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ovum HOLWAY

SYSTEMHOUSE

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

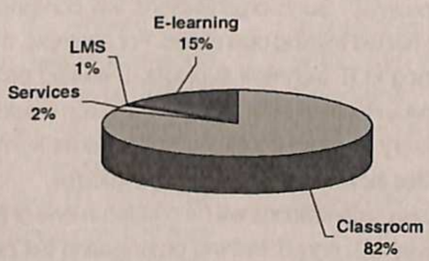
WILL *E*-LEARNING MEAN *MORE* LEARNING?

We don't know whether to be amused or annoyed by some of the more fanciful claims being made about the potential opportunity and benefits of e-learning. In one of the boldest statements we've yet seen on the subject, Cisco CEO, John Chambers, said (FT: 24th Jun. 01) he plans to improve revenues from $457K per employee to $850K per employee – and then to $1m per employee – by giving his sales team access to an e-learning system implemented just two months prior. Were it that easy!

We've been taking a long, hard look at e-learning in the UK IT training market, on the principle that the IT industry is arguably blazing the trail in e-learning, at least in the business sector (i.e. outside of the public education system). What we found, perhaps *not* surprisingly, is that things aren't moving quite as far and as fast as the suppliers – and many industry and financial analysts – like to think.

We now estimate that the UK IT training market was worth £525m in 2000, a much lower figure than most analysts (including ourselves!) had previously thought. Perhaps more controversially, we think that e-learning (essentially all technology-based training) comprised just 15% of the market, around £75m-£80m. We also believe that very little e-learning is being delivered over the internet (i.e. as an ASP/hosted service); we'd be surprised if this exceeded 1%-2% of the total UK IT training market, i.e. £5m-£10m.

UK IT Training Market Structure - 2000
Total = £525m



E-LEARNING HITS REVENUES AND PROFITS

But when we look ahead a few years, we do *not* agree with many pundits that e-learning will 'grow like topsy'. In fact we forecast that e-learning will represent just 20% of the UK IT training market in 2004, a compound annual growth rate (CAGR) of 13%. This is still about twice as fast as the IT training sector as a whole.

Why are we so 'pessimistic' about the market in general and e-learning in particular? Well, it's partly about the financial dynamics of e-learning, and partly about culture.

On the financial side, **we strongly believe that the market expects technology-based training to be cheaper than the equivalent classroom based training.** Expectations of up to 40% lower prices course-for-course for technology-based training are not uncommon. Therefore as the course content moves inexorably from classroom delivery to electronic delivery, curriculum prices will decrease. And, by the way, e-learning content costs between five and eight times as much to develop as classroom content – so this is a profit minefield for IT training companies, even though the cost of delivery is ostensibly lower.

Therefore, **all other factors being equal, we would expect total revenues in the UK IT training market to decrease over time.** Fortunately, there are market forces which mitigate this revenue slowdown, such as the long-term increase in the number of IT professionals and the shorter upgrade cycles for products in which IT staff need to be trained. However, software vendors are also putting more training (i.e. Help) function into their core products (witness Microsoft's late-unlamented Mr Clippy!) which will potentially *reduce* the training requirement for product upgrades. There are, of course 'special events', like Y2K and dotcom, which boost the IT training industry. However, these phenomena tend to be transitory in nature.

CULTURE CLUBS GROWTH

But cultural factors are equally important. We do *not* think that making training more accessible (i.e. cheaper, shorter) will cause a rapid increase in the total market for training. **For the majority of companies, we think training will continue to be viewed as discretionary expenditure.** Therefore many organisations will see e-learning as an opportunity to reduce costs and time-to-learn, so that employees can better devote their endeavours to their day job!

By the way, this factor almost alone will dictate the fortunes of the vendors of learning management systems (LMS) e.g. **Saba, Docent**. We just *cannot* see large numbers of businesses committing the huge sums (up to $1m and sometimes more) required to implement what is, in effect, an ERP

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system for employee skills. There are some notable exceptions, (e.g. where training is required for statutory compliance reasons, and for major worldwide business system roll-outs) – but these will be relatively small in number.

