in 1989 by Barry Grange as **British American Consulting Group (BACG)**. Leeds-based Armature has revenue of c£28m.

**Freeserve** is investing up to £10m, and private investment fund, **Providence Equity Partners** up to £40m, in a new early stage fund.

**eXchange Holdings** is to acquire **Homepages Ltd** (UK on-line homebuying service) for an initial £917K plus a further £8.3m in payable over next 3 years.

**ActiveIntranet** is to float (only 18% of capital) on OFEX, valuing the company at £11.6m. The flotation will raise £2.1m for investment in their enterprise knowledge intranet. Figures to the end of Sep. 00 are expected to show a fall in turnover (to £3m) and the company slipping into losses. **J M Finn** are the brokers.

**ITG** has acquired Croft Computers for £3.05m. It will "*allow ITG to develop B2B e-commerce solutions for telecoms and computer corporate customer base*".

**Synergie.net** is raising £2m on OFEX. This will value the internet and telephony service provider at approximately £6.8m. **BDO Stoy Hayward** is arranging the offer for subscription.

**Jellyworks** has acquired a stake in **sportingbet.com**, the first British company to offer tax-free sports betting via the internet. The shares were acquired as part of a £7.5m institutional placing of c5.12m shares at £1.45 per share. Jellyworks has also announced that it has formed **Jellyworks Deutschland GmbH** in a 50/50 joint venture with **Value Management and Research AG**, to act as its Germany based investment vehicle.

**JSB Software** has been admitted to the LSE and onto the techMARK list.

**NewMedia SPARK** has announced it is to invest SKr15m (approximately £1.1m) for a 30% stake in **Jetweb.se**, an online youth travel agent based in Stockholm. Jetweb is SPARK's third investment in the Nordic region in recent weeks. Jetweb is an internet-based travel market where travel companies can sell excess capacity to youth travellers.

**Gameplay.com** has signed an agreement with **Computec** (Germany's largest computer games magazine publisher), to acquire its online games division and games retailing businesses for a total of £47.6m, of which £11.8m will be cash. "The acquisition of these businesses, with total revenues of £22.8m, will immediately give Gameplay.com a market leading position in Germany".

**MyVal.com,** a provider of participatory content, has completed a private placing of 35% of the issued capital raising £1.25m.

**Netcall** has announce the launch of two new services "that represent considerable enhancements of its existing market leading range of on-line Telephony services". Namely WAP enabled audio conferencing, and two-way screen

*Mergers and acquisitions - continued*

collaboration via the Web.

**Pacific Media** have placed shares raising £9.5m and have stated an intention to move to the full list on LSE. They have also appointed **Salomon**'s as financial advisors. The cash "will provide additional investment and working capital for the company".

**Viglen Technology** has formed **VigEcom Limited**, a subsidiary company, which will make strategic investments in a series of E-Commerce and Internet related ventures. It has also made its first such investment by acquiring a 26% shareholding in **Intelligent Network Technology** Limited in a deal worth £2.5m.

**Infobank** have announced that **Esat Net**, the corporate Internet service provider of Esat Telecom Group has partnered with **ICL**, the IT services company, to develop the first complete eBusiness marketplace for Irish companies. The new business-to-business portal (www.marketplace.ie), powered by InTrade e-Hub, allows electronic trading between suppliers and customers, as well as providing on-line credit check facilities, online auctions and web-based training to Irish companies of any size.

**Legendary Investments,** a new internet/e-commerce investment vehicle, is coming to AIM and hoping to raise £3.2m. The "name" on the letterhead of this one is the well known Shami Ahmed.

**ICL** and **Nokia** have formed a JV "to further support Nokia's Info Management e-business development"

**Infobank** has announced its acquisition of **Absalon Group** AB, (a Swedish based business to business e-commerce consultancy and software publisher) at a cost of £17.9m. *"Absalon is regarded as one of the leading business to business e-commerce companies in Scandinavia. Absalon has 38 employees and offices in Malmoe, Stockholm and Santa Barbara, California. Absalon's core software product, 'Absalution', offers a hosted business to business e-commerce system designed to deliver a comprehensive relationship management solution to buyers, suppliers and employees".*

**Tornado Group** (B2B systems to securely store and distribute digital media) has floated on AIM at 150p valuing them at £60.6m.

**Quantica** has acquired **Brave New World Group** (trades as **Helpdesk Support**) for an initial £2.01m plus up to a further £2.5m on profits to 2001. Helpdesk provides IT staff and made 1998 PBT of £262K (see also Stop Press p16 for Quantica's latest results).

## *Biggest consultancy merger ever?*

**Cap Gemini** and **Ernst & Young** have agreed terms for the acquisition of **Ernst & Young Consulting,** which has a headcount of c18,000 and 99 revenues of Euro3.5bn. The initial agreement covers businesses situated in USA, Canada, UK, Germany, France, Spain and Italy. Other countries expected to agree shortly are Sweden, Norway, Finland, Denmark, The Netherlands, Belgium, Austria and New Zealand.

If all proceeds to plan and the other countries agree, Cap Gemini will issue a maximum of 43.5m new shares and also pay Euro375m (c£7b total value). The combined group will be a major player in the US (circa one third revenues) and strengthen the position in all countries, particularly Germany.

At Cap Gemini UK, **Alwyn Welch** has joined the dot.com exodus. He is to be President and COO of **Brainspark**, an incubator company.

*More acquisitions see p10*

## Another dot.com crazy month

The fact that the 23% rise in our Holway SCS Index was NOT a record (the 33% rise in Dec. 99 holds that) is amazing in its own right. Our index is up 40% in the first two months of 2000 compared with a *fall* of 10% in the FTSE100.

But the really amazing increase was the continued skyrocketing of the Holway Internet Index - up another 84% in Feb. alone. There are now 43 companies in the internet index which are now "worth" nearly £28 billion. But they have combined revenues of £135m and combined losses of £141m!

New issues, of course, led the pack with **Oxygen** (+1375%), **Convergence** (up 700% - see p1) and **Griff-Tec** (up 433%). There were few losers but **Internet Indirect** fell 48% which puts them in the unique position of being the ONLY company in our Internet Index currently trading below its IPO price.

The dot.com's affect the companies in "the real world" too. **Staffware** (p3) leads the Holway SCS pack this month with a 167% increase just on the announcement of their eProcess division. **IS Solutions** was also up 129%. In the IT Services sector, **ITNET** (see p13) put on 78% and **Logica** (p12) was the fastest riser within the FTSE100 - up 66% on the month and now "worth" a staggering £10.7 billion; overtaking **Sage** (£10.2 billion).

| 29-Feb-00 | SCSI Index | | | | | 16077.06 |
|---|---|---|---|---|---|---|
| | FTSE IT (SCS) Index | | | | | 4951.03 |
| | techMARK 100 | | | | | 5132.23 |
| | FTSE 100 | | | | | 6232.60 |
| | FTSE AIM | | | | | 2745.80 |
| SCSI Index =1000 on 15th April 1989 | FTSE SmallCap | | | | | 3336.03 |
| Changes in Indices | SCSI Index | FTSE 100 | techMARK 100 | FTSE IT SCS Index | FTSE AIM Index | FTSE Small Cap |
| Month (31/1/00 to 29/2/00) | +22.78% | -0.57% | +31.32% | +29.59% | +22.66% | +5.55% |
| From 15th Apr 89 | +1507.71% | +203.50% | | | | |
| From 1st Jan 90 | +1647.32% | +163.87% | | | | |
| From 1st Jan 91 | +2171.19% | +188.49% | | | | |
| From 1st Jan 92 | +1438.68% | +149.99% | | | | |
| From 1st Jan 93 | +908.86% | +118.96% | | | | +140.46% |
| From 1st Jan 94 | +862.94% | +82.33% | | | | +78.52% |
| From 1st Jan 95 | +972.39% | +103.31% | | | | +91.02% |
| From 1st Jan 96 | +611.85% | +68.94% | +550.27% | | +187.99% | +71.82% |
| From 1st Jan 97 | +500.46% | +51.33% | +461.10% | | +181.30% | +52.81% |
| From 1st Jan 98 | +429.72% | +21.36% | +437.96% | +395.10% | +176.79% | +44.21% |
| From 1st Jan 99 | +307.89% | +5.95% | +252.49% | +242.39% | +242.54% | +61.09% |
| From 1st Jan 00 | +40.15% | -10.07% | +35.79% | +33.16% | +42.07% | +7.69% |

