System House

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

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Profits growth dives in 1999

This month we attended the annual CSSA Conference - just like we have done every year since the mid-1980s. But if you had been a first time attendee, you would have got a rather strange perspective on the UK software and IT services sector. Firstly you would have been convinced that CSSA members were involved only in the internet and associated e-business. You would have learned that bandwidth was the industry's main concern and that WAP technology was the only topic worth discussing.

In particular you wouldn't have heard anything about outsourcing, systems integration, IT recruitment, contractors, people based developments, application maintenance et al. Now that's a bit strange because, with the most liberal definitions of e-services, CSSA members would have been lucky to stretch such revenues to much more than 5% or c£1 billion of its total in 1999!

But, perhaps even stranger, you would have gained the impression that everything in CSSA member gardens were truly blooming. After all, despite the pretty dramatic share price falls this month which show the Holway SCS Share Index nearly 30% off its March peak, it is still up 190% since 1st Jan. 99. Comparative valuations (as shown in chart) are four times higher than ten years ago. Indeed, at an average P/E of 60, they are nearly twice their previous record high.

But the reality of the situation is quite, quite different. We are now in the closing stages of completing our 2000 Holway Report (brochure and order form enclosed). Whichever criteria you pick, 1999 was (on average!) a dismal year.

Just look at the headlines:

- growth in revenues from the UK for the >2000 companies in our database fell from a record high 25% in 1997/98 to around 15% in 1998/99. Indeed many of the Top 10 UK suppliers like Cap Gemini, Andersen Consulting significantly underperformed even this reduced average market growth.

- this impacted profits considerably. The measure we prefer excludes companies swinging from profit to loss (or vice versa). This showed a 13% PBT growth in 1998/99 - half that of 1997/98 and the lowest PBT increase since the recessionary period of 1990/92.

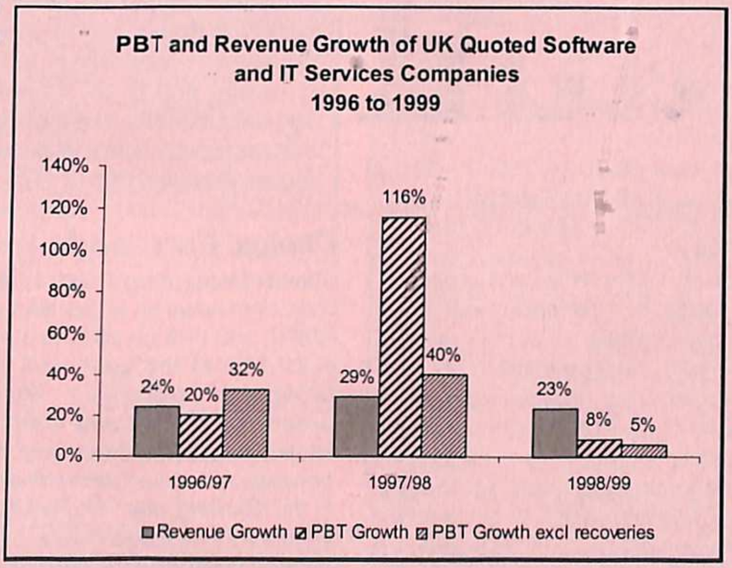
- as the number of companies sliding into losses greatly exceeded those reporting recoveries, the overall figure shows a much lower 8.6% increase in PBT.

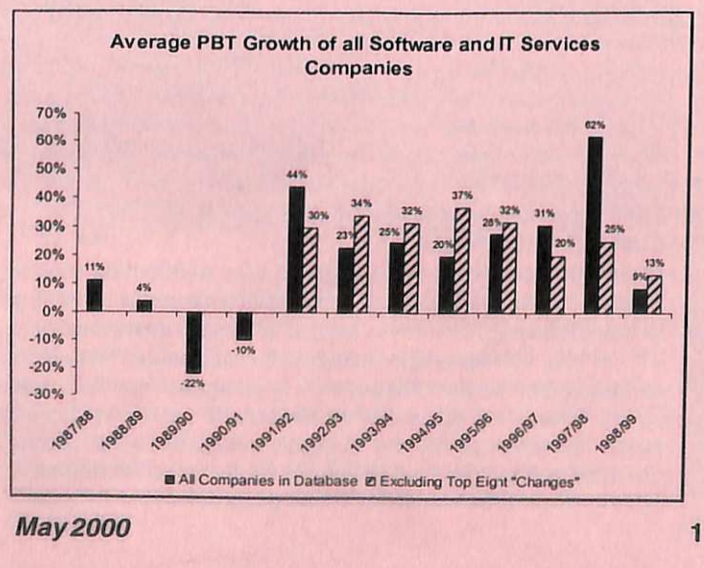
These figures are for ALL the 2000+ companies in our database; the vast majority of them private companies. The 112 SCS companies quoted on the LSE (main and AIM) fared even worse.

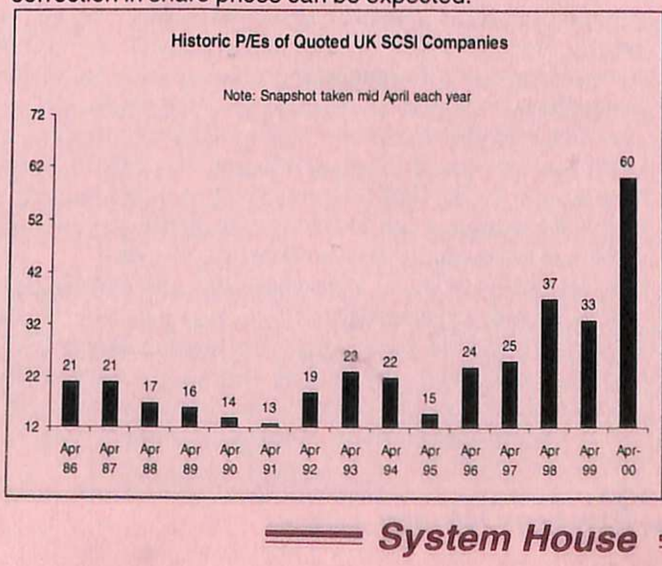
- although these quoted companies recorded a 23% increase in revenue, much of this related to acquisitions; particularly of overseas companies.

- PBT, on our favoured measure which excludes the major swings from loss to profit, increased by a meagre 5% compared with 40% in 1997/98.

Our conversations with the UK's leading players tend to indicate that the market has not recovered in the first half of 2000. Hence our forecasts are for an even lower market growth rate. We fail to see how this can have anything but a continued negative effect on earnings growth. So current valuations are either even more so based on forecast growth many years in the future or a further correction in share prices can be expected.

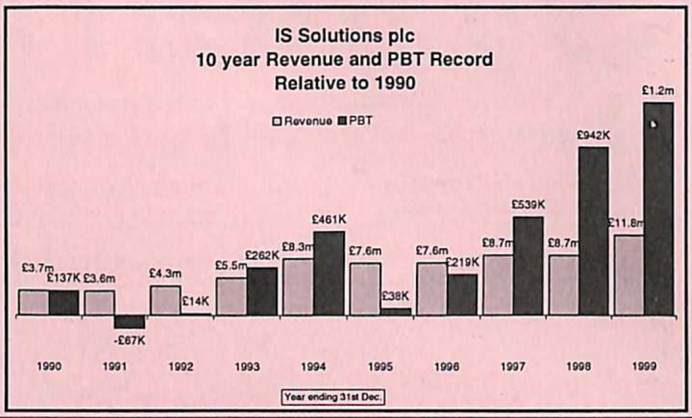






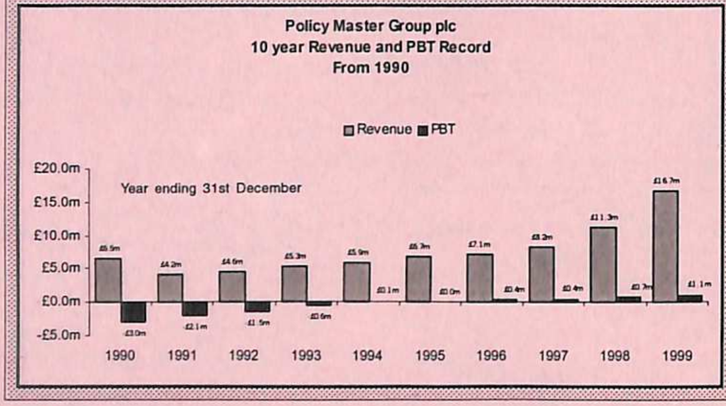
IS Solutions on way to Official List

IS Solutions results for the year ended 31st Dec. 99 show revenue up 35% to £11.8m, PBT up 28% to £1.2m and EPS up 26% to 17.12p. IS are looking to move to the Official List in May. Commenting on the outlook, Chairman Barrie Clark said: "*The strong demand for our services in the UK, coupled with the realignment of the US operation leads the Board to be optimistic about the future provided that we can continue to recruit suitably skilled staff.*" IS has also announced the acquisition of **AXL** (AXL Business Solutions and AXL Performance Solutions) for £2.28m, of which £1.9m is in cash and the balance by the issue of 40K shares. AXL is a solutions provider "*specialising in the financial sector undertaking work related to financial information feeds, software authoring, web architecture and facilities management*". A placing of 147K shares at 950p raising £1.4m will partially fund the acquisition with the balance from IS' cash resources. The shares have fallen 5% to 895p at the end of the month.



Solid Results as a Matter of Policy

Policy Master's (developer of software for the insurance and financial services industry) results for the year ended 31 Dec. 99 show turnover up 47.6% to £16.7m, PBT up 52% to £1.06m, and EPS up from 5.9p to 6.9p. Stephen Verrall, CE, commented: "*Policy Master is becoming a significant player in a massive market for insurance-related software and services. With our aim of becoming a leading global supplier in mind, and in addition to our planned organic growth, we will continue to look for further acquisition opportunities, both to consolidate our position in the UK and to grow our presence in the US*". PM has also announced a new contract with **interactive investor** to design and build a insurance products portal. The agreement involves offsetting a proportion of development costs against a share in transaction revenue. Policy Master shares stood at 705p, a 25% fall on the month.



SBS Recovery Underway

SBS', the AIM-listed ITSA, results for the six months ended 29th Feb. 00, were "*severely affected by the downturn in the IT sector caused by the so-called Y2K microclimate*". Highlights: revenue down 19% to £22.9m compared to the six months to 28th Feb. 99 (excluding the acquisition revenue declined 28%), PBT down 91% to £124K, and EPS down 91% to 0.9p per share. With the fall in the average number of contractors on assignment from 627 in 99 to 546, operating margin fell from 5.5% to 1.6%. Commenting on the outlook, Chairman John Davies said: "*It is pleasing to note that recovery in most areas of the business is increasingly evident. This, together with the contribution of the Group's recent acquisition {US-based Applied Concepts acquired Oct. 99} leads us to expect a much improved performance in the second half of the year*". SBS share price at 158p at the end of Apr. 00, still down 23% on the year to date.