SELLING SUSHI SKILLS

So what will this mean for the current crop of players in the UK IT training market? Well, in order to survive they will need to both *grow revenues* and *grow margins*.

Growing revenues will mainly involve moving beyond IT technical training (as many are already doing) into professional skills, soft skills, and most importantly, **business process training – the new 'goldmine' for IT training companies.** Also, of course, there will be industry consolidation. The UK IT training market is highly fragmented and extremely parochial – just like the UK IT staff agency (ITSA) market, which in many respects it closely mirrors – and ripe for mergers and acquisitions.

Leading suppliers of IT training to the UK market

Rank	Company	Latest FYE	UK Training Revenues: Most Recent FY £m	Previous FY £m	Growth
1=	KnowledgePool	31-Mar-01	41	39	4%
1=	QA Training	30-Nov-00	41	38	8%
3	Learning Tree International	30-Sep-00	37	31	19%
4	IBM Learning Services	31-Dec-00	32	30	8%
5	Oracle Education	31-May-01	26	26	0%
6	Parity Training	31-Dec-00	25	16	56%
7	Spring IT Training	30-Apr-01	21	18	17%
8	Sun	30-Jun-01	20	18	11%
9	Informatics	31-Mar-01	16	16	3%
10	SAP	31-Dec-00	16	13	21%
	TOTALS		274	244	12%

Growing margins means moving up the value chain, offering additional services such as consulting and outsourcing. **However, the challenge is to get the customer to recognise and pay for the value-add.** All too often, the 'premium' service ends up coming out of the margin for content in exchange for a long term purchase commitment.

But neither of these strategies solve the bigger issue, i.e. where do IT training companies go next? Will we see Fujitsu subsidiary **KnowledgePool** offering to teach us how to speak Japanese? Or for that matter how to prepare sushi? May be they will, but then they will be competing with the mass market training companies who specialise in languages, or cookery, or whatever else. In our minds, this is not 'sticking to the knitting', and we think UK IT training companies would need to think very hard indeed if they are contemplating making such a move.

The answer, we believe, will be the growth of a new breed of training organisation we might call 'multi-specialist'. Such organisations will comprise a number of sector-specific, but skill-related training operations. For example, they may include divisions that offer training in IT technical subjects, IT-related professional skills, soft skills, engineering skills, electrical skills, etc. Each division would specialise in its subject area, but (in theory at least) could share the same learning disciplines, classroom and back office facilities, and e-learning platforms.

Multi-specialist training organisations will be created in one of two ways. Either a multinational (most likely US) non-IT training organisation will decide to build a multi-specialist operation and acquire the necessaries. Or, a band of entrepreneurial IT training companies will merge, probably under the wing – and funding – of a venture capital firm, and then acquire related training businesses. Sadly, we don't see, at least in today's market, any existing UK IT training company in a position to build a multi-specialist business from its own resources.

And what about e-learning? Well, we think e-learning will no more herald the death of instructor-led training any more than correspondence courses, audio and video tapes, CBT, etc, heralded the death of ILT years ago. Meanwhile, with all the hype and unachievable expectations being set for e-learning, just like the dotcom phenomenon, for many companies and investors it will all end in tears!

Ovum Holway's new specialist report "E-learning and the UK IT training market" is published in Sept. 01. To order your copy, see attached brochure or order form on page 20.

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INDICES (changes in Aug. 01)

Holway SCS	**4606.96**	**-3.30%**
Holway Internet	**2872.82**	**-3.1%**
FTSE IT (SCS)	**854.14**	**-6.66%**
techMARK 100	**1448.2**	**-7.97%**
FTSE 100	**5345**	**-3.33%**
Nasdaq	**1805.43**	**-10.9%**

HOLWAY COMMENT

Syntegra

What might have been?

What might be?

When you're an "olde" analyst it's easy to say *"If only...".* So many UK SCS players – from ICT, Logica, CAP, Hoskyns, Software Sciences, Systems Designers and many more - could have taken on the world and been an EDS, IBM Global Services -possibly even an Oracle or Microsoft - of today.