| End Feb 00 | Move since 1st Jan 98 | Move since 1st Jan 99 | Move since 1st Jan 00 | Move in Feb 00 |
|---|---|---|---|---|
| System Houses | 431.8% | 244.2% | 34.1% | 21.5% |
| IT Staff Agencies | 12.2% | 34.4% | 17.0% | 4.0% |
| Resellers | 146.2% | 161.8% | 26.1% | 14.6% |
| Software Products | 629.2% | 523.2% | 49.9% | 27.7% |
| Holway Internet Index | | 1565.2% | 102.6% | 84.0% |
| Holway SCS Index | 429.7% | 307.9% | 40.2% | 22.8% |

Poor old **Gresham Computing** (p2) was the laggard this month - *down* 33%. *Surely this makes them a takeover target?* There are some real nuggets in there which are not currently reflected in the share price. Mind you **Triad** (down 29%), **MSB** down 27%, **MSW** (p2) down 26%, **Terence Chapman** (p16) down 22% and **Trace** (p5) down 22% all managed to sink against the rising tide.

***NanoUniverse...*** The evestment company market seems to be getting increasingly sophisticated. NanoUniverse will start trading on AIM on 3rd March following a placing to raise £25.8m net. NanoUniverse is what we would describe as a pure incubator as it germinates its own ideas, puts management in place and provides a warm cuddly environment, including funding, for the start up to flourish. NanoUniverse is unique, certainly in the quoted sector, for two reasons. First it has operations in London and LA and it will use these to launch its young companies in the UK and US. Secondly, nanoUniverse will only focus on broadband content ideas, which is no real surprise as the senior management all hail from the Film industry. Also worthy of note is that nanoUniverse will only invest in ideas that have the ability to be cash flow positive in a two year time frame. ***Now that's unique!***

## Some of the even larger acquisitions announced this month...

**Science Systems** has announced that it has agreed to acquire **Coda** from troubled Dutch ERP vendor **Baan**. Science Systems has been a major reseller of Coda Financials in the UK for some time now and so the acquisition would be synergistic. However, Coda was only acquired by Baan a couple of years ago when is was on its knees. Given Baan's current woes, perhaps it is not surprising that they are selling it again so soon, presumably to try to shore up their own financial position. The deal is still subject to due diligence and there will be further information towards the end of March.

**InterX** has just announced a merger with in **Cromwell Media** for 11.9m InterX shares which values 100% of Cromwell at c£226m. InterX was already a 37% shareholder in Cromwell. Also Philip Crawford (currently President of EDS International) joins as part time chairman of Cromwell Robert Bruce takes over as CEO - he was recruited from Oracle where Crawford was UK MD until his move to EDS to set up BroadVision's UK operations in 1997. InterX is also raising £30m in a placing.

**Comment** - Cromwell is a "serious picks and shovels" internet play - developing technology to power mission critical web sites. Competitors would be Vignette and BroadVision. Cromwell's customers include Silicon.com. This sounds like a sound move...but the price is steep. In today's climate, internet quality is expensive.

Acquisitive US software giant (no, the other one) **Computer Associates** has just trumped its Mar. 99 $3.5bn acquisition of **Platinum Inc**. with another *"largest acquisition in the history of the software industry"* - that of US systems management software vendor **Sterling Software**. The all-stock deal is valued at $4bn.

**Comment**: At this rate, soon CA will 'manage the world' - we know we are usually somewhat cynical about CA - but it just keeps getting bigger. They usually stick to their knitting (systems & network management products and development tools) - but they have yet to make a real mark on the services side. CA's executive showman (sorry, chairman) Charles Wang had promised a $1bn services business last year but this is still a long, long way off - and far be it for us to rake up the abortive and ill-considered attempt to acquire **CSC**. The irony of it all is we think the systems and network management space is absolutely ripe for professional services - and if CA could only look outside the shrink-wrapped pack they could really make their services business buzz.

Peter Rigby's **Specialist Computer Holdings** has acquired **Info'Products/Allum**, the IS division of Dutch **Buhrmann** - we would guess at a consideration of between £100-£150m.

This propels SCH to revenues of c£1.35 billion with over 4000 staff. The release claims that *"the deal propels SCH to the No 1 slot in Europe"*. We don't quite understand this claim as the latest consensus estimates for Computacenter's revenue for 1999 are nearly £1.8b. But..no matter. This seems a good move for SCH. We have long argued that SCH should have grown its dealer/services area rather than its adventure with its Byte shops. Now SCH really seems to be motoring. It's an interesting point that Computacenter now has a valuation of c1.3x rev. If SCH floated would they attract a £1.7 billion valuation? Whatever, SCH is most certainly the most valuable UK IT company still in private ownership.