Vocalis warns of increased losses

Vocalis Group has announced that it expects losses for the year to Mar. 00 will be "*materially greater*" than current expectations due to investment in product development made during the year. Also announced were new contracts: a three-year deal with **MCI WorldCom** in the UK for the provision of telephony services for SpeecHTML and SpeechMail, and a contract with **Zebec Data Systems** for SpeecHTML to the US healthcare market (worth $1.5m over the next three years and a share in the revenues derived from on-going use).

The recent consolidation in the sector (with **Lernout & Hauspie** buying rival **Dragon** for $587m, and becoming the largest player) has passed Vocalis by. This announcement might explain why. Vocalis has seen its share price tumble, now standing at barely one third of its peak. Another reminder of the dangers of valuing a company at nearly £450m at its peak with only £5m of revenues.

Clinical Excellence ? Hardly !

Clinical Computing's results for the year ended 31st Dec. 99 showed revenue up by a pitiful 2.4% to £3.1m, PBT up 38% to £382K, and EPS up 36% to 1.5p. Clinical had a cash balance of £2.78m at the year end. Commenting on the outlook, Chairman M Gordon said: "*We anticipate significant new sales orders in the second half of the year. The customer implementation process, and our revenue recognition policy, however, will mean that these orders will be generating turnover in the following year*". So, another year of virtually no growth in store then ! Revenues have hovered around the £3m mark for the past three years. While the company has approaching £3m sitting in the bank, shareholders have seen their initial investment fall to far less than half, from the IPO price of 124p per share in Feb. 94p to 49p at the end of the month.

Another warning from MERANT

MERANT has announced that Q4 results (to 30th Apr. 00) are to be hit by non-recurring charges of between £6-9m as a result of the planned business "*realignment*". With expectations that revenues for the year ending 30th Apr. 01 will rise 8-10% from the current year. Gary Greenfield, President and CEO, said: "*The Company is focused on rapidly providing sustainable e-business value to our customers, and we expect two-thirds of Merant's revenues to be e-business related by the end of fiscal 2001*". Shares were this month down a hefty 55% to157p.

Good PR for Text 100

Text 100, technology PR company, has announced maiden interim results to 31st Jan. 00. Highlights: revenue up 61% to £15m, PBT of £517K (down from £755K for the six months to 31st Jan. 99, flotation costs eating up £434K) and EPS up 3% to 2.55p. Commenting on the outlook, Tom Lewis, Chairman, said: "*The Group has made a strong start to the second half of the year, and demand for our services remains high in all our geographic markets. As a result, the Board is confident that the Group will continue to show further progress at the full year*"

Painful migration at MSB International

Once a star in the UK ITSA (IT staff agency) firmament, **MSB International** showed how badly it was - and still is - affected by the *Y2K microclimate* when they announced their results for year ended 31st Jan. 00. Revenues were down 3.2% to £184.9m, PBT down 39% to £4.96m and EPS dropped 37% to 17.4p. Recently appointed Non-exec Chairman John Bateman referred to 1999 as *"a year of change with many challenges"*. As for 2000 ... *"In financial terms the current year will be adversely affected by the continuing soft market and the mismatch between the current cost base and anticipated volumes of business. Remedial action is under way now with a more positive outlook for the second half."* MSB also revealed changes to the board, including Peter Flaherty, formerly Deputy Chairman, appointed as chief executive. MSB's share price dived 40% to 123p soon after these results were announced - valuing the company at just £25m.

The big surprise at MSB wasn't so much the dismal results - those were surely to be expected. It was to find that Exec. Chairman David Sugden had resigned the week before results were announced, to be replaced by ex-**EDS** Europe head John Bateman, who joined the board as NED in early March under Sugden's sponsorship. Unfortunately, Bateman wasn't around at the results briefing to announce the bad news, leaving it to 'new' CEO Peter Flaherty and FD Andrew Zielinski to try to put the best possible spin on the numbers. It appears that Sugden left after it was clear that the new sales compensation plan (high base salaries, low commissions) he had instigated as part of a migration up the value chain didn't quite take account of the steep drop in business in H2 99 or the 'unexpected' lack of turnaround in H1 2000. They've now given Marketing Director Peter Browne the additional role of Sales Director.

MSB also announced plans for a move into Europe, a new web-based service, and value-added services, but these are mostly at an early stage. However, they did score a *"strategic partnership"* with **Cisco** on the back of MSB's new 'virtual resource centre' (web-based recruitment) and HR managed service contracts with **Citibank** and **Wireless Information Network**.

Comment. Just a couple of years ago, MSB's shares were topping £10, over 5 times the IPO price a couple of years prior to that. But the Mark Goldberg/Crystal Palace FC saga *(Ed's note: see the Holway Report for the gory history)* and Y2K took its toll and MSB's share price has suffered ever since. Indeed, by Aug. 99, shares were trading just below the 160p IPO price, but recovered again at the end of 1999 along with the rest of the SCSI stocks. But the poor year-end results compounded the effect of the bail-out from the technology sector, leaving MSB's share price at 111p at the end of April, 44% down on the month and 42% down on the May 96 IPO price. Overall, it's a sorry tale - we do personally have a lot of time for Peter Flaherty and it is good to see him back at the helm. But with the best will in the world, we'd have to say he has a very tall mountain to climb to restore credibility with investors. Frankly, MSB is too small to compete in the commodity ITSA market - now the domain of the mega agencies like **Adecco, Vedior, Modis** and **Manpower.** Its plans to move up the value chain are moving in the right direction - but these require increasing investment as other ITSAs keep raising the ante. John Bateman's vision for MSB *"becoming the leading IT staffing service provider"* is a bold and courageous statement under the circumstances - but with some 34% of shares in the hands of the directors and another c3% in employee trust, they would undoubtedly put up a fight if predators start sniffing around.

SDL "delighted"

SDL has announced the acquisition of **International Translation and Publishing** for £14.25m funded by a one-for-six rights issue raising £22m. SDL has also revealed year end results to 31st Dec. 99. Highlights are: turnover up to £12.96m (£10.1m in 98), loss before tax £796K (£209K PBT in 98), LPS 2.63p (EPS of 0.41p in 98). Commenting on the results, Mark Lancaster, Chairman and Chief Executive, said: *"Following the launch of SDLWebFlow in January, SDL has received significant interest from corporates who recognize the necessity for multilingual web sites and require an efficient means of maintaining quality content in international markets...We have been delighted by the positive response from investors and the funds raised will give us the critical mass required in a fast growing B2B area in the technology arena. We are also pleased that our results reflect a strong final quarter of trading, a trend which has continued through to the current financial year"*. SDL was a new IPO at 150p in and ended Apr. 00 almost double on 292p.

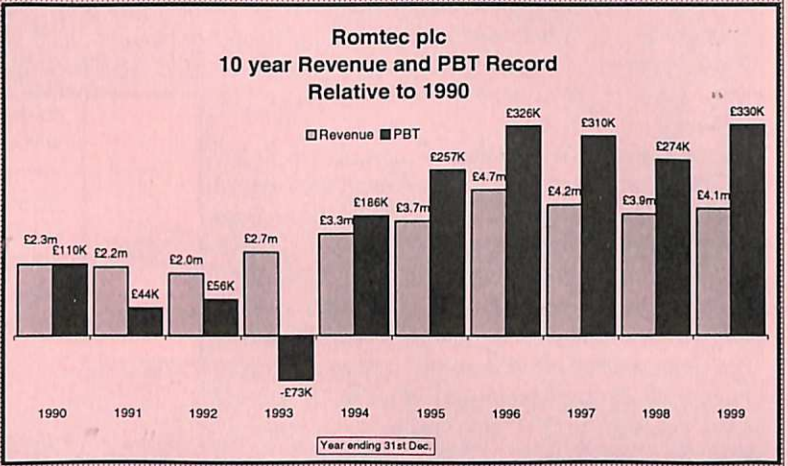
Disappointed? You said it!

Oxford Molecular announced a refinancing package and results for year ended 31st Dec. 99. Highlights: revenue down 8% at £19.76m, LBT deepened twelvefold to £26.2m, and Loss Per Share by 13-fold to 30p per share. Commenting on the outlook, Douglas Brown, Chairman, said: "*In general, software sales remain disappointing but there are signs of improvement as the benefits of reorganization become apparent*".

Shares were trading at 28p at the end of the month, a far cry from the float price of 80p back in Apr. 94 and even further from their high of c485p in 1997! It is a sad reflection that the finance is being used to cover the costs of office closures, staff redundancies and to "*bolster customer confidence in the group*".

Disappointing Romtec Acquired

IT market research company, **Romtec** has been acquired by **Total Research Corp.** for 91p per share which equates to £4.3m. Romtec also announced PBT up 21% at £331K on revenue up 5% at £4.1m in year to 31st Dec. 99, although a strong 22% growth was reported in H2. Still this provides an exit for Chairman Russ Nathan who owns 85% of the equity. However Nathan has waived 11p of his entitlement and will have to wait two years to get the final 15p of the 80p per share/£3.6m that he will receive. Other shareholders can take cash in full or loan notes. Nathan stays on for two years with Total but Mark Vaygelt becomes MD of Romtec. Share price stood at 85p at the end of Apr. 00, up just 4% on the month. The shares were launched at a price of 62.5p back in 1996.

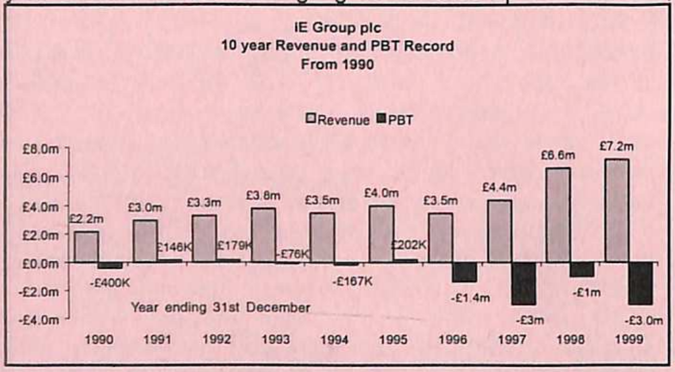


Comment - Romtec has really been a great disappointment since its AIM float back in 1996 at around 62.5p. Interesting that they made rev of £3.7m in 1996 so the growth since has been minimal. It shows how difficult the IT market research arena has been in that period. Most of our competitors have found it difficult to match the growth in the IT market which we serve. Although some observers have been critical of Romtec specifically, either IT companies have a poor regard for market research companies in general or IT companies still do not understand the importance of high quality market information. Either way, the story is not that encouraging for us!