We launched **SYSTEM**HOUSE back in 1989 at exactly the time that Bill Halbert left Software Sciences to take the helm at **BT Customer Systems**. Even now it ranks as the worst name ever given to a systems integrator. But the opportunities were immense. Here was a world fast moving towards being network-centic and BT could have been at the very heart of providing its IT services. But BT Customer Systems was a hotch potch of over 40 very diverse activities. Focusing them was made almost impossible by the legacy of the employment and management regime that BT had as a public sector utility.

Syntegra was created in 1993 as the new name for BT Customer Systems. In the mid-90s Syntegra grew as a result of a number of acquisitions and joint trading relationships. Then BT attempted a marriage with MCI which, during a long courtship, prohibited Syntegra from entering the US market. On top of that it was intended that Syntegra should merge with SHL/MCI Systemhouse. But in 1996 it fell through after an inordinate amount of management time and disruption.

It was not until the1999 £217m purchase of Control Data Systems (CDS) - a US-based specialist in systems integration, electronic business outsourcing and other services based on internet technologies – that Syntegra finally had a US presence.

Mind you, whether a US presence was a blessing or a poison chalice is debatable. We well remember our time at Hoskyns when during its ownership by Martin Marietta it too was prevented from any US adventures. Geoff Unwin often says that this ensured that Hoskyns avoided the fate of most other UK SCS companies who ventured State-side at that time. We think that any current examination of Syntegra's results might well prove the point!

Then, in 1999, it had seemed that Syntegra was to be merged with Syncordia to form BT Solutions, a company with revenues at the time approaching £1.5bn. But this was not consummated either.

In mid 1999, we reported that Bill Halbert's planned an IPO for Syntegra in Nov. 99. We happen to believe that these plans were both well advanced and well intentioned but were killed by BT bureaucracy.

You might well think that after so many changes of plan, so many abortive exercises, so much management diversion, any fair corporate entity should leave its SCS division alone to recover in peace for a while. *Clearly not at BT.*

By late 2000, BT was in desperate need of raising funds – at least in part to pay for its foray into buying 3G licences. Syntegra was seen as a likely candidate for a £1b or so contribution to the coffers and was put *"up for sale"*.

Now, there are quite a few readers of note who have been through this "For Sale" process and know the toll that this can take on management. But Syntegra had been through this process several times before. They must have been somewhat battle weary even before the off.

But, after all the effort, all the endless queries from "interested parties", all the costs involved in Rothschild marketing the operation (let alone all the abortive costs of the poor old bidders!) BT decided in late May not to proceed.

Now, we must admit to a bit part in all this. OK, Syntegra has been a client of Ovum Holway since the date dot. But, in 2001, we provided (and were paid for) much research on Syntegra from many an interested bidder. *("So long..and thanks for all the fish")* Having learned that BT was expecting £1b, we were "amazed" and went public with our estimates that Syntegra was really only worth 1x rev (i.e. c£560m) and at most £750m. We suspect that most of the serious bids were from financial purchasers rather than from trade bidders. In today's climate exulted valuations would not find favour with their SCS company shareholders.

There was not to be a *"no brainer"* £1b bid from any party. *Sorry!*

By that time, BT had managed to raise some of the funds it needed anyway and therefore anything it might be able to get from a sale of Syntegra diminished in importance.

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But politics had probably become more important than money anyway with Syntegra seen as a vital part of BT Ignite. But we (Ovum Holway) have long and publicly argued that there is little real synergy for Syntegra within BT Ignite.

WHAT IS SYNTEGRA?

Readers MIGHT think that Syntegra does "telco-oriented" systems integration. The opposite is the case. Because of its BT relationship this is the last thing its customers would wish to buy from it. You may remember that it took a generation for IBM Global Services to get its customers to believe it was "hardware independent"…and many believe it still isn't.

Syntegra is a pure systems integrator. It has no products of its own and therefore builds systems under its own project management from a variety of the most suitable building bricks. Its projects tend towards the larger end, are network-centric and are well represented by the City (with clients like Merrill) and the public sector (DSS, Customs & Excise etc.)

What makes Syntegra "special" is that, with 5000 employees worldwide and revenues of c£560m, it is the second largest UK-owned SCS company (after Logica) operating in a market dominated by US and French-owned players.