# System House SCSI Share Prices and Capitalisation

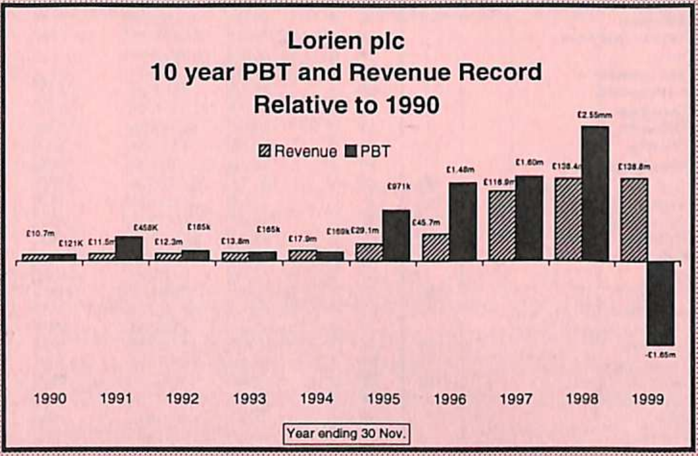
| | FTSE IT Index? | SCS Cat. | Share Price 29-Feb-00 | Capitalisation 29-Feb-00 | Historic P/E | PSR Ratio Cap./Rev. | SCSI Index 29-Feb-00 | Share price move since 31-Jan-00 | Share price % move in 2000 | Capitalisation move since 31-Jan-00 | Capitalisation move (£m) in 2000 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Admiral | Yes | CS | £21.20 | £1,360.00m | 85.1 | 9.24 | 76624.25 | 32.29% | 37.66% | £348.00m | £374.40m |
| AFA Systems | | SP | £6.82 | £121.70m | Loss | 68.41 | 5679.17 | 64.81% | 155.72% | £48.40m | £73.20m |
| AIT Group | | CS | £17.75 | £353.20m | 191.9 | 20.23 | 11833.33 | 57.78% | 17.55% | £158.30m | £46.70m |
| Alphameric | | SP | £5.19 | £407.50m | 143.4 | 16.09 | 2378.44 | 83.54% | 252.72% | £167.00m | £294.30m |
| Anite Group | Yes | CS | £2.96 | £727.40m | 194.7 | 4.02 | 1728.07 | 67.42% | 118.08% | £269.80m | £392.30m |
| Axon | | SP | £10.45 | £507.50m | 388.2 | 25.34 | 5971.43 | 18.75% | 76.37% | £75.60m | £218.40m |
| Azlan Group | Yes | R | £1.44 | £156.50m | 29.0 | 0.46 | 623.91 | -2.05% | -0.35% | -£16.10m | £2.10m |
| Baltimore Technologies | | SP | £116.00 | £3,823.00m | Loss | 164.27 | 118974.36 | 76.02% | 126.34% | £1,228.00m | £1,912.00m |
| Baron | | SP | £5.48 | £22.80m | n/a | 9.66 | 5475.00 | 54.23% | 27.33% | £8.30m | £9.00m |
| Bond International | | SP | £1.10 | £15.80m | 23.1 | 1.79 | 1692.31 | 62.96% | 49.66% | £5.70m | £5.30m |
| Cadcentre Group | | SP | £3.45 | £57.30m | 23.8 | 3.21 | 1725.00 | -3.09% | 6.81% | -£1.80m | £3.70m |
| Capita Group | | CS | £15.98 | £3,199.00m | 156.6 | 9.78 | 143918.92 | 63.01% | 41.37% | £1,099.00m | £840.00m |
| Cedar Group | | SP | £9.65 | £639.60m | 175.5 | 27.75 | 9190.48 | 67.83% | 73.09% | £278.50m | £294.00m |
| CFS Group | | SP | £3.30 | £58.80m | 32.4 | 5.35 | 3666.67 | 36.65% | 26.44% | £17.60m | £17.30m |
| Clinical Computing | | SP | £0.74 | £19.20m | 58.3 | 6.32 | 596.77 | -0.67% | 18.40% | £0.50m | £3.50m |
| CMG | Yes | CS | £61.71 | £8,293.00m | 148.9 | 13.63 | 42558.62 | 54.58% | 35.42% | £3,103.00m | £2,460.00m |
| Compel Group | Yes | R | £5.44 | £178.10m | 15.7 | 0.61 | 4352.00 | -9.71% | 0.83% | -£8.20m | £7.10m |
| Computacenter | Yes | R | £13.93 | £2,583.00m | 46.8 | 1.63 | 2078.36 | 24.33% | 36.86% | £556.00m | £758.00m |
| Comino | | CS | £7.58 | £107.10m | 49.3 | 5.76 | 5826.92 | 42.25% | 24.69% | £34.50m | £24.50m |
| DCS Group | Yes | CS | £15.88 | £380.50m | 66.0 | 3.45 | 26458.33 | 17.81% | 50.47% | £51.40m | £125.20m |
| Delcam | | SP | £2.08 | £12.20m | Loss | 0.89 | 798.08 | -16.16% | 1.22% | -£2.40m | £0.10m |
| Diagonal | Yes | CS | £8.83 | £685.10m | 117.4 | 9.47 | 12830.44 | 61.93% | 133.77% | £228.90m | £380.10m |
| Dialog Corporation | | CS | £1.57 | £226.30m | 44.7 | 1.33 | 1422.73 | 35.50% | 71.98% | £42.90m | £85.40m |
| DRS Data & Research | | SP | £0.28 | £10.60m | 20.8 | 1.56 | 256.82 | 20.21% | 22.83% | £2.47m | £2.64m |
| Druid Group | Yes | CS | £27.90 | £653.90m | 84.0 | 10.94 | 10145.45 | 15.53% | 44.94% | £22.90m | £203.50m |
| Easynet | | CS | £23.75 | £618.70m | n/a | 36.44 | 23750.00 | 50.08% | 36.30% | £221.40m | £190.00m |
| ECSoft | Yes | CS | £14.75 | £168.20m | 81.6 | 2.50 | 816.27 | 14.56% | 30.53% | £16.00m | £45.00m |
| Electronic Data Proc | | SP | £3.80 | £89.70m | 55.5 | 8.55 | 11635.03 | 23.18% | 0.93% | £4.50m | -£8.90m |
| Eidos | | SP | £7.30 | £762.30m | Loss | 3.37 | 36483.96 | 45.42% | -32.90% | £185.20m | -£351.70m |
| Eurolink | | CS | £1.68 | £17.50m | n/a | 2.10 | 1680.00 | 1.82% | 37.70% | £0.30m | £4.90m |
| FI Group | Yes | CS | £7.10 | £1,675.00m | 122.4 | 7.34 | 18205.13 | 13.60% | -7.49% | £35.00m | -£86.00m |
| Financial Objects | | SP | £7.10 | £275.00m | 63.4 | 12.70 | 3086.96 | 12.25% | 4.03% | £45.40m | £32.00m |
| Flomerics Group | | SP | £5.90 | £16.00m | 40.2 | 2.32 | 4538.46 | 28.26% | 32.58% | £3.60m | £4.00m |
| Freeserve | | CS | £7.53 | £7,806.00m | n/a | n/a | 5018.33 | 25.67% | 27.58% | £1,539.00m | £1,863.00m |
| Gresham Computing | | CS | £0.46 | £20.60m | Loss | 0.68 | 494.62 | -32.85% | -25.20% | -£10.80m | -£6.40m |
| Guardian iT | Yes | CS | £10.30 | £515.80m | 94.5 | 10.47 | 4039.22 | -0.96% | 7.46% | -£35.90m | £25.00m |
| Harvey Nash Group | | A | £9.18 | £259.40m | 35.6 | 2.47 | 5242.86 | 18.23% | 52.03% | £47.80m | £87.40m |
| Highams Systems Servs | | A | £0.49 | £8.22m | 15.9 | 0.24 | 1347.22 | -17.09% | -14.16% | -£2.58m | -£2.48m |
| ICM Computer | | CS | £11.68 | £209.00m | 77.4 | 5.22 | 6486.11 | 33.05% | 45.48% | £41.80m | £56.50m |
| Intelligent Environments | | SP | £2.91 | £131.90m | Loss | 19.89 | 3090.43 | -7.04% | 4.31% | £0.00m | £14.40m |
| I S Solutions | | CS | £10.20 | £46.80m | 74.4 | 5.35 | 7611.94 | 126.67% | 155.00% | £25.20m | £27.60m |
| ITNET | Yes | CS | £11.33 | £694.20m | 111.7 | 5.31 | 3235.71 | 77.65% | 65.93% | £244.30m | £214.40m |
| Jasmin | | SP | £1.27 | £5.05m | 11.6 | 0.73 | 843.33 | -4.53% | 1.20% | -£2.24m | -£0.83m |
| JSB Software | | SP | £30.88 | £889.60m | Loss | 222.40 | 15437.50 | 62.07% | 201.22% | £373.00m | £631.30m |
| Kalamazoo Computer | | CS | £0.94 | £40.30m | Loss | 0.61 | 2671.43 | 9.36% | -19.05% | £2.30m | -£9.20m |
| Kewill Systems | Yes | SP | £25.58 | £2,001.00m | 482.9 | 33.31 | 50543.48 | 23.25% | 63.42% | £437.00m | £834.00m |
| Keystone | | SP | £1.26 | £41.60m | Loss | 26.25 | 1394.45 | 11.56% | 27.41% | £9.70m | £10.80m |
| Laser-Scan | | SP | £0.35 | £11.50m | 42.7 | 1.70 | 7000.00 | -4.11% | 75.00% | -£0.40m | £4.96m |
| Logica | Yes | CS | £27.02 | £10,732.00m | 245.8 | 16.27 | 37003.46 | 65.56% | 69.19% | £4,033.00m | £4,376.00m |
| London Bridge Software | Yes | SP | £64.50 | £2,014.00m | 392.1 | 47.76 | 32250.00 | 13.16% | 52.66% | £150.00m | £684.00m |
| Lorien | | A | £0.90 | £17.60m | Loss | 0.13 | 900.00 | -17.05% | -28.85% | -£5.20m | -£7.20m |
| Lynx Holdings | Yes | SP | £3.31 | £357.80m | 44.1 | 1.68 | 8275.00 | 52.89% | 100.61% | £117.00m | £179.60m |