Note: Holway has been a long suffering shareholder of Romtec since the start, mainly because of our long term relationship with Nathan.

Losses deepen at iE

iE, (formerly **Intelligent Environments Group**) the financial services e-business company, has announced results for the year ended 31 Dec. 99. Highlights: revenue up 9% to £7.2m,



The loss before tax deepened almost threefold to £3m and loss per share deepened from 3.42p to 8.16p. Commenting on the outlook, Clive Richards, Chairman said: "*1999 was a year of significant transition for the Group as the traditional business was overtaken by its fast growing e-business activities...the {product} strategy will position the Group well to take advantage of the developing e-business market*". iE shares ended the month at 129p, down 19%.

Whither Gresham?

Gresham Computing has announced that three non-executive directors (Chairman Roger Graham, Peter Bickerton and Clifford Jakes) plus CEO Bill Simpson and Alan Davies (Chief Technical Officer) have resigned. Two major shareholders (Sid Green and Steve Purchase) who are also directors have not supported the strategy put forward by Simpson.

At the AGM on 10th April it was announced that Sid Green has taken over as Chairman. A few days later the appointment of a new CE, Andrew Walton-Green (former director at **Deloitte & Touche**) was announced.

Comment - As we are so close to this situation (and long term shareholders) we find it difficult to comment...other than to share the complete frustration of other shareholders. We repeat our long held belief that Gresham cannot go through another period with a new CEO. It needs a "white knight" to take its long suffering shareholders out of their misery.

Given that Gresham is currently trading on a PSR of just 0.5, surely someone out there can see that there are some hidden gems here?

Capita has busy month

This month **Capita** has announced:

- acquisition of **IRG** Plc, the "*UK's 3rd largest share registration services company*", for £100m
- £2.5m investment in **www.myshares-online.com** a new company offering employee shareholders online information and administration services
- placing of 6.7m new ordinary shares at £15.10 per share to raise £99.6 million (net) principally to fund the acquisition of IRG.

Rod Aldridge (Exec. Chairman) commented: "*The acquisition of IRG and our investment in myshares-online considerably enhance Capita's service offering to the private sector and will establish a key platform for further growth in financial and human resource services. The two businesses are complementary and will benefit from each other's customer bases, market knowledge and skill sets in the provision of employee share administration services. Both businesses will also benefit from Capita's extensive IT, business process, HR and customer support services expertise. IRG and myshares-online enjoy an outstanding private sector client list and this provides Capita with further strong building blocks for our continued expansion into the private sector market*". At first blush it was a bit tricky seeing where this all fitted in. But we've spoken to Capita CEO Paul Pindar and it does seem to make sense. Basically, Capita's "knitting" is back office and admin. processes, which is what IRG is all about. The attractive bit isn't just the share registration service – it also does employees share scheme admin. services (this ties in with the myshares.com investment) – which could be a nice cross-selling opportunity for Capita's growing HR service portfolio. Also IRG has some 1,200 clients in the private sector – an area Capita is very keen to expand its presence in. The price paid seems full – IRG had revenue of £26.6m and PBT of £3.3m in the year to 31st Mar. 99 – but given the strategic nature of the deal – and Capita's superb track record on the M&A front – we don't doubt they will get full value too.

The AGM statement also included news of several important new contracts. The shares finished April on £8.04p - some way short of their highs (£19+) but still on a high rating of PE 166. If this does not convince doubters about the virtues of being "***Boring***" then nothing will.

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

Admiral plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£147,187,000		£170,186,000	+15.6%
PBT	£23,479,000		£24,752,000	+5.4%
EPS	24.90p		25.40p	+2.0%

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

	Final - Dec 98		Final - Dec 99	Comparision
REV	£20,024,253		£25,378,000	+26.7%
PBT	£1,824,401		£4,560,000	+149.9%
EPS	2.80p		5.70p	+103.6%

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 99	Interim - Feb 00	Comparision
REV		£122,774	£1,392,585	n/a
PBT		-£59,749	-£127,831	n/a
EPS		-5.75p	-3.70p	n/a

Bond International Software plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£8,807,697		£8,457,169	-4.0%
PBT	£935,378		-£789,085	Profit to loss
EPS	4.54p		-4.81p	Profit to loss

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

	Final - Dec 98		Final - Dec 99	Comparision
REV	£10,989,000		£13,614,000	+23.9%
PBT	£1,223,000		£1,125,000	-8.0%
EPS	8.26p		6.11p	-26.0%

Clinical Computing plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£3,039,301		£3,112,623	+2.4%
PBT	£276,584		£382,336	+38.2%
EPS	1.10p		1.50p	+36.4%

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

	Final - Dec 98		Final - Dec 99	Comparision
REV	£1,586,238,000		£1,760,628,000	+11.0%
PBT	£64,603,000		£75,136,000	+16.3%
EPS	23.50p		28.10p	+19.6%

DCS Group plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£110,172,000		£164,910,000	+49.7%
PBT	£7,353,000		£8,129,000	+10.6%
EPS	20.78p		18.98p	-8.7%

DRS Data & Research Services plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£7,164,000		£8,176,000	+14.1%
PBT	£73,000		£236,000	+223.3%
EPS	0.13p		0.52p	+300.0%

Delcam plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£13,735,249		£15,774,254	+14.8%
PBT	-£1,418,549		£1,042,075	Loss to profit
EPS	-23.10p		13.20p	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

	Final - Dec 98		Final - Dec 99	Comparision
REV	£170,762,000		£174,450,000	+2.2%
PBT	£5,564,000		-£3,857,000	Profit to loss
EPS	2.90p		-3.50p	Profit to loss

Easyscreen plc

	Final - Mar 98	Final - Mar 99	Interim - Sep 99	Comparision
REV	n/a	£110,915	£671,000	n/a
PBT	n/a	-£637,143	-£3,200,000	n/a
EPS	n/a	n/a	n/a	n/a

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

	Final - Dec 98		Final - Dec 99	Comparision
REV	£21,662,000		£22,301,000	+2.9%
PBT	£3,438,000		£4,656,000	+35.4%
EPS	8.98p		8.87p	-1.2%

Flomerics Group plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£6,910,106		£8,713,000	+26.1%
PBT	£384,123		£807,000	+110.1%
EPS	10.10p		18.60p	+84.2%

Freecom plc

	Final - Dec 98		Interim	Comparision
REV			£599,000	n/a
PBT			-£2,100,000	n/a
EPS			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

	Final - Jan 99		Final - Jan 00	Comparision
REV	£104,851,000		£150,998,000	+44.0%
PBT	£8,869,000		£11,974,000	+35.0%
EPS	19.29p		27.64p	+43.3%

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

	Interim - Dec 98	Final - Jun 99	Interim - Dec 99	Comparision
REV	£18,534,000	£40,047,000	£22,328,000	+20.5%
PBT	£1,949,000	£4,335,000	£2,035,000	+4.4%
EPS	6.60p	14.90p	7.00p	+6.1%

iE Group plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£6,633,118		£7,218,738	+8.8%
PBT	-£1,024,104		-£3,020,988	Loss both
EPS	-3.42p		-8.16p	Loss both

IS Solutions plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£8,745,633		£11,818,000	+35.1%
PBT	£942,384		£1,205,000	+27.9%
EPS	13.62p		17.12p	+25.7%

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

Kazoo3D plc

			Interim	Comparision
REV			£400,000	n/a
PBT			-£1,200,000	n/a
EPS			n/a	n/a

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

Knowledge Support Systems plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£1,579,090		£1,838,025	+16.4%
PBT	-£34,765		-£83,497	Loss both
EPS	n/a		n/a	n/a

Laser-Scan Holdings plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£6,761,000		£7,010,000	+3.7%
PBT	-£397,000		-£95,000	Loss both
EPS	-1.40p		-0.40p	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

	Interim - Mar 99	Final - Sep 99	Interim - Mar 00	Comparision
REV	£103,844,000	£212,541,000	£111,018,000	+6.9%
PBT	£6,370,000	£11,017,000	£1,789,000	-71.9%
EPS	3.92p	6.65p	0.98p	-75.0%

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%

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

Morse Holdings plc

	Interim - Dec 98	Final - Jun 99	Interim - Dec 99	Comparision
REV	£144,275,000	£283,943,000	£203,073,000	+40.8%
PBT	£9,784,000	£18,853,000	£10,427,000	+6.6%
EPS	39.10p	22.70p	4.30p	-89.0%

MSB International plc

	Final - Jan 99		Final - Jan 00	Comparision
REV	£191,345,000		£184,936,000	-3.3%
PBT	£8,088,000		£4,958,000	-38.7%
EPS	27.00p		17.30p	-35.9%

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

	Interim - Dec 98	Final - Jun 99	Interim - Dec 99	Comparision
REV	£803,848	£1,969,751	£1,688,541	+110.1%
PBT	£146,731	£279,862	-£473,421	Profit to loss
EPS	0.01p	0.02p	-0.04p	Profit to loss

Northgate Information Solutions plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£133,014,000		£130,800,000	-1.7%
PBT	£3,966,000		-£21,900,000	Profit to loss
EPS	3.06p		n/a	n/a

NSB Retail Systems plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£15,285,000		£21,282,000	+39.2%
PBT	£3,934,000		£1,544,000	-60.8%
EPS	13.70p		3.60p	-73.7%

Oxford Molecular plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£21,505,000		£19,760,000	-8.1%
PBT	-£1,228,000		-£26,200,000	Loss both
EPS	-2.20p		-30.00p	Loss both

Parity plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£290,200,000		£314,154,000	+8.3%
PBT	£20,032,000		£18,561,000	-7.3%
EPS	8.84p		7.77p	-12.1%

Patsystems plc

			Interim	Comparision
REV			£608,000	n/a
PBT			-£1,800,000	n/a
EPS			n/a	n/a

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

	Final - Dec 98		Final - Dec 99	Comparision
REV	£11,338,405		£16,730,281	+47.6%
PBT	£697,390		£1,062,587	+52.4%
EPS	5.86p		6.90p	+17.7%

Primar-E plc

	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

	Final - Dec 98		Final - Dec 99	Comparision
REV	£37,006,000		£50,538,000	+36.6%
PBT	£2,044,000		£4,212,000	+106.1%
EPS	14.10p		26.90p	+90.8%

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%

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%

Quoted Companies - Results Service   Note: Highlighted Names indicate results announced this month.