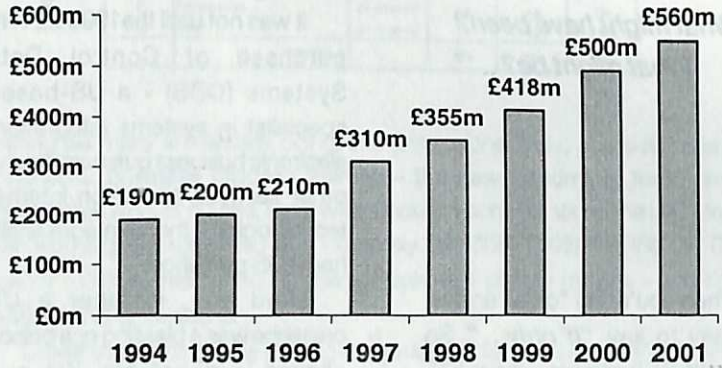
CURRENT SITUATION

If you dig deep in BT's latest Q1 (to 30th June 01) announcement you will find that Syntegra grew (all organic) its revenues by 22% to £143m but it registered an operating loss (before goodwill amortisation and exceptionals) of £1m. That compares with revenues of £563m and operating profits of £37m in the FYE 31st Mar 01.

We get the feeling that it's the UK that is the real performer – and the UK public sector in particular. We suspect the real damage comes from the US and ex-UK.

Syntegra - Revenue history

YEAR ENDED 31st MARCH



Readers also know that we believe that now is the time to ***"Stand up and be Proud to be Both Boring and Profitable"***. In the UK we suspect that Syntegra fits both bills admirably!

WHAT NOW?

We well remember (and suggest that Sir Peter Bonfield, when CEO of that other great UK SCS hope ICL, will remember too as he was there with us at some of these events) the SCS industry conferences in the 1980s/1990s when the most often told joke was:

Q - "How to you create a medium sized UK SCS company?"

A – "Buy a big one and wait"

Well that's exactly what will now happen to Syntegra if it stays in BT ownership.

Of course BT Ignite might itself not stay in BT ownership. In that case the future of Syntegra is about as certain as, say, Debis with Deutsche Telecom or ICL with Fujitsu. (If you need this bit of satire explaining you really shouldn't be reading **SYSTEM**HOUSE).

In our view if anyone really cares about Syntegra, and the future of one of the very few remaining sizable UK SCS companies, the only real solution is to set it free. There is no reason why BT and its shareholders should not both get a decent price AND possibly retain a minority stake as a hedge against future growth.

As an independent SCS company Syntegra would at last be able to plough its own furrow. It could acquire other SCS companies (and what a great time it is to do just that!). *"Sticking to the knitting"* in the UK – particularly in the public sector - would be our advice which might well involve disposals elsewhere. In a few years time the IPO climate for SCS companies will be much more attractive which surely would attract investors now to back a Buy Out.

The choice seems simple. Syntegra stays in BT and atrophies or Syntegra is set free and given a chance, at last, to show its colours.

+3%
132P

ERRATIC PROGRESS AT SHERWOOD

Sherwood International, *"technical solutions supplier to the global insurance industry"*, has announced interim results for the six months to 30th Jun. 01. Group turnover increased by 11.4% over the same period last year to reach £26.8m, although organic growth was just 5.4%. The rest came from Concise Technologies Inc., a Canadian software and services business specialising in the North American Property and Casualty (P&C) insurance arena acquired at the end of April 2001. A profit of £2.5m in the comparative period in 2000 was converted into a LBT of £1.4m, and diluted loss per share was 4.0p, compared to an EPS of 5.1p in 2000. A profit warning in early July paved the way for the poor results.

Chairman, Ken Andrew, commented, *"During this period, few sales prospects were lost, but the number converting into firm orders was disappointing. The sales cycle has lengthened and a number of customers' purchasing decisions have been deferred"*. The General Insurance business and the Government division *"grew strongly"* but the Life & Pensions and Reinsurance divisions had a slow six months. The Government division now represents 27% of the business by turnover (compared to 20% in 2000), while the Life and Pensions division now represents just 34% compared to 53% in 2000. The United Kingdom contributed 59% of turnover (up from 50%) primarily due to a fall in revenue from continental Europe, which accounted for just 7% of the total.