| Macro 4 | Yes | SP | £10.20 | £203.90m | 29.2 | 6.57 | 4112.90 | 37.37% | 36.45% | £57.60m | £56.60m |
| MDIS Group | Yes | CS | £0.52 | £125.60m | 17.0 | 0.94 | 198.08 | 10.75% | 68.85% | £17.40m | £54.70m |
| MERANT | Yes | SP | £3.74 | £565.30m | 56.1 | 2.62 | 1806.34 | -9.33% | -7.20% | -£45.80m | -£15.40m |
| Microgen Holdings | | CS | £6.38 | £357.60m | 109.2 | 11.42 | 2724.36 | -10.53% | -4.49% | £10.20m | £17.80m |
| Misys | Yes | SP | £9.50 | £5,539.00m | 58.5 | 9.52 | 11819.12 | 10.21% | -1.55% | £541.00m | £68.00m |
| MMT Computing | Yes | CS | £8.73 | £111.90m | 19.2 | 2.73 | 5193.45 | -6.18% | -8.40% | -£0.90m | -£3.40m |
| Mondas | | SP | £1.17 | £16.20m | Loss | 16.96 | 1553.33 | 9.39% | 7.37% | £2.80m | £2.50m |
| Moorepay Group | | CS | £3.40 | £39.80m | 21.9 | 4.76 | 5737.84 | 0.00% | 29.52% | £0.00m | £9.10m |
| Morse | | R | £7.35 | £905.00m | 22.4 | 3.19 | 2940.00 | 55.56% | 104.45% | £314.90m | £465.30m |
| MSB International | Yes | A | £2.60 | £55.30m | 7.5 | 0.29 | 1368.42 | -27.48% | -7.96% | -£18.10m | -£2.30m |
| MSW Technology | | SP | £0.65 | £7.07m | Loss | 2.43 | 670.10 | -25.71% | -43.23% | -£5.53m | -£7.03m |
| NetBenefit | | CS | £9.83 | £122.50m | n/a | 62.21 | 4912.50 | 25.16% | 10.39% | £20.60m | £11.30m |
| NSB Retail Systems | | SP | £33.50 | £715.00m | 418.8 | 85.46 | 29130.43 | 16.02% | 60.48% | £127.50m | £297.50m |
| Oxford Molecular | | SP | £0.33 | £29.10m | Loss | 1.35 | 406.25 | -8.45% | 8.33% | -£1.80m | £3.00m |
| Parity | Yes | A | £6.77 | £1,016.00m | 68.1 | 3.50 | 112749.58 | 55.52% | 80.88% | £351.40m | £449.80m |
| Pegasus Group | | SP | £9.00 | £48.30m | 46.7 | 3.22 | 2452.32 | 44.00% | 65.44% | £3.70m | £10.20m |
| PhoneLink | | CS | £1.68 | £135.40m | Loss | 13.52 | 1080.65 | 67.50% | 67.50% | £41.20m | £63.20m |
| Planit | | SP | £1.70 | £144.90m | 64.0 | 14.98 | 7062.50 | 28.90% | 1.50% | £4.70m | £21.00m |
| Policymaster | | SP | £8.70 | £137.40m | 148.7 | 12.12 | 5800.00 | 53.98% | 74.87% | £51.00m | £67.30m |
| Primar-E (was Stordata) | | CS | £0.15 | £20.00m | 28.2 | 1.77 | 1270.83 | -1.61% | 74.29% | -£0.60m | £8.50m |
| Protherics | | SP | £0.34 | £55.90m | Loss | 80.32 | 404.76 | -4.23% | -8.11% | -£4.00m | -£4.00m |
| QSP | | SP | £10.13 | £198.40m | 35.5 | 4.81 | 2664.47 | 38.70% | 33.40% | £63.00m | £61.80m |
| Quantica | | A | £0.59 | £20.60m | 9.8 | 1.13 | 475.81 | 20.41% | 12.38% | £1.00m | £0.00m |
| Rage Software | | SP | £0.57 | £162.10m | 54.1 | 18.33 | 2173.08 | -6.61% | -3.00% | -£10.10m | £1.60m |
| RDL | | CS | £2.05 | £22.40m | 25.5 | 1.23 | 2277.78 | 0.00% | 114.66% | -£0.60m | £11.70m |
| Real Time Control | | SP | £10.35 | £72.50m | 22.7 | 4.32 | 21122.45 | 0.00% | 6.15% | -£0.30m | £4.30m |
| Recognition Systems | | SP | £5.90 | £509.90m | Loss | 220.26 | 8428.57 | 75.07% | 69.05% | £208.60m | £192.70m |
| RM Group | Yes | SP | £8.98 | £842.70m | 92.9 | 5.20 | 25642.86 | 0.84% | 4.66% | -£4.60m | £53.80m |
| Rolfe & Nolan | | SP | £7.55 | £107.50m | 53.4 | 5.12 | 8988.10 | 22.76% | 96.10% | £28.20m | £55.50m |
| Romtec | | CS | £0.97 | £5.11m | 34.2 | 1.31 | 1544.00 | -1.53% | -8.10% | -£0.08m | -£0.46m |
| Royalblue Group | Yes | SP | £22.75 | £710.50m | 173.7 | 17.90 | 13382.35 | 66.36% | 117.18% | £305.40m | £403.60m |
| Sage Group | Yes | SP | £7.98 | £10,162.00m | 189.4 | 33.10 | 306730.77 | 7.26% | 5.56% | £1,202.00m | £945.00m |
| Sanderson Group | Yes | CS | £2.23 | £113.70m | 14.6 | 1.55 | 3787.23 | 0.45% | 0.68% | £0.50m | £0.80m |
| SBS Group | | A | £3.04 | £27.30m | 18.0 | 0.51 | 3040.00 | 11.97% | 48.29% | £2.50m | £9.30m |
| Science Systems | | CS | £5.95 | £102.80m | 58.5 | 4.23 | 4612.40 | 47.46% | 63.69% | £33.40m | £40.30m |
| SDL | | CS | £5.63 | £222.60m | n/a | 22.04 | 3750.00 | 52.44% | 275.00% | £97.80m | £177.80m |
| Sema Group | Yes | CS | £13.56 | £6,208.00m | 92.6 | 4.40 | 17056.60 | 12.72% | 21.72% | £490.00m | £1,051.00m |
| Sherwood International | Yes | CS | £14.75 | £642.80m | 138.2 | 13.62 | 49139.59 | 20.41% | 18.95% | £140.10m | £143.10m |
| Skillsgroup | Yes | CS | £3.09 | £271.10m | 28.9 | 1.36 | 1385.65 | -2.37% | 2.66% | -£6.20m | £7.40m |
| Sopheon | | SP | £10.00 | £312.30m | Loss | 350.51 | 14388.49 | 44.40% | 205.34% | £78.80m | £207.20m |
| Spring | | A | £3.00 | £477.00m | 58.3 | 1.18 | 3333.33 | -12.15% | 75.95% | -£16.40m | £230.30m |
| Staffware | | SP | £33.00 | £471.50m | n/a | 21.25 | 14666.67 | 167.21% | 306.15% | £334.00m | £368.30m |
| Superscape VR | | SP | £5.20 | £168.00m | Loss | 54.72 | 2623.74 | 18.74% | 52.12% | £15.00m | £55.60m |
| Synstar | | CS | £2.10 | £325.80m | 44.6 | 1.52 | 1269.70 | 0.72% | -8.32% | -£9.00m | -£45.50m |
| Systems Integrated | | SP | £0.55 | £8.11m | 66.4 | 5.77 | 478.26 | -8.33% | 46.67% | -£0.20m | £3.08m |
| Systems International | | CS | £0.38 | £13.90m | 15.0 | 0.82 | 652.17 | 5.63% | -49.32% | £0.60m | -£11.40m |
| Terence Chapman | | CS | £4.00 | £271.60m | 73.4 | 8.86 | 2962.96 | -21.57% | -36.76% | -£110.30m | -£157.90m |
| Torex Group | | CS | £5.75 | £199.80m | 39.7 | 4.27 | 11165.05 | 13.30% | -5.51% | £14.70m | -£10.70m |
| Total Systems | | CS | £0.93 | £9.72m | 21.8 | 2.99 | 1745.28 | -19.57% | -36.21% | -£2.58m | -£5.38m |
| Touchstone | | SP | £2.78 | £27.40m | 29.5 | 3.58 | 2642.86 | 17.34% | -15.01% | £3.80m | -£4.60m |
| Trace Computers | | CS | £1.17 | £18.20m | 11.7 | 1.07 | 932.00 | -21.55% | -19.38% | -£3.90m | -£3.00m |
| Triad Group | Yes | CS | £3.13 | £82.60m | 20.7 | 1.68 | 2314.81 | -28.57% | -36.87% | -£32.80m | -£43.60m |
| Ultima | | R | £0.11 | £23.10m | 52.4 | 1.60 | 268.29 | 4.76% | 0.00% | £1.40m | £1.90m |
| Vega Group | | CS | £9.03 | £162.40m | 43.5 | 5.60 | 7397.54 | 0.56% | 12.81% | -£0.50m | £17.60m |
| VI group | | SP | £0.37 | £7.30m | Loss | 1.77 | 730.00 | -1.35% | 2.82% | -£0.10m | £0.20m |
| Vocalis | | SP | £9.83 | £454.40m | Loss | 94.27 | 10342.11 | 66.53% | 152.25% | £194.30m | £283.40m |
| XKO | | CS | £5.15 | £124.70m | 64.0 | 4.39 | 3433.33 | 12.20% | n/a | £19.90m | £31.50m |