Rage Software plc

	Interim - Dec 98	Final - Jun 99	Interim - Dec 99	Comparision
REV	£3,050,000	£8,845,000	£2,680,000	-12.1%
PBT	£610,000	£3,121,000	-£614,000	Profit to loss
EPS	0.18p	1.03p	-0.28p	Profit to loss

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%

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

Retail Decisions plc

			Interim	Comparision
REV			£11,700,000	n/a
PBT			£2,500,000	n/a
EPS			n/a	n/a

RexOnline plc

	Final - Aug 98		Final - Apr 99	Comparision
REV	£328,206		£273,570	not comparable
PBT	-£123,227		-£94,303	not comparable
EPS	-7.00p		-2.60p	not comparable

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

	Final - Jan 99		Final - Jan 00	Comparision
REV	£3,900,572		£4,100,000	+5.1%
PBT	£273,934		£331,000	+20.8%
EPS	2.30p		3.60p	+56.5%

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%

SBS Group plc

	Interim - Feb 99	Final - Aug 99	Interim - Feb 00	Comparision
REV	£28,300,000	£53,305,000	£22,900,000	-19.1%
PBT	£1,400,000	£2,219,000	£124,000	-91.1%
EPS	9.60p	16.10p	0.90p	-90.6%

Science Systems plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£24,319,000		£30,966,000	+27.3%
PBT	£2,217,000		£2,633,000	+18.8%
EPS	8.90p		11.40p	+28.1%

SDL plc

	Final - Dec 98		Final - Dec 99	Comparision
REV	£10,098,000		£12,960,000	+28.3%
PBT	£209,000		-£796,000	Profit to loss
EPS	0.41p		-2.63p	Profit to loss

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

	Final - Dec 98		Final - Dec 99	Comparision
REV	£891,000		£1,510,000	+69.5%
PBT	-£1,142,000		-£2,072,000	Loss both
EPS	-6.10p		-10.10p	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

	Final - Dec 98		Final - Dec 99	Comparision
REV	£22,187,000		£25,262,000	+13.9%
PBT	£250,000		£2,953,000	+1081.2%
EPS	1.10p		17.20p	+1463.6%

Superscape VR plc

	Interims - Jan 99	Final - Jul 99	Interims - Jan 00	Comparision
REV	£2,122,000	£3,071,000	£708,000	-66.6%
PBT	-£87,000	-£2,765,000	-£2,897,000	Loss both
EPS	-0.71p	-22.50p	-16.30p	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%

TelMe.com 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

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

	Final - Dec 98		Final - Dec 99	Comparision
REV	£14,437,000		£12,541,000	-13.1%
PBT	-£5,093,000		-£783,000	Loss both
EPS	-3.97p		-0.44p	Loss both

Ultrasis Group plc

	Final - Jul 98		Final - Jul 99	Comparision
REV	£3,859,000		£2,520,000	-34.7%
PBT	-£728,000		-£2,316,000	Loss both
EPS	-0.60p		-1.60p	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

	Final - Dec 98		Final - Dec 99	Comparision
REV	£4,117,000		£4,545,000	+10.4%
PBT	-£333,000		£438,000	Loss to profit
EPS	-2.38p		1.24p	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%

SKILLSGROUP

Return to Profitability for VI Group

VI Group (CAD CAM software) has announced revenue up 10% to £4.5m for year ended 31st Dec. 99. VI has returned to PBT of £438K after a LBT in 98 of £333K, and EPS of 1.24p (LPS 2.38p in 98). Most of the growth came from outside Europe with revenues rising 40% from £801K in 98 to £1.1m - in particular Japanese revenues grew 187%. Sales in Europe grew by just 3% to £3.4m, and now represents 75% of overall revenue. Commenting on the outlook, Stephen Palframan, Chairman, said "*During the current year we are anticipating a further expansion in our customer base, and this, along with continued product development, will provide a platform for both organic and acquisition growth*". Shares ended Apr. down 25%.

At their AGM **Skillsgroup** provided a trading update stating "*first half results will be impacted both by the mixed start to the year by our businesses and by the pace and extent of spending on the various web-based initiatives already indicated...overall expectations for the year will be met albeit with a particularly strong bias to the second half of the year*".

David Southworth intends to step down as CE by Dec. 00, and as Chairman "*in due course some time thereafter*". During the current FY a new deputy chairman and a new chief executive designate (to head the strategic qaglobal.com business) will be appointed.

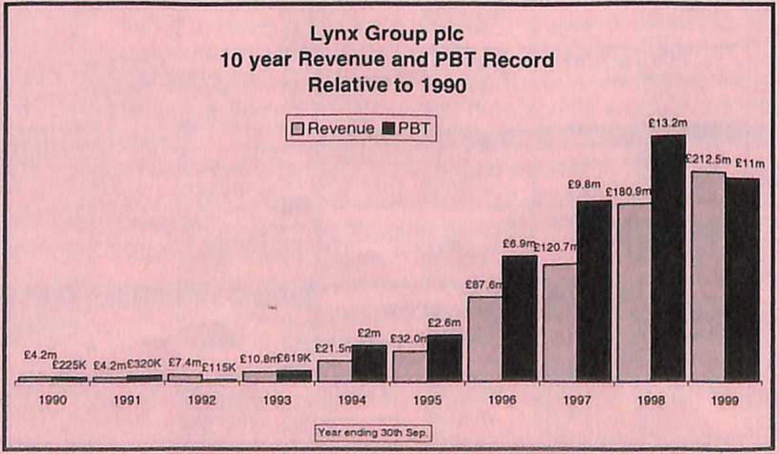
Unlike others, we rate Southworth highly. He has transformed Skillsgroup from a distributor to an IT services company. Almost everyone else who has attempted that transition has failed.

Lynx "more positive"

LYNX Group plc

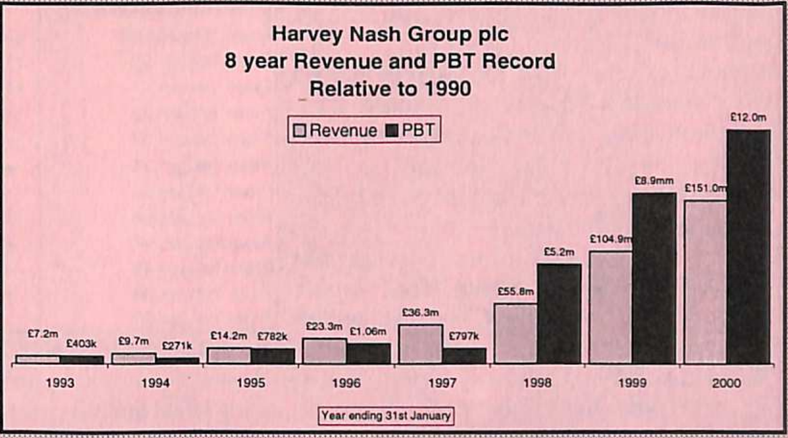
Lynx Group has announced the acquisition of **Bankhall Investment Management**, a privately owned provider of "*compliance, administrative and other support services to independent financial advisers.*" Lynx is to acquire 95% of Bankhall for an initial consideration of £90m (made up of £25.5m cash and an issue of 28m shares at 230p per share), and an earn-out of up to £24m based upon profitability for the twelve months ending 31 Dec. 00. Lynx is also raising £34m through a placing at 185p per share, to fund the acquisition of Bankhall and ongoing development. Also announced were results for the six months ended 31st Mar. 00: revenue grew to £111m compared to £103.8m in the corresponding six months. But PBT is down from £6.3m to £1.7m, and EPS also slumped from 3.92p to 0.98p. Commenting on the outlook, Stewart Douglas-Mann, Chairman, said: "*Your Board believes that the trading outlook in each of our businesses looks substantially more positive than it did compared to earlier in the year.... new project wins, and the improved run rate of business in our computer services companies, give support to our view that, overall, our full year expectations are achievable*". He also stated that "*the Board is in discussions regarding the possible disposal of the Automotive Division*".

Lynx shares ended the month down 38% at 185p.



Harvey Nash shrugs off Y2K blues

Results for the year to 31st Jan. 00 at IT staff agency **Harvey Nash** were most impressive, especially given the turmoil in the UK ITSA market. Turnover increased 44% to £151.0m, PBT rose 35% to £12.0m and EPS jumped 43% to 27.6p. Continental Europe now contributes 30% of both revenue and profit, and has apparently *"shrugged off the Y2K effect"* which has so affected others in the ITSA market in the UK. There was also *"strong growth (30% of revenue) from the E-business and Telecomms market"*. CEO David Higgins anticipated *"another year of strong growth with investment in our on-line and other services. We expect the benefit of this to flow through in the second half of the year. The Group is committed to investment in new on-line services which will provide new revenue streams and open up new markets. We remain confident about the future growth prospects for the Group and we are looking forward to continued expansion into new markets."* Indeed, David Higgins told us they are specifically looking to acquire in France and they also have an eye on Spain, Italy, Scandinavia and, of course, the US.



Comment: These results are excellent. If you strip out acquisitions, that's a 33% organic growth rate in an ITSA market where most around them have suffered. Harvey Nash has always come across as being higher up the ITSA quality chain. Figures bear this out with average weekly contract billings over £1.7K per contractor compared with around £1.2K for most others - reflecting a relatively high proportion (c20%) of project manager and IT director-level contract placements. They also seem to be strengthening the business in the e-commerce and telecomms arenas rather ahead of some of their competitors. However, Harvey Nash has yet to introduce a web-based service for the contract side of the business a la **Spring**, **Hays**, et al, but this is apparently on its way. Anyway, as one of the 'Top Tier' players, Harvey Nash looks pretty well positioned to compete in the emerging pan-European ITSA market - but it will need to continue to grow quickly given the increasing market dominance - and acquisitive intentions - of the European and US 'mega' agencies.

Harvey Nash was an IPO in Apr. 97 at 175p and are therefore one of the best ITSA performers in an otherwise troubled period for this part of the market. Their share price at the end of the month was 775p - up more than double since Jan. 99.

Harvey Nash Group	Turnover £m			Operating Profit £m			Margin	
	1999	1998	Change	1999	1998	Change	1999	1998
IT Contract Services	125.9	87.2	44.3%	8.0	5.6	43.4%	6.4%	6.4%
Executive Search & Selection	17.2	15.6	10.3%	2.9	2.9	0.3%	16.9%	18.6%
IT File Search	3.1	2.0	54.8%	1.1	0.6	80.0%	34.4%	29.6%
Resource Management	4.8	-	n/a	-0.2	-	n/a	n/a	n/a
Associate				-0.1	-0.1	n/a	n/a	n/a
TOTAL	151.0	104.9	44.0%	11.7	9.0	29.9%	7.7%	8.6%

Stop press! On 25th Apr. 00 Harvey Nash announced that it has acquired UK-based **TechPartners International Ltd** *"an international human resource solutions provider to the IT, Telecoms and e-commerce sectors"*. TechPartners has operations based in the US, in San Francisco and Denver, the UK and a start up operation in Australia. In the year ended 31st Dec. 99, TechPartners reported a PBT of £0.8m on turnover of £25m. Cost is £15m (£7.5m in cash, £1.8m of floating rate loan notes due 2005, plus the issue of 755K Harvey Nash shares). The 3.2% margin is way below Harvey Nash's own (a very respectable 8%) but then again the PSR of 0.6 that Harvey Nash is paying, is way below its own PSR of 1.5. The real significance, though, is that this marks Harvey Nash's entree into the US - *"low risk"* as David Higgins puts it - where TechPartners gets over half its revenues. *Good move!*

DIAGONAL

Making IT work

At **Diagonal** AGM, Mark Samuels (Executive Chairman) said "*The slowdown in the IT Services sector surrounding the year-end has been well documented and requires no further comment. Our first quarter which included December has clearly been affected but I am pleased to confirm that sales in recent weeks have bounced back sharply. Since the beginning of the year we have won six important new SAP implementation contracts with an initial combined value in excess of £10 million. Interest in new SAP functionality is gathering momentum, particularly in the areas of Business Warehouse and Customer Relationship Management.*

In 1999 we started the process of creating an entirely new revenue stream with the acquisition of several product-led consultancy businesses....All of the acquired businesses have settled in well and continue to grow impressively. We have isolated several other compatible businesses and expect this new group to contribute significantly in 2001."

Diagonal also announced the acquisition of **Interop** (secure remote access technology), which for the year ended 31 May 99 showed a PBT of £501K on revenue of £2.8m. The initial consideration amounts to £7.3m (of which £5.5m was cash), with an earn-out up to maximum value of £4m. Shares down 37% in the month regardless to 558p.

Syntegra

BT have announced a raft of reorganisations including the creation of **Ignite** (a data-centric broadband IP business focused on corporate and wholesale markets)

Comment; *Too little, too late?* That would be our verdict on **BT**'s announcements. If they had done some of these things a year back it might have made a difference. BT just must understand the "defend the past" management attitudes just do not work into today's market. If you don't go for the new opportunities aggressively...you die.

After long wanting change at **Syntegra/Syncordia**, for example, we initially wondered if the announcement altered anything. They are both still separate entities, still both report to Alfred Mocket - just under an Ignite umbrella now.

But, although not explicitly stated, perhaps the real news from the BT announcement is the *possibility* of Syntegra joining BT's **Yellow Pages** as a possible candidate for an LSE float - maybe within a year. That would give Syntegra both the paper it needs to get back on the acquisition track and provide the incentives to attract - and retain - the best management.

This "sum of the parts is more than the whole" approach is the one being adopted by **ICL** (see p12) as well.

Should be an interesting year with two of the oldest established UK IT Services companies eventually going public.

SCS Index falls ANOTHER 19%

30-Apr-00	SCSI Index					11489.26
	FTSE IT (SCS) Index					3473.02
	techMARK 100					3671.99
	FTSE 100					6327.40
	FTSE AIM					1764.00
SCSI Index =1000 on 15th April 1989	FTSE SmallCap					3172.20
Changes in Indices	**SCSI Index**	**FTSE 100**	**techMARK 100**	**FTSE IT SCS Index**	**FTSE AIM Index**	**FTSE Small Cap**
Month (31/3/00 to 30/4/00)	-18.60%	-3.25%	-15.21%	-16.40%	-21.84%	-5.31%
From 15th Apr 89	+1048.93%	+208.11%				
From 1st Jan 90	+1148.70%	+167.88%				
From 1st Jan 91	+1523.07%	+192.88%				
From 1st Jan 92	+999.60%	+153.80%				
From 1st Jan 93	+620.97%	+122.29%				+128.65%
From 1st Jan 94	+588.15%	+85.10%				+69.76%
From 1st Jan 95	+666.37%	+106.41%				+81.64%
From 1st Jan 96	+408.71%	+71.51%	+365.25%		+85.02%	+63.38%
From 1st Jan 97	+329.11%	+53.63%	+301.46%		+80.72%	+45.31%
From 1st Jan 98	+278.56%	+23.21%	+284.90%	+247.30%	+77.82%	+37.13%
From 1st Jan 99	+191.50%	+7.56%	+152.20%	+140.18%	+120.06%	+53.18%
From 1st Jan 00	+0.16%	-8.70%	-2.84%	-6.59%	-8.73%	+2.40%

Our page one headline last month asked "Correction or Collapse". A "correction" is defined as a 10% fall. Since its height in early March 00, our SCS Index has now fallen by 28%. Indeed it is now back to its starting point on 1st Jan 00. The optimists amongst you can, of course, take heart that our index is STILL up over 190% since 1st Jan 99!

Although all the other technology indices were similarly hit, the significant 21% reduction in the AIM Index, compared with a less steep 15% decline in the techMARK100, indicates that the smaller companies got hit worse.

Indeed, our Holway Internet Index lost ANOTHER 30% this month. That means it's off 44% since its height. This has written £13.6 billion off the share price valuations of the 54 companies which comprise our index. They are now "worth" just £15b. **Ultima** (up 20% on recovery hopes - but still down 20% in the year to date) and **Admiral** (up 14% as a result of the **CMG** bid - p11) were the largest risers amongst a very small list. We had anticipated (well, hoped!) that there would be *"a flight to quality"*. In some respects this has happened. **Capita**, **RM** and **Sage** actually managed minor increases this month..an incredible performance against the market trends. **Logica**, **NSB**, **Harvey Nash** were amongst other "quality" stocks that suffered only minor decreases.

End Apr 00	Move since 1st Jan 98	Move since 1st Jan 99	Move since 1st Jan 00	Move in Apr 00
System Houses	286.0%	149.9%	-2.6%	-16.7%
IT Staff Agencies	-16.3%	0.2%	-12.8%	-15.5%
Resellers	80.6%	92.1%	-7.5%	-4.9%
Software Products	413.7%	339.0%	5.6%	-21.2%
Holway Internet Index		832.5%	13.4%	-30.0%
Holway SCS Index	278.6%	191.5%	0.2%	-18.6%

This shows, yet again, that ***Boring* really can be rewarding**.

Too many falls this month to comment on them all. **Merant**'s profit warning (p2) meant the shares fell 55%. **MSB** (p3) fared little better with another 44% fall. **Recognition Systems** suffered from its dot.com links - down 42% We were a little surprised at the severity of the 43% dive at **London Bridge Software.** Current press comment suggests this was somewhat overdone.

Exciting Affinity!

Affinity Internet announced finals for the year to 31st Dec. 99. Group revenues increased from £167K to approximately £3.4 million. "*Non-interconnect revenues*" represent 23% of revenues for Q1 2000. "*Company has progressed from solely virtual Internet service provision to integrated telephony, e-commerce, development of convergent billing, online entertainment and incubation services*". Operating loss was £9.1m (including an exceptional loss relating to a staff equity issue of £3.1m). Also announced were news of :

Registered users increased to 1m at year end and 1.4m at the end of Q1.

Partnerships with Vodafone, TransNational and PowerGen set to advance revenues for current year.

International expansion into Holland and Ireland in Dec. 99, with Australia, Scandinavia, Germany, France, Italy, Spain and South Africa expected by the end of the Q300.

Development of WAP services and planned roll out of ADSL Jun. 00.

Approval of move to techMARK given at the EGM on 29 Mar. 00.

Commenting on the announcement, Terry Plummer, Chairman, said: "*This has been an exciting period of growth for Affinity. We started the year as simply a provider of branded Internet services. In the course of twelve months we have laid the foundations for a broad-based e-business providing integrated solutions in Internet, telecommunications, WAP, e-commerce and entertainment, and we have developed strategic relationships with key international players in these areas. The current year promises to be equally challenging as we seek to consolidate these opportunities and develop our international offering.*" Affinity share price was £16.50p at the end of the month, down a massive 50%.

Rage Software plc

Rage Software the games developer and publisher, has announced a raft of news starting with a placing of 13.5m shares at 50p raising £6.4m net of expenses.

Rage has acquired **Caffeine** and **IFC**, internet games developers, for a combined total consideration of £3 million (3.59m shares and £1m in cash). Rage has also formed a strategic partnership with Orange and Tesco. BT's Syncordia Solutions division will provide the servers to host the game.

Interims to 31st Dec. 99 were announced with revenues down at £2.68m (98 £3.05m), LBT of £614K (98 PBT of £610K), and LPS of 0.28p (98 EPS of 0.18p). Commenting on the outlook, Chairman John Roberts said: "*The decision to retain products which we had previously planned to sell has an effect on both halves of our financial year, and we are not now looking to make any significant profit in the current year. As a strategy, we have a clear focus on our two key objectives; building the Rage portal and building a bank of high quality titles. This will give Rage the platform for maximum profitability looking 2 years ahead and beyond*". Rage had been happy to sell titles to third party publishers for upfront licence fees which, whilst lumpy, were substantial. Now it has changed tack to becoming a publisher, seeking additional control of its catalogue. Rage is confident that it is moving towards a more predictable royalty revenue stream and higher margin business.

We do not share its confidence. This move is not a pro-active one and whilst it may reassure shareholders to say that profits for this year have been *"forgone"*, in reality would they have got near to recreating last years profits? Rage is now pursuing interesting new delivery channels.

Share price ended the month at 37p, down 35%.