Note: Main *System House* SCSI Index set at 1000 on 15th April 1989. Any new entrants to the Stock Exchange are allocated an index of 1000 based on the issue price. The CSI Index is not weighted; a change in the share price of the largest company has the same effect as a similar change for the smallest company.

**Category Codes: CS**= Computer Services **SP** = Software Product **R** = Reseller **A** = IT Agency **O** = Other

## *A difficult year for Lorien*

As presaged in their January profit warning, IT staff agency **Lorien** saw their 1998 £2.55m profit turn into a pre-tax loss of £1.65m for the year ended 28 Nov. 99. Turnover on continuing operations rose just 1.4% to £138.8m. Last year's EPS of 7.3p turned into an LPS of 8.5p. However, cash inflow before financing was +£12.1m, compared to a -£22.8m outflow in 1998. Exec. chairman Bert Morris reported that in spite of implementing the recommendations from the recent strategic review, *"Year 2000 issues had a dramatic impact on the demand for IT services. Our IT resourcing business (74% of Group revenue) was most affected with a 19% fall in the order book between August and November".* Lorien's consulting operations were also hit by reduced demand *"and by continued pressure from our customers to deliver a cost effective service".* There will be no final dividend for 1999.




**Comment:** We have written many times before about the sorry tale that is Lorien. They were one of the first AIM placings in Aug. 95 at 100p and moved to the main market in 1997. They grew organically and acquisitively over the next couple of years, but were dealt a severe body blow when they 'unexpectedly' lost their second largest IT contractor supply deal when Swiss Banking Corp. was acquired by UBS. Bert Morris, who was (non-exec) deputy chairman took over the reins from the then CEO Michael Heeley and instituted a 'strategic review'. FD Ian Brookes and Group MD Richard Fiddis became joint MDs, but Fiddis subsequently departed (for Experian) leaving Brookes as sole MD. Lorien then sold off its Hong Kong and USA operations. *Then came Y2K! But are they downhearted? ...* **NO!** We met MD Ian Brookes recently and he was upbeat about the future (beyond H2 2000). Lorien recently won a spot on the Preferred Supplier List at Barclays, muscling in on **Spring**, **Hays** and **Rullion's** turf. They have also instituted a major ad. campaign on for their web site and their new "e-sourcing" brand (seemingly shared with **Cedar Group**'s ASP service!). But it's a vicious market out there as ITSAs compete for the post-Y2K business. The 'big issues' are contractor loyalty and resource management (all web-enabled, of course). Arguably Spring and Skillsgroup have taken the high ground on contractor loyalty schemes, and there are some exciting new players waiting on the sidelines to get resource management 'sorted'. As we've said before, Lorien will have to battle hard to stay in the game. Lorien's share price ended the month at 90p – a mere shadow of the c800p high in Apr. 98, and 29% down since the beginning of 2000.

## *Logica powers ahead with utilities*

**Logica**'s results for the half-year to 31st Dec. 99 were evidence, as if evidence were needed, of the success of the 'repeatable solutions in high growth sectors with a global approach' strategy. Revenues increased 38% to £403.3m, helped by a contribution from **Team 121**, acquired in June 1999. Margins broke through the magic 10% level to reach 10.5% as profits increased an impressive 63% to £42.5m. Again, Logica's Telecommunications sector activities were behind these impressive figures, with a near 100% revenue growth and they now represent 37% of group revenues. Energy and Utilities and Public Sector revenues both grew in excess of 30%, and although Industry, Distribution and Transport revenue grew 41%, Team 121 provided much of that growth and organic growth was slower. The finance sector was the black sheep in this period as the millennium effect took its toll and revenue contracted 18%. In terms of performance from different territories, revenue by client location grew 42% in the UK & Ireland and 23% in Continental Europe. The US market continued to tread water ahead of the long promised Utilities deregulation programme (of which more later) and revenues were down 9% in that territory. Asia Pacific/Middle East was the real star with a 130% increase in revenues to £74.3m, and that region now represents nearly 20% of group revenues.

**Comment:** Despite the stunning performance of the mobile telecoms business unit, the theme of these results was really the opportunities in Energy and Utilities. The centrepiece of this theme was the announcement of a £50m contract as preferred supplier to the New Electricity Trading Arrangements (NETA) for England and Wales. Not only this but, in the US, where deregulation has for some time now threatened to be a huge opportunity for Logica, the ball has finally started rolling and several large contracts have been won. All of this means that with continued strong growth in the telecom sector and recovery promised in Finance, 2000 looks set to be another excellent year for Logica. *Dr Read, we salute you!* The shares ended the month up a massive 66% on £27.02p.

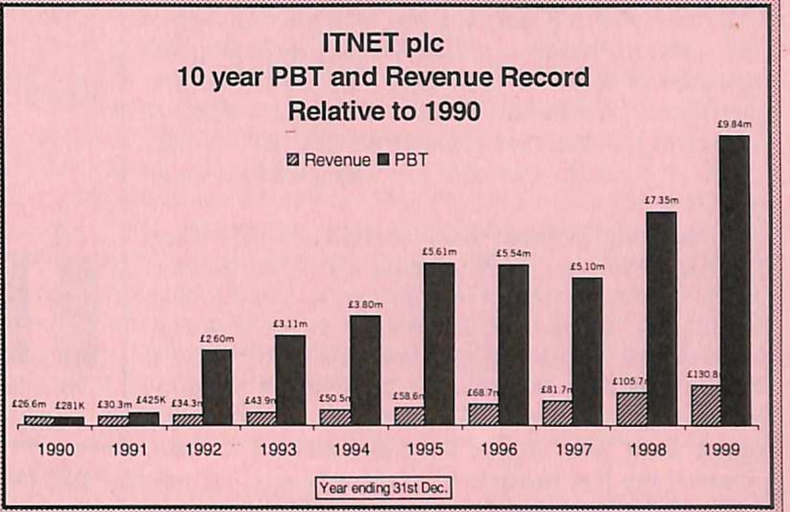
## *A good year at Baltimore but...*

**Baltimore**'s results for the year ended 31st Dec. 99 show an annual rise in revenues of 28% to £23.3m, with software making up an increasing (now 38%) amount of the total. Inevitably, the turnover was dwarfed by the size of the pre-tax losses, £31.4m, reflecting the increased spend on R&D & marketing. Fran Rooney remains upbeat: *"1999 was a very successful year for Baltimore Technologies with significant progress being made towards our objective of becoming the global leader in the provision of e-security infrastructure solutions. We are pleased to report record revenues for the year with significantly increased software license revenues in line with our stated strategy. Based on the strength of our sales prospects and established global presence, we are confident of a strong future for Baltimore".*

**Comment:** Compare and contrast Baltimore's 28% rise in revenue and heavy losses with the 38% rise in turnover and surge in profitability of Logica. Baltimore is now capitalised at £3.8b, or over 200 times sales, and is destined for the FTSE100 after the next meeting (another welcome addition to the fast growing list of FTSE SCS companies). Logica, even after the recent rises is valued at "only" £10.7bn, a multiple of c12 times expected sales.