Holway/System House SCS Share Prices and Capitalisation

	SCS Cat.	Share Price 30-Apr-00	Capitalisation 30-Apr-00	Historic P/E	PSR Ratio Cap./Rev.	SCSI Index 30-Apr-00	Share price move since 31-Mar-00	Share price % move in 2000	Capitalisation move since 31-Mar-00	Capitalisation move (£m) in 2000
Admiral	CS	£16.33	£1,044.00m	64.4	6.13	59004.29	14.16%	6.01%	£128.80m	£58.40m
AFA Systems	SP	£4.94	£114.00m	Loss	64.08	4112.50	-22.95%	85.18%	-£7.70m	£65.50m
AIT Group	CS	£9.05	£183.70m	99.7	10.52	6033.33	-29.98%	-40.07%	-£78.70m	-£122.80m
Alphameric	SP	£2.48	£252.20m	67.4	9.96	1135.32	-36.13%	68.37%	-£140.30m	£139.00m
Anite Group	CS	£1.61	£401.10m	46.5	2.22	941.52	-22.78%	18.82%	-£118.30m	£66.00m
Axon	SP	£11.25	£549.00m	401.8	21.63	6428.57	-23.73%	89.87%	-£170.80m	£259.90m
Azlan Group	R	£1.28	£136.70m	26.0	0.40	554.35	-5.20%	-11.46%	-£7.50m	-£17.70m
Baltimore Technologies	SP	£64.63	£2,585.00m	Loss	111.08	66287.18	-24.85%	26.11%	-£855.00m	£674.00m
Baron	SP	£2.75	£11.00m	n/a	3.93	2750.00	-42.41%	-36.05%	-£8.10m	-£2.80m
Bond International	SP	£0.58	£8.22m	Loss	0.97	884.62	-2.54%	-21.77%	-£0.22m	-£2.28m
Cadcentre Group	SP	£3.25	£54.00m	22.4	3.02	1625.00	-3.70%	0.62%	-£2.00m	£0.40m
Capita Group	CS	£16.47	£3,606.00m	166.4	11.02	148378.38	2.74%	45.75%	£256.00m	£1,247.00m
Cedar Group	SP	£7.38	£491.90m	134.0	21.34	7023.81	-21.12%	32.29%	-£104.60m	£146.30m
CFS Group	SP	£2.06	£42.40m	33.7	3.11	2288.89	-17.60%	-21.07%	-£9.10m	£0.90m
Clinical Computing	SP	£0.49	£12.30m	32.1	3.95	395.16	-22.22%	-21.60%	-£3.50m	-£3.40m
CMG	CS	£41.58	£5,322.00m	97.1	8.74	28675.86	-22.66%	-8.76%	-£1,559.00m	-£511.00m
Comino	CS	£4.53	£61.50m	28.3	3.31	3480.77	-10.22%	-25.51%	-£7.00m	-£21.10m
Compel Group	R	£3.69	£114.20m	10.5	0.39	2948.00	-4.90%	-31.70%	-£4.80m	-£56.80m
Computacenter	R	£10.20	£1,852.00m	33.2	1.05	1522.39	-5.56%	0.25%	-£85.00m	£27.00m
DCS Group	CS	£12.65	£306.10m	46.7	1.86	21083.33	-8.50%	19.91%	-£28.50m	£50.80m
Delcam	SP	£1.71	£10.10m	Loss	0.64	657.69	-3.66%	-16.59%	-£0.40m	-£2.00m
Diagonal	CS	£5.58	£465.00m	70.4	6.42	8105.35	-37.01%	47.68%	-£273.10m	£160.00m
Dialog Corporation	CS	£0.93	£143.40m	Loss	0.82	840.91	-32.48%	1.65%	-£68.90m	£2.50m
DRS Data & Research	SP	£0.21	£7.35m	40.9	0.90	193.18	-18.27%	-7.61%	-£1.65m	-£0.61m
Easyscreen	SP	£2.83	£124.90m	n/a	n/a	1661.76	-46.85%	-14.26%	-£110.00m	-£20.70m
ECSoft	CS	£9.25	£107.30m	53.5	1.59	511.90	-15.91%	-18.14%	-£20.30m	-£15.90m
Eidos	SP	£3.20	£328.40m	Loss	1.45	15967.98	-18.70%	-70.61%	-£75.60m	-£785.60m
Electronic Data Proc	SP	£2.10	£55.00m	37.5	5.24	6429.88	-21.50%	-44.22%	-£15.10m	-£43.60m
Eurolink	CS	£1.30	£10.90m	n/a	1.31	1300.00	-7.14%	6.56%	-£18.14m	-£1.70m
FI Group	CS	£5.20	£1,679.00m	76.5	7.35	13333.33	-15.79%	-32.25%	-£314.00m	-£82.00m
Financial Objects	SP	£3.25	£123.50m	29.5	5.54	1413.04	-39.81%	-52.38%	-£81.70m	-£119.50m
Flomerics Group	SP	£7.63	£20.60m	38.1	2.36	5865.38	-34.41%	71.35%	-£10.80m	£8.60m
Focus	SP	£1.85	£46.40m	n/a	n/a	948.72	-12.32%	-5.13%	-£6.50m	-£2.50m
Freecom	CS	£2.03	£102.70m	Loss	n/a	1557.69	-40.44%	-37.69%	£52.20m	£52.30m
Freeserve	CS	£3.60	£3,628.00m	n/a	n/a	2400.00	-27.57%	-38.98%	-£1,381.00m	-£2,315.00m
Gresham Computing	CS	£0.34	£15.00m	Loss	0.49	360.22	-6.94%	-45.53%	-£1.10m	-£12.00m
Guardian iT	CS	£12.88	£691.40m	118.1	14.04	5049.02	-3.92%	34.32%	£5.30m	£200.60m
Harvey Nash Group	A	£7.75	£220.90m	28.0	1.46	4428.57	-7.46%	28.42%	-£17.80m	£48.90m
Highams Systems Servs	A	£0.59	£11.40m	18.8	0.33	1625.00	1.74%	3.54%	£0.20m	£0.70m
ICM Computer	CS	£6.30	£119.70m	41.5	2.99	3500.00	-23.64%	-21.50%	-£37.10m	-£32.80m
IE Group	SP	£1.29	£54.40m	Loss	7.54	1372.34	-19.38%	-53.68%	-£13.10m	-£63.10m
IS Solutions	CS	£8.95	£44.80m	52.3	3.79	6679.10	-5.29%	123.75%	-£0.60m	£25.60m
ITNET	CS	£7.63	£536.00m	75.1	4.10	2178.57	-3.17%	11.72%	-£17.60m	£56.20m
Jasmin	SP	£1.43	£6.70m	15.3	0.97	950.00	-25.97%	14.00%	-£2.35m	£0.82m
JSB Software	SP	£16.75	£437.20m	Loss	109.30	8375.00	-18.29%	63.41%	-£97.80m	£178.90m
Kalamazoo Computer	CS	£0.50	£21.20m	Loss	0.32	1414.29	-23.26%	-57.14%	-£6.50m	-£28.30m
Kewill Systems	SP	£13.53	£1,009.00m	248.7	16.79	26739.13	-28.83%	-13.55%	-£409.00m	-£158.00m
Keystone	SP	£0.72	£30.20m	Loss	19.05	794.45	-23.12%	-27.41%	-£5.50m	-£0.60m
Laser-Scan	SP	£0.40	£13.00m	48.2	1.85	7900.00	-3.66%	97.50%	-£0.40m	£6.46m
Logica	CS	£19.35	£7,778.00m	179.2	11.79	26499.52	-7.90%	21.16%	-£668.00m	£1,422.00m
London Bridge Software	SP	£33.50	£1,055.00m	210.8	25.02	16750.00	-42.74%	-20.71%	-£787.00m	-£275.00m
Lorien	A	£0.94	£18.30m	Loss	0.13	935.00	-2.60%	-26.09%	-£0.50m	-£6.50m
Lynx Holdings	SP	£1.85	£201.30m	40.1	0.95	4612.50	-37.98%	11.82%	-£123.30m	£23.10m
Macro 4	SP	£8.80	£173.40m	25.2	5.59	3548.39	-12.44%	17.73%	-£24.60m	£26.10m
MERANT	SP	£1.57	£233.70m	22.9	1.08	755.86	-55.29%	-61.17%	-£282.90m	-£347.00m
Microgen Holdings	CS	£4.08	£207.40m	71.4	6.62	1741.45	-39.18%	-38.95%	-£133.60m	-£132.40m
Misys	SP	£7.33	£4,207.00m	45.3	7.23	9119.38	-16.32%	-24.04%	-£821.00m	-£1,264.00m
MMT Computing	CS	£5.83	£70.50m	12.4	1.72	3467.26	-2.92%	-38.85%	-£2.10m	-£44.80m
Mondas	SP	£0.87	£10.90m	Loss	11.41	1153.33	-12.18%	-20.28%	-£1.50m	-£2.80m
Morse	R	£4.00	£487.60m	23.3	1.72	1600.00	-29.52%	11.27%	-£203.60m	£47.90m
MSB International	A	£1.11	£22.60m	4.1	0.12	584.21	-43.51%	-60.71%	-£17.50m	-£35.00m
MSW Technology	SP	£0.55	£6.76m	Loss	2.32	567.01	-8.33%	-51.97%	-£0.62m	-£7.34m
NetBenefit	CS	£6.63	£106.00m	n/a	53.83	3312.50	-36.90%	-25.56%	-£62.00m	-£5.20m
Northgate	CS	£0.54	£149.30m	17.3	1.14	205.77	-2.28%	75.41%	£22.00m	£78.40m
NSB Retail Systems	SP	£22.18	£443.50m	277.1	20.84	19282.61	-8.06%	6.23%	-£39.00m	£26.00m
Oxford Molecular	SP	£0.28	£24.40m	Loss	1.23	350.00	-17.65%	-6.67%	-£5.20m	-£1.70m
Parity	A	£3.60	£546.40m	46.2	1.74	59916.44	-20.29%	-3.88%	-£139.10m	-£19.80m
Patsystems	SP	£1.20	£151.10m	n/a	248.52	1121.50	7.14%	12.15%	£9.80m	£16.10m
Planit	SP	£1.09	£88.80m	38.9	9.18	4520.83	-19.63%	-35.03%	-£20.80m	-£35.10m
Policymaster	SP	£7.05	£110.70m	120.5	6.62	4700.00	-25.20%	41.71%	-£37.30m	£40.60m
Primar-E (was Stordata)	CS	£0.15	£20.00m	28.2	1.77	1270.83	0.00%	74.29%	£0.00m	£8.50m
Protherics	SP	£0.34	£55.10m	Loss	79.17	404.76	-9.33%	-8.11%	-£5.70m	-£4.80m
QSP	SP	£8.75	£157.50m	29.8	3.12	2302.63	-16.47%	15.28%	-£31.10m	£20.90m
Quantica	A	£0.65	£25.50m	10.8	1.40	524.19	-5.80%	23.81%	-£1.50m	£4.90m
Rage Software	SP	£0.37	£107.60m	50.0	12.17	1403.85	-34.53%	-37.34%	-£56.80m	-£52.90m
RDL	CS	£2.11	£23.60m	26.0	1.30	2344.44	3.43%	120.94%	£0.80m	£12.90m
Recognition Systems	SP	£2.20	£200.00m	Loss	86.39	3142.86	-42.48%	-36.96%	-£147.70m	-£117.20m
Retail Decisions	SP	£1.44	£196.80m	n/a	16.82	1945.05	-34.10%	94.59%	-£101.90m	£95.80m
RexOnline	A	£1.39	£9.17m	Loss	12.48	1654.75	-31.36%	36.95%	-£4.03m	£3.18m
RM Group	SP	£7.13	£663.30m	71.0	4.09	20357.14	1.79%	-16.91%	£15.10m	-£125.60m
Rolfe & Nolan	SP	£4.08	£57.50m	28.8	2.74	4851.19	-29.74%	5.84%	-£24.30m	£5.50m
Romtec	CS	£0.85	£4.50m	23.6	1.15	1360.00	3.66%	-19.05%	£0.15m	-£1.07m
Royalblue Group	SP	£13.45	£398.10m	102.7	10.03	7911.76	-24.12%	28.40%	-£126.60m	£91.20m
Sage Group	SP	£7.11	£9,008.00m	170.5	29.34	273461.54	1.07%	-5.89%	£95.00m	-£209.00m
SBS Group	A	£1.58	£14.30m	18.1	0.27	1575.00	-12.26%	-23.17%	-£2.00m	-£3.70m
Science Systems	CS	£5.45	£123.70m	47.8	3.99	4224.81	-5.63%	49.93%	£24.40m	£61.20m
SDL	CS	£2.92	£114.50m	Loss	8.83	1946.67	-29.64%	-28.08%	-£24.90m	-£21.90m
Sema Group	CS	£10.32	£4,788.00m	72.5	3.40	12981.13	-17.57%	-7.36%	-£1,008.00m	-£369.00m
Sherwood International	CS	£9.20	£374.40m	41.6	7.93	30649.78	-10.68%	-25.81%	-£44.80m	-£125.30m
Skillsgroup	CS	£2.06	£180.00m	13.5	0.91	921.52	-8.87%	-31.73%	-£17.50m	-£83.70m
Sopheon	SP	£7.30	£257.00m	Loss	170.20	10503.60	-24.74%	122.90%	-£84.40m	£151.90m
Spring	A	£1.75	£254.10m	32.2	0.63	1944.44	-17.65%	2.64%	-£54.40m	£7.40m
Staffware	SP	£23.85	£317.20m	138.7	12.56	10600.00	-3.64%	193.54%	£2.90m	£214.00m
Superscape VR	SP	£3.20	£105.30m	Loss	34.30	1616.16	-18.99%	-6.30%	-£24.70m	-£7.10m
Synstar	CS	£1.38	£224.60m	38.1	1.05	833.33	-26.27%	-39.82%	-£78.50m	-£146.70m
Systems Integrated	SP	£0.38	£5.03m	43.3	3.58	326.09	-21.05%	0.00%	-£1.34m	£0.00m
Systems International	CS	£0.35	£12.00m	13.3	0.70	608.70	-15.66%	-52.70%	-£2.20m	-£13.30m
Telme.com	CS	£0.68	£48.70m	Loss	4.86	435.48	-34.78%	-32.50%	-£26.00m	-£23.50m
Terence Chapman	CS	£2.28	£154.50m	39.1	5.04	1685.19	-36.81%	-64.03%	-£89.90m	-£275.00m
Torex Group	CS	£4.34	£150.40m	29.4	3.22	8417.48	-23.27%	-28.76%	-£45.70m	-£60.10m
Tornado	SP	£1.52	£61.20m	n/a	n/a	1010.00	-41.62%	1.00%	-£43.60m	£0.70m
Total Systems	CS	£0.93	£9.62m	21.6	2.96	1745.28	-12.74%	-36.21%	-£1.38m	-£5.48m
Touchstone	SP	£2.60	£25.50m	27.8	3.33	2476.19	2.97%	-20.37%	£0.80m	-£6.50m
Trace Computers	CS	£0.80	£11.70m	7.6	0.69	636.00	-14.05%	-44.98%	-£1.90m	-£9.50m
Triad Group	CS	£2.50	£63.80m	16.4	1.29	1851.85	-8.26%	-49.49%	-£5.70m	-£62.40m
Ultima	R	£0.09	£16.90m	41.7	1.35	213.41	20.69%	-20.45%	£2.90m	-£4.30m
Ultrasis	CS	£0.30	£64.40m	Loss	25.56	612.24	-38.78%	-38.78%	-£40.80m	-£40.80m
Vega Group	CS	£6.88	£124.40m	33.3	4.29	5635.25	-18.15%	-14.06%	-£27.60m	-£20.40m
VI group	SP	£0.34	£6.70m	27.0	1.47	670.00	-24.72%	-5.63%	-£2.20m	-£0.40m
Vocalis	SP	£3.03	£132.80m	Loss	27.55	3184.21	-30.86%	-22.34%	-£59.30m	-£38.20m
XKO	CS	£3.00	£75.60m	36.6	2.66	2000.00	-32.96%	-25.00%	-£37.20m	-£17.60m