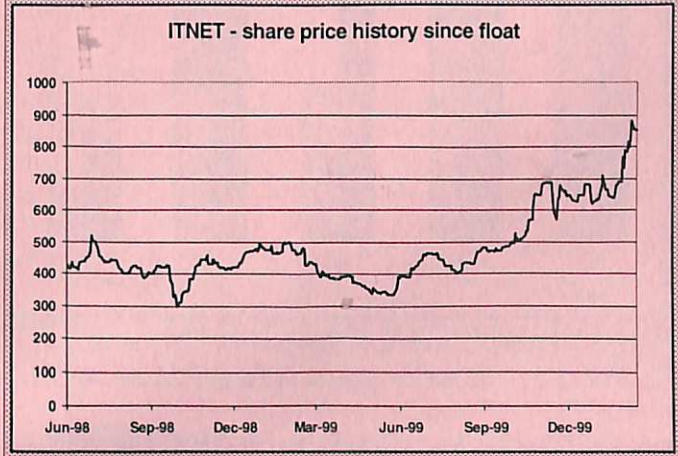
## *Solid results at ITNET despite the Hackney jitters*

**ITNET** has announced a pretty acceptable set of results for their first full year as a public company. In the year to 31st Dec. 99, revenue rose 24% (about the market average) to £130.8m, operating profit up 28% at £9.7m, PBT up 34% at £9.8m and EPS up 46% at 10.14p (all including goodwill). Pretax margins rose from 6.9% to 7.5%. Commercial sector revenue grew 15% to £59.8m buoyed by £34m new business, and now represents 46% of total revenue, down from 49%. Public sector did better with £73m new business including a record £60m/10yr ASP deal at Enfield. BPO (they call it BPS) is now 20% of the business, AM is 28% and 'pure' IT outsourcing is 52%. Of course there were the 'jitters' at Hackney (their star revenue and benefits BPO site) which has garnered a lot of bad press. On the other hand, ITNET is not alone in this - all the usual BPO suspects have had strife in local government - it comes with the territory.




CEO Bridget Blow expects the outsourcing market *"to maintain recent growth rates with particular strength in all of our core markets"*. Although there was a slowdown in project work towards the end of 1999, this only represented <10% of ITNET's business. Indeed, **Technosys** (e-commerce/knowledge management/Windows NT consultancy) acquired in May 99 was badly affected, contributing £3.3m revenue but only £132K operating profits (4% margin). However, *"There are already clear indications in the marketplace of a recovery but uncertainty remains (when this will be) reflected in revenue and profit figures"*. Blow expects *"further improvement in operating margin and earnings"* in 2000.

They also announced an important e-commerce deal with Infobank for an ASP e-procurement service for local government market (makes sense...and look what a similar deal did for Parity's shares last month!) It looks as if the newer outsourcing areas (desktop in particular) were the stars. Also they confirm the trend that Richard Holway stated in the foreword to the just published ITNET Outsourcing Index, that the advent of e-commerce/internet actually accelerates the trend to outsource these e-services. Recent deals with TravelInn on their reservations and the ASP deal with Enfield confirm that trend.




What with their Feb. 00 acquisition of **French Thornton** (large scale programme management), ITNET are now set to broaden their service offerings around their core outsourcing business. This will give them deeper penetration of their already very loyal client base, with (hopefully) higher margin e-commerce-related projects. French Thornton also brought them their first non-UK office (Delft) and a second (Brussels) opens as we go to press. According to Bridget Blow, we can expect ***"more significant acquisitions"*** both to expand overseas business as well as to increase existing business volumes.

But, perhaps, the real asset is the £300m order book stretching out 10 years (£187m new orders in 1999) which translates into an industry record breaking book to bill ratio of (yes, believe it) 2:3. Can't even work out what a book to bill ratio is for a dot com company! In other words, its these kinds of businesses - perhaps not wonderfully exciting - that will ALWAYS be the best bet medium to long term. We really do wish the private investors would take note! Anyway, ITNET came to the market in Jun. 98 at 350p and after a somewhat wobbly year is now heading due north. Shares ended the month at £11.33p, up 66% since the beginning of the year. Call that "Boring"? Well, we would settle for that. And yes, Holway has held ITNET shares since the very start and has no intention of swapping them for FreeJellyBeans.com.

## *Alan Benjamin OBE*

We were very sad to learn this month of the death of Alan Benjamin. Others will write the justly deserved obituaries. We knew Alan for many, many years right back to his days at the CSA, ICL and Sema. But, more recently, we had many robust, but friendly, discussions over lunch on topics such as the capitalisation of software development (see QSP p2) etc. It was amazing how many companies and organisations Alan gave his time to...*how many now have so much to thank him for.*

Alan did so much for our industry. He will be greatly missed.

Charitable donations can be sent to MacMillan Nurses at WCIT on 020 7600 1992. We understand that a memorial service will be held on 21st March..again more information from WCIT as places are bound to be in short supply.

## *Better off over here?*

At the UK SBN Forum, IT Minister Patricia Hewitt said she was off to Silicon Valley to persuade Brits to return to the homeland. *Not if they are going to get taxed so heavily for doing so, they ain't.* Indeed you do wonder whether joined up Government means anything at all when with IR35, NI on share options and a long list of *"left hand not knowing what the right hand is doing"* blunders occur.

**Axon** says they would have *"been killed at birth"* had the current NI regime had been in place. Indeed *"under current regulations the total NI bill on share options would exceed the total profits generated by the company since it started 5 years ago"*. Indeed, it calculates the cost at £9m. Tim Jackson at QXL has already handed over £12m in NI. All daft. Hope Gordon Brown refunds it if he changes it (as surely he MUST do) in his Budget.

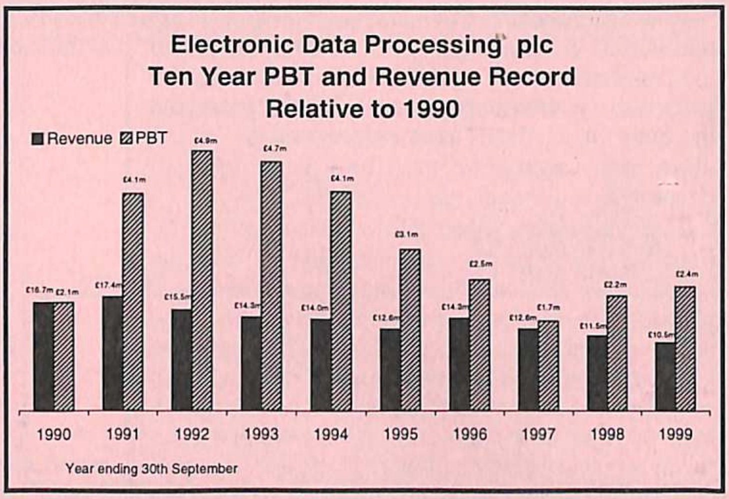
Let's reduce CGT to a flat 20% on everything, no CGT payable if you reinvest in anything within 12 months. CGT only payable when you cash in your chips. All options, whether approved or not, to be capital gains. Maybe then we will get more Brits back here, more Brits staying here, more Brits investing their gains here.