Note: Main *System House* SCS 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

Iomart Group, "*an integrated telecommunications and internet company*", has announced its intention to float on AIM through a placing that will value the group at £60m.

Compel Group has acquired **Midas** for c£4m "*a leading specialist in the supply of Oracle software and e-commerce consultancy services*" in the UK. Midas will be amalgamated with Compel's current Oracle consultancy to form CompelMidas, one of the UK's "*largest Oracle partners*" to focus on delivering solutions for e-commerce and B2B requirements.

Science Systems is raising approximately £10m at 540p per share.

QXL.com has acquired **Idefi S.A.**, "*a developer of live auction technology*" based in Luxembourg. The consideration will be 130K QXL.com shares, and a further conditional payment of £1.395m based on performance to be paid in shares over the next six months.

InterX (which had seen its share price plummet since its rights issue was announced) has announced that it had signed a letter of intent with **Bell Microproducts Inc.** for the sale of **Ideal Hardware**, "*subject to due diligence and the negotiation of a definitive sale agreement*".

Planit Holdings has acquired **Planit France** for FFr16.5m.

DCS has exercised its option to acquire the remaining 49% of **Global Automedia** for £300K - 50% in cash, rest in shares.

Kewill Systems has announced the disposal of non-core design units in Germany and Austria, (**HAN Dataport Software GmbH** and **HAN Dataport GmbH**) to **Lantano GmbH**, a Munich based investment company for DM5.5m (c£1.7m).

Primar-e has announced its intention to acquire, by way of a reverse takeover, the whole of the issued share capital of **CallNet**, "*a leading UK integrated communications convergence business providing fixed line, mobile and ISP services and e-commerce to more than 300,000 subscribers*".

Gameplay.com has acquired **Nordic Games Holdings** (computer games mail order company) for £5.96m, comprising £4.76m cash upfront and £1.2m payable based on performance criteria being met.

Magex, provider of software for the secure delivery of music and videos over the internet, has raised £50m.

VoyagerIT.com, the AIM-listed "*information technology investment fund*", has acquired a 24% stake for £150K cash in **PSL**, a privately owned UK distributor of antivirus products. Voyager has also invested £450K in **Worlds.com**, a developer of "*three dimensional content and technology for e-commerce sites*".

eXchange has bought **aspect online** "*Germany's leading Internet financial services company*" for an initial consideration of DM99.75m (c£30.57m).

freecom.net has sold the business of **CSM** (a **Pegasus** subsidiary), to **Sage**. CSM specialises in the provision of tax computation, preparation of statutory accounts, time costing and practice management software to accountancy practices. Sage is acquiring CSM for £9m in cash and is also assuming net liabilities of £1.1m. In the year to 31st Dec. 98, CSM recorded sales of £3.8 million and made an audited operating loss of £978K. Although the results for 99 are not yet audited they are not expected to be dissimilar to those of 98. **Sage** also announced a partnership with **WorldPay**, the provider of secure payment systems, to "*accelerate the ability of Sage's corporate customers to become fully e-commerce enabled and transact business over the internet*".

European Internet Capital, a Guernsey-based investor in the European B2B market, has announced its intention to float on AIM raising £40m via an institutional placing.

Keystone Software has acquired the US-based legal software division of **BISPoint Technologies Inc.** for US $8.0m (c£5m). Funded partially via a conditional cash placing of c£2.4m (net) and the balance from Keystone's most recent placing and open offer of £7.8m (net) in Feb. 00.

getmapping.com, the producers of the Millennium Map, has announced a four times over-subscription of its shares. 5.5m shares at 200p were placed. The company, valued at £57.7m, listed on AIM and opened at 198p.

Digital Animations Group, a new media company, has announced a placing of 8m shares at 150p raising £12m to fund technology development and acquisition. The shares will be placed with institutional investors.

ServicePower Technologies, the developer of AI-based software for managing field service staff, has announced its intention to float on the main market. It raised £9.1m in a placing (by **Beeson**'s) at 115p which values the company at £58.7m.

Synstar has announced two acquisitions: Italian **SET Telecommunicazioni**, "*a multi-service networking company*" for £324K in cash and a further £454K in Jan. 01 based on achievement of growth objectives. Synstar will also assume £324K in debt. The second purchase is of Swiss **CT Consulting**, a "*data storage and management company*" for £960K, plus a further £120K deferred over five years.

Nettec, integrated e-business solutions provider, has announced an IPO price of 240p per share, valuing the company at £246m.

Infobank has announced the acquisition of **EPL Software Corp.** (a US e-commerce consultancy). This follows the acquisition in Nov. 99 of **EPL UK** when Infobank was granted a six month exclusive option to purchase the US operation "*for a nominal consideration*". That consideration turned out to be $1.

Cube8.com, the AIM-quoted internet incubator and investment company, has bought a 25% stake in **Mailtrack** for £300K, with an option to increase the stake by a further 12.5% within 12 months. Mailtrack is an "*interactive permission-based email marketing company*".

Mettoni Group has announced that it is to seek admission to AIM early in May and is looking to raise £8m in a placing to finance acquisitions. The company aims to establish itself as "*an IT network services group, offering network solutions*".

AIM-quoted **Yeoman Group**, developer of GPS products, has made a hostile bid for **Laser-Scan**, the digital mapping company valuing Laser-Scan at £14.1m. Laser-Scan also announced results for the year ended 31st Dec. 99, highlights: revenue up to £7m from £6.76m in 98, a much reduced loss before tax of £95K (compared to £397K), and loss per share of 0.4p per share, previously 1.4p loss. Laser-Scan also announced that it has agreed in principle to acquire a 33% shareholding in **StreetsAhead** "*in consideration for the use of our technology, know-how and support services*", and that agreements had been put in place with Miller Freeman (an exhibition organiser) to host web sites for their exhibitions and with Quotient Communications to design and implement mobile e-commerce applications. The board has reiterated its earlier recommendation stating "*The board firmly believes that the **Yeoman** Offer significantly undervalues Laser-Scan and continues to recommend that shareholders reject it*".

CSC UK has acquired **ITS** - the IT services spin-off from **British Nuclear Fuels** (BNFL) for a rumoured £100m. ITS has c£40m revenue - about £16m comes from other utilities, healthcare and bits of the public sector. ITS was spun off back in Sep. 98 to "*allow BNFL to focus on its core business*". Anyway, it's good to see CSC UK back on the acquisition trail again - they'd been promising to buy something all last year but were baulking over the prices. Also ex-CSC UK president Mojtaba Ghassemian - who left CSC in Oct. 99 to join EDS to head up their European outsourcing business - has moved on again "*to pursue other business interests*". He is being replaced at EDS by John Meyer who headed up EDS' outsourcing business in the US. We had a lot of time for Mojtaba so it will be interesting to know why he's gone and where he's going. *Can't be good news for EDS, though.*

AFA Systems (treasury and risk management software) has acquired derivative systems company **Data Analysis Risk Technology** (**DART**) for £26.2m.

Clarity, a privately owned consultancy, has been acquired for £45.6m in cash and shares, by NASDAQ-quoted **Proxicom.**

Motion Media, the video communication company, are to move from OFEX to the main market in May, capitalised at c£141m. A placing of 12.6m shares at 140p will raise £16.9m to fund expansion and product development.

RMR, organiser of virtual conferences over the web, floated on AIM, capitalised at £64m. It is placing 12m shares at 120p a share.

Magic Moments Internet has announced a joint investment with **Netvest.com** , in **Depositit.com** (an Internet start-up that will offer integrated software allowing secure remote back up archiving across the Internet).

GlobalNetFinancial.com, provider of online financial news, content and transaction execution services, has acquired **Cyberwolf**, *"one of Europe's leading WAP and e-Solutions consulting firms"*.

Oxygen Holdings has announced that it has bought a 40% stake in **thefloristExchange.com** (amount undisclosed). The venture is predicted *"to become cash-flow positive within the first year of operation"*.

NewMedia SPARK announced the following investments: a further investment of £600K in **Exxactly.com** (formerly **Bridge4u.com**) as part of a £1.6m second round funding; £1.2m in **FootFall** as lead investor of a £5m funding (FootFall supplies *"people counting technology and data to the shopping centre and retail industry"*); a further investment of £250K in **Crocus.co.uk** (gardening e-tailor), in its second-round financing; £1m investment in **Digital Animations Group** (DAG was the first investment made by SPARK following their stock market launch in Oct. 99); a 10% stake in all **Olympic Group**'s internet businesses and finally £150K for a 10% stake in **Speedclear**, a B2B for the insurance sector.

IOMART (Madasafish ISP) has announced a £20m placing at 90p, first dealings (on AIM) were on 19th Apr. 00.

Reuters announced that they are going to press ahead with plans to float **Greenhouse** (its in-house incubator), and **Actinic** (e-commerce site design software) is pushing ahead with its IPO plans with a £250m price tag applied by DKB.

Vedior has acquired **Acsys**, a US-based accounting, finance and IT staffing agency, for a total consideration of $76m. Finance for the deal is being provided by **ING**.

Just2clicks has acquired **Granite Rock**, provider of geophysical services to the oil and gas industry. Consideration is the issue of 543K new shares, with the intention of building a B2B trading community for the oil and gas industry.

Scoot has announced that it has entered into exclusive negotiations to acquire **Loot**. *"These negotiations are at an early stage and it is not therefore expected that a final decision whether or not to proceed.....*etc etc. Scoot and **Vivendi** have, in principle, agreed the financing of this potential transaction in the form of a private placement of Scoot shares to Vivendi. Interestingly the placing is to be at a premium to the closing share price of Scoot (178.25p) at the time when the exclusivity agreement was entered into.

Iomart, Scottish telecomms and internet company, lowered its listing price this month from 110p-145p per share to 90p. After initial trading, the shares closed at the issue price of 90p valuing Iomart at £48.1m rather than the £60m originally anticipated. The company placed 22.2m shares, 4m more than originally planned. **NetStore**, ASP, also reduced its listing price from 200p to 150p, but ended the first day up slightly at 152.5p. NetStore was valued at approx. £135m, not quite the £200-280m target IPO valuation! **Internet Direct**, a shell for e-commerce acquisitions, fared best, it IPO'd at the planned price of 50p, valuing it at £1.75m.

Internet Business Group, provider of *"internet professional services"*, has announced a placing of 12.5m shares at 40p per share raising £5m. The company plans to float on AIM on 2nd May 00, and will be capitalised at approx. £21m.

Mergers and acquisitions - continued

CMG has announced that **Libertel** in The Netherlands has agreed to implement its WAP Service Broker under the **Vodafone** umbrella agreement launched in Feb. 00.

Magic Moments (provider of internet hosting and e-commerce solutions to SME's) is to acquire **WebFusion Internet Solutions** (an internet services company) for a total maximum consideration of £40m, made up of £20.2m raised via the issue of c150m new shares at 12.7p per share, £1m in loan notes and £0.2m in cash. The remaining £19.8m is dependent on WebFusion's performance to years ending 31st Dec. 00 (max. £9m) and 31st Dec. 01 (max £9.8m). Magic Moments has also announced a placing of 25m shares at 10p per share raising £2.5m.

GEO Interactive has announced the acquisition of Israeli based **Orca Computers** for $33m. Orca develops *"high-end solutions for use by broadband Internet, interactive TV and rich media for cellular"*. Geo has also announced results for year ended 31st Dec. 99. Highlights: revenue up to $7.5m (98: $1m), LBT $7.5m (98: $17.5m) and LPS 0.06 cents (98: 0.16). At the end of the month GEO shares stood at £12.02p, a 30% decrease.

Northgate Information Solutions (the MDIS of old) has acquired **HARVEST**, *"provider of business process outsourcing for personnel, recruitment and payroll services"*, for a maximum consideration of £1m made up of cash, loan notes and Northgate equity underpinned by a performance-related arrangement.

admiral CMG

Well, it happened, at last. **CMG** announced an agreed bid for **Admiral** at £21 per share which, at the time, valued Admiral at £1.4 billion. There were several other bidders up to the last minute. But the CMG bid was at a 46.9% premium on the previous close. Admiral shareholders can take 315p of this in cash if they wish.

Despite all the protestations to the contrary, a trade sale was always the best option for Clay Brendish and the rest of the Admiral shareholders. After Ceri James departed, Brendish was constantly quoted saying he was just about to appoint a new CEO. Having spoken to Brendish (who will become Dep Executive Chairman at CMG) he assured us that he had appointed (but not announced) a new CEO who *"will do well as the CEO of another SCS company"*.

We think it's a 100% right deal. The days of the mid sized players are certainly numbered. Even together, the new CMG/Admiral will have revenues of "only" £770m.

But the market reacted negatively with CMG shares down nearly 23% at £41.58p this month. We think some of the analysts' comment was daft. They seemed to want CMG to buy an internet company! Whereas what CMG has done is add a further much needed 2500 consultants. If both CMG and Admiral are "staid" - even ***Boring***- then so be it. Remember *"Stick to the knitting"?*

Anyway, Admiral has risen over 60-times in the last ten years and CMG is up 37-times since its IPO in Dec. 95. *That looks pretty good to us!* CMG/Admiral has a much greater chance of being around (might be part of something even bigger by then of course - but that will hardly be to shareholders' detriment) in 5 years time than 99% of the dot.coms. **OVER ANY MEDIUM TERM PERIOD, BORING REALLY IS BEST...**

Admiral went on to announce the appointment of Geoff Neville as acting CEO, pending completion of the **CMG** offer. Neville is to be country chairman of the enlarged UK operation following the takeover.

ICL Without giving away too many confidences, we have often been asked our views on ICL, its value and where its future lies. We strongly supported their move to services (except we thought it took them too long) and the focusing of their activities (which seemed to take even longer). We have criticised their financial performance vis a vis their peers (but ICL was self-critical on this subject too). Although we wanted to back ICL's re-listing on the LSE, we just couldn't see it happening. Indeed, we publicly said in Jan. 99 that ICL would be lucky to get a valuation on IPO (at that time) of more than £1.5 - £2b. We also said that that was a bit unfair as the "sum of the parts" at ICL were worth twice that if valued separately. We particularly singled out their blossoming e-services activities.

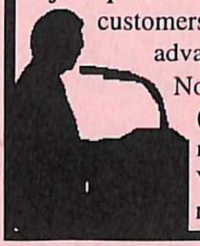
So it would be a bit contradictory of us now to criticise ICL for taking on board most of those points (although whether ICL would recognise our input is another matter!) This month ICL announced:

- its intention to list (e-learning) training arm **KnowledgePool** on the LSE and on NASDAQ ahead of ICL's main listing.

2000 Holway Report

On Thursday 13th July 2000, Richard Holway, the author of the Holway Report, is presenting the main findings of the report to an evening seminar on behalf of the Computing Services & Software Association at the Grosvenor House, Park Lane, London. Last year over 350 top CEOs attended what is now considered to be ***"the CSSA networking event of the year"***. The evening starts at 5.30pm (for 6.00pm) and includes drinks and a really special dinner.

A *free place* will be awarded to all 2000 Holway Report customers who purchase before that date. Brochure and advance order form is enclosed.



Normal price for the evening from the CSSA (Tel: 020 7395 6717 or you can e-mail:zoe.hemming@cssa.co.uk) is £180 + VAT for CSSA members and £230 + VAT for non-members.

ICL - continued

KnowledgePool had revenue of £54m in 1999 and claim to be *"Europe's largest IT training company"*.

- raising of a net £141m by placing 16.8% of **ICL Data Oy** (ICL's operating company in Finland) with a group of investors led by **Enskilda Securities AB**. This is a precursor to a full listing of ICL's Nordic operations on the Helsinki SE. ICL generates c£480m of its £2.7b revenue from the Nordic region with ICL Data in Finland responsible for c£320m of this.
- establishment of an incubator unit *"to identify investment opportunities in Internet ventures and nurture e-business operations with the potential to become successful stand-alone companies"*.
- closure of their £60m p.a. trade distribution business (sells computers to small local resellers).
- sale of their European spares logistics business to 3i.
- alignment of the entire ICL business around *"e-Innovation; e-Applications and e-Infrastructure"*.

ICL also announced contracts with **SAP UK** (WAP apps), **Affinity Internet Holdings** (managed ISP services) and Ministry of Sound (CRM system development).

CEO Keith Todd commented that ICL *"now plan to realise some of the significant value we have created in ICL, through the planned stockmarket listings of our Nordic and e-learning businesses, providing resources for their further growth and development"*.

Comment - Although we could be satirical of the press release headline *"ICL commits entire company to eBusiness services strategy"* (we doubt if ICL makes more than 10% of its revenues from e-services at the moment) this is clearly a move to position ICL in the most exciting, fastest growing sector of the industry. As the market value of SCS companies has more than doubled since Jan. 99, a IPO valuing ICL at £5b + is now quite possible. Of course, when they announce results to 31st Mar 00 at the end of May, they will have to demonstrate some kind of move to achieve Keith Todd's 6% margin goal.

But all the steps taken this month seem to be in the right direction. As we have oft said, we want to be first in the queue offering our congratulations if/when ICL finally does undertake a successful relisting...which now looks quite possible before the end of 2000.

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