## Electronic Data Processing - *if everything else fails, change your name*

**EDP**'s preliminary results for the year to 30th Sep. 99 show PBT up 7.5% to £2.4m on revenue down 9% at £10.5m. They are renaming themselves **fastfreenet.com.** "*The substantial infrastructure we have laid down puts the Group in an excellent position to take advantage of the way business to business trading is now directed. With the technical and financial strengths of the Group, I am confident we shall make good progress following our repositioning of the business*".

**Comment:** EDP frustrates at every turn, having for so long not been a favourite of ours.

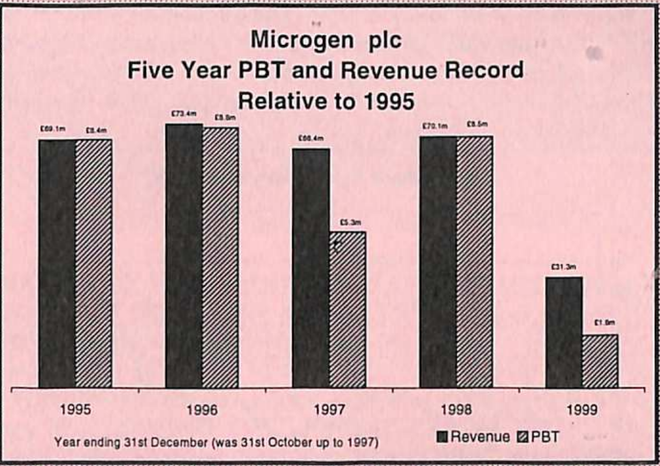
They say they are grasping the "*explosive growth of the internet, which is fundamentally changing the direction of business computing*". They also mention significant investment in R&D (£1.8m last year) to transform the business towards an ASP B2B model. *So far so good.* But then they ruin it by wanting to be an ISP as well.




We have long criticised them for sitting on their (sorry their shareholders), cash pile. EDP has always complained about not being able to spend the cash because of "*silly prices*" in the SCS sector. Now they are looking to use this for investments in internet related businesses with relevance to the current strategy. Hooray!! (even though this is five years too late and if prices were "silly" at any point in history, it is now). However the first example of this is a bizarre half-hearted "bid" for Pegasus, which rightly never got off the ground. *EDP talks a good game, but we have doubts over their ability to execute the game-plan.*

## *Further progress at Microgen*

**Microgen** has released an excellent set of figures for the year ended 31st Dec. 99 demonstrating the benefits of moving into the high-value B2B e-commerce ASP space. The comparative figures are of course warped by the major refocus the business went through when they sold their COM's business - they have now completed the entire COM sale this month with the disposal of the Irish operation. For what it's worth, headline revenue is down over 50% to £31.3m with PBT down from £8.5m to £1.8m. But of course the 1998 profit figures were inflated by exceptional profits of £7.9m.




**Comment.** We are really quite a fan of Chairman Martyn Ratcliffe and what he has achieved at Microgen. Transforming it from "smokestack" COMs business to one positioned right at the heart of the most valuable B2B e-commerce ASP space. Their e-Billing ASP and their Axess (data archiving) looks just right. Mind you, Ratcliffe (and the other shareholders) have reaped their just rewards. Ratcliffe bought 10% of Microgen at less that 100p in July 98. They ended February on 638p.

## Capita excels... *will it be capita.com next?*


*System House* **Boring Award** winner, **Capita**, has posted yet another set of cracking figures for the year to 31st Dec. 99. Total revenue was up 38% at £327m with PBT up 36% at £36.4m. In the year, Capita managed to increase penetration of the private sector, which now amounts to 34% of group turnover. Education now represents 17% of turnover and "*offers significant growth opportunities*". Capita are now turning to exploit the internet/e-commerce, both in education and local government, with key alliances with Microsoft and Oracle. There were some who questioned our inclusion of Capita as a SITS company...*no doubt any more!*


We will leave the superlatives to Rod Aldridge, Executive Chairman "*We have enjoyed excellent growth in 1999, and have made significant progress with our strategic agenda. Our current revenues are substantially higher than the corresponding period 12 months ago and our future growth is underpinned by new business opportunities and our new alliances. We believe shareholders will be pleased with the results for the coming year and our prospects for further strong growth thereafter.*"

With the shares up another 63% this month to £15.98p and a capitalisation now of £3.2b there is every likelihood that Capita could shortly enter the FTSE100.

## *Sema bucks the trend*

Seemingly bucking the 'second half woes' that have befallen many UK SCSI companies, **Sema Group** announced pleasing if unspectacular results for the year ending 31st Dec. 99. Revenue on continuing operations (they sold off their share in **BAeSema** last year) rose 20% (23% at constant exchange rates) to £1.41b and PBT on continuing operations (excl. exceptionals) rose 26% to £93.6m. Total PBT for the year was £93.8m - including a £6.2m hit for *"restructuring costs"* (mainly data centre consolidation for their outsourcing business) and a £6m gain on the sale of part of their holding in **Phone.com**. EPS (fully diluted) was 14.7p. The stated 6.8% pre-tax margin excludes exceptionals - the 'true' figure is a tad lower at 6.7%, compared to 6.3% for continuing businesses in 1998. Although improved, that's one of the lowest in the sector with CMG, for example, over 10% and Logica nudging the double digit. The order book stood at c£2b - 25% higher than the same time a year earlier - of which over £700m (i.e. half of 1999 total revenues) falls in 2000 - a very solid result.

UK is still the largest market, with revenue up 24% to £521m - but stood bottom of the profit margin league at just 6.0%, partly due to R&D costs for a new payment system, but mainly due to the squeeze on their outsourcing activities. France only grew turnover 6% to £350m, but their 8.2% margin reflected the better profitability of Sema's SI activities (very strong in France). Indeed, Sema's SI revenue grew 23% to £621m, and enjoyed margins of 8.8% (up from 8.1%). In contrast, Outsourcing rose 17% to £630m, with Sweden and Italy showing greater growth - but the all important UK business brought outsourcing margins back to line-ball at 7%. They recognise the need to lift this margin and are consolidating their data centres to reduce costs and taking *"a more selective stance"* on their outsourcing deals. Sema's Products business lost £2m on £159m revenue - the final hit from the development of flagship telco industry package SemaVision. They have made some big sales in 1999 and the product is expected to show a profit in 2000. Sema's disaster recovery business (SG-RS) increased revenue 43% - which we think brings this to c£36m.

**Sema Group - Turnover by activity**

| | 1999 | 1998 | 1999/98 |
|---|---|---|---|
| Systems Integration | £621.4m | £503.6m | 23.4% |
| Outsourcing | £629.6m | £539.4m | 16.7% |
| Products | £159.0m | £131.2m | 21.2% |
| **Total continuing activities** | **£1,410.0m** | **£1,174.2m** | 20.1% |
| Discontinued activities | | £76.2m | |
| **TOTAL** | **£1,410.0m** | **£1,250.4m** | **12.8%** |

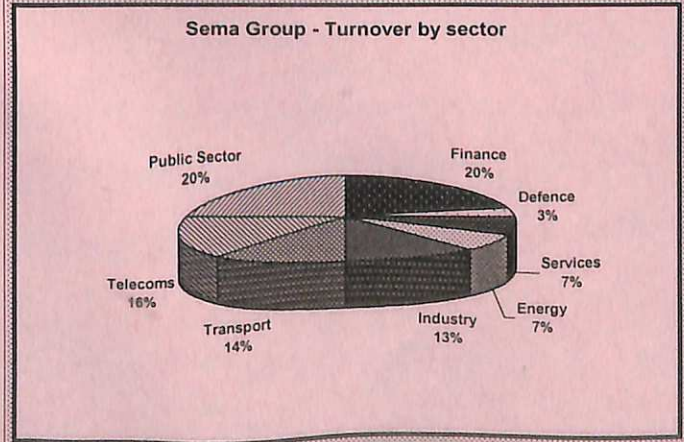
**Comment**: Never the most exciting player, Sema is actually very well positioned in all the right places. There's the core Systems Integration business - indeed, we reckon we are about to witness a new golden age in SI. Then there's mobile telecomms where SemaVision was launched a year ago., This division generated c£106m revenue in 1999 which is expected to break-even this year on the back of new contract wins (seven customers including Vodafone and Vivendi - with a further two expected shortly). Plus of course e-business (mainly banking), and here they plan to turn themselves into a web integrator, which includes consulting, SI and web hosting/ASP. OK, Sema's 'pure' e-business revenues were 'only' about £40m in 1999, but you can probably add another £25m to that number from e-commerce activities in their core SI business. But this is set to grow dramatically. They have some work still to do on the outsourcing side - they expect to spend a further £15-20m on data centre consolidation which they claim will not impact margins. And of course Sema shares the challenge, like Cap Gemini, of coping with the new 35 hour working week in France. But, unlike their arch rival, Sema pretty well sailed through H299. So with Sema, you might not see many fireworks, but they sure have a lot of sparklers!

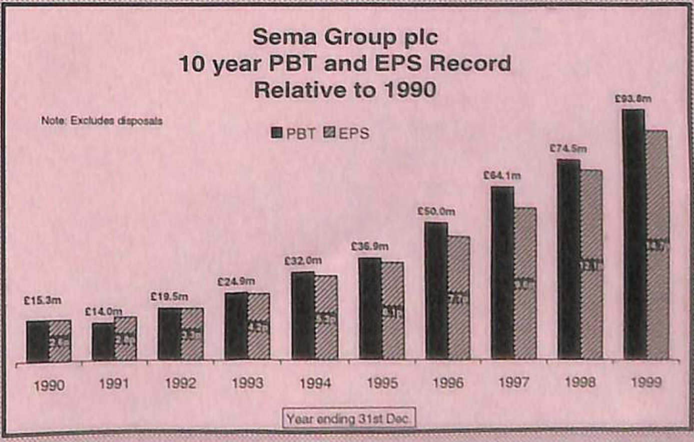
**Sema Group - Turnover by country of origin**

| | 1999 | 1998 | 1999/98 |
|---|---|---|---|
| **UK** | £521.1m | £419.2m | 24.3% |
| France | £350.1m | £330.8m | 5.8% |
| Sweden | £165.7m | £149.2m | 11.1% |
| Spain | £122.7m | £66.7m | 84.0% |
| Italy | £94.4m | £63.8m | 48.0% |
| Others | £156.0m | £144.5m | 8.0% |
| **Total continuing activities** | **£1,410.0m** | **£1,174.2m** | 20.1% |
| Discontinued activities | | £76.2m | |
| **TOTAL** | **£1,410.0m** | **£1,250.4m** | **12.8%** |

By the way, there's still no sign of a US acquisition. As CEO Pierre Bonelli put it, *"patience is a virtue"*. He is clearly extremely virtuous! Of course the current rising share price will give Bonelli considerably more fire-power if/when he does decide to move.

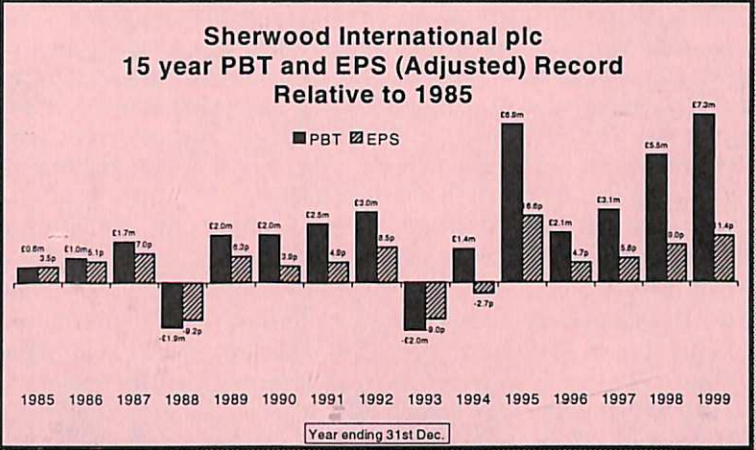
Now in the FTSE100 with a market value of £6.2b, Sema's share price ended the month 13% up at £13.56p.



## *Insurance looks the best policy for Sherwood*

Despite a Y2K-induced sales slowdown towards the end of the year, 1999 was actually pretty good for insurance systems-to-outsourcing supplier **Sherwood International**. Results for the year to 31st Dec. 99 show turnover up 11% at £47.2m, PBT up 34% to £7.3m and normalised EPS up 27% at 11.4p. Net funds rose 93% to £28.6m. CEO George Matthews was duly delighted - *"We are positioned for strong international growth and I look forward to a rewarding year ahead."* However, UK t/o rose just 3% to £30.3m and now represents 64% of total - down from 69%. Cont. Europe soared 71% to £3.2m and North America was up 32% to £13.3m (inc. £281K contribution from acquisitions) and is now 28% of the total. However, t/o in ROW plummeted two-thirds to just £415K T/o from their core life insurance businesses is now 65% of the total (was 63%) - the balance coming from UK Gov. IT outsourcing activities, which saw a 27% increase. In best Holway tradition, Sherwood now gets 87% of total rev. from services - just 13% came from licence fees.




On the insurance side they scored new sales for their flagship AMARTA and Senator products in the US - but a UK implementation at Heath Group was aborted. Of course, they excited the market in Nov. 99 with the launch of their "aeos" e-commerce platform - but they are still looking for their first sale. They've also got a toehold in E. Europe and an entrée into India - both very big opportunities. On the outsourcing side, they bought out **ICL**'s share in the **Sherwood-CFM** JV and allied instead with UK gov. BPO-meisters **CSL** - smart move for both parties.

**Comment**: Sherwood's financial performance has been a bit like the Tango - a few paces forward and one step back (OK, we never claimed we could dance!). Sherwood sticks to the knitting, fair enough - but they actually have two "patterns": insurance systems and outsourcing. They want to become #3 in the global insurance market but to do this they need to get into general ('property & casualty') insurance in the US. They know the formula - partnerships and acquisitions - and seem well enough established to become a credible player in spite of their lack of size. They also have plans to conquer the rest of the world and have reorganised to give that territory to ex-FD Steve Bellamy, who now becomes their COO for UK/ROW - he has his work cut out given the disappointing results outside of Europe. They plan to keep their profitable UK-based IT outsourcing activities - but it seems to us that this is a completely different line of business which may eventually benefit from some form of separate management - indeed, this could be a very attractive proposition for new partner CSL. Whichever, it's great to see a 'little British battler' making its mark in the mainstream US insurance market. This will be a key year for Sherwood if they are to break the PBT "Tango" and we wish them well. Shares finished the month at £14.75p, up 19% over the year. Considering you could have bought them at 21p back in 1994, investors must be feeling very happy.

### *Stop Press*

As we go to press with this month's 'bumper' issue, yet more results have been announced. We will deal with them in greater detail in the April issue or see **www.holway.com/hotnews**....

**London Bridge.** Revenue up a massive 88% to £42.2m although PBT is down 4% at £7.1m. EPS has fallen 20%.

**Guardian IT.** Revenue up 66% to £49.2m, PBT increased a much lower 6% to £7m and EPS was up 21%.

**Quantica.** Turnover up 20% to £18.1m, PBT down slightly (blamed on Y2K problems) to £3.2m. EPS fell 11%.

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