Three factors impacted the bottom line; the costs arising from the building of the company's presence in North America, its investment in its e2-one subsidiary - PBT before goodwill amortisation and investment in e2-one was £0.8m, and £0.9m that went on a potential acquisition that didn't work out.

In Mar. 01, Steve Bellamy, COO, announced his decision to step down from the Board - he left on 1st Aug. 01 (although stays as a consultant until the middle of next year). George Matthews, CE for nine years, has now also announced his intention to retire from the Board. He will remain with the company until Apr. 02 in order to support a *"managed transition"*. A new CE has apparently been secured (no name as yet) and is expected to join the company in October.

Comment - We have commented before on Sherwood's fairly erratic progress over the years and it seems to be continuing. Whilst the company has been trying to establish itself as a global player in the insurance industry, investing in the US in the current climate is a gamble. (Without the acquisition of Concise, North American revenue would have been down by 10%). Let's hope Concise continues to deliver.

Not surprisingly, Sherwood has decided to stop any further investment in its e2-one subsidiary, which was formed specifically to provide web-based solutions to the insurance market. (It cost £1.4m in the first half of 2001 compared with £0.5m for the same period last year). Not before time – the era of separate web-focus subsidiaries (particularly starting with an "e") is long gone; customers just want solutions. Instead, investment will be directed towards the core insurance and government business, as it should be.

But perhaps the most significant part of the announcement is the changes in leadership. It's not the best time for changes, but the company does seem to need some strong and clear leadership to keep it moving forward.

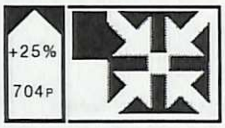
-27%
23P

LOSSES DEEPEN AT PATSYSTEMS

Patsystems, provider of electronic trading software, has announced results for the six months to 30th Jun. 01. Turnover is up 140% to £2.6m, but losses have deepened from £3.8m to £5.5m, and Loss Per Share, previously 3.5p, is now 4p. Commenting on the outlook, Jacques de Cock, Chief Exec. said: *"For the second half of the year we see our current underlying growth rate in both end users and revenues continuing"*.

Patsystems may not be profitable, but with cash reserves of £30.8m, at current rate of spend it has sufficient reserves to see it through the next two years.

During the reporting period, Roger Colletta joined Patsystems as Executive Director with responsibility for Client Management reporting to Scott Shellady, Chief Operating Officer.



BRAKES OFF FOR OTHER ACQUISITIONS AT TOREX

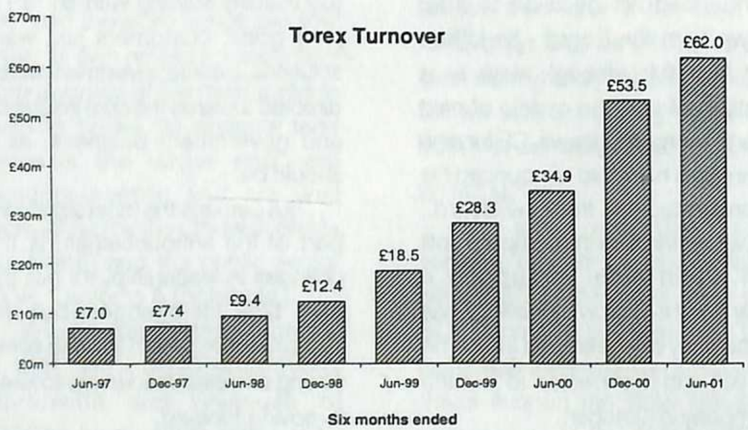
Torex, provider of IT solutions to the healthcare and retail markets, has announced results for the six months to 30th Jun. 01. Turnover increased by 77% to £62m, PBT grew 115% to £3.9m and EPS was up from 3.7p to 5.1p. Chris Moore, Chairman, commented, "*The high level of secured work, the buoyant market conditions in our UK and German health markets, together with the operational efficiencies achieved across all our Divisions in the first half, give your Board confidence that we are set for another very successful full year's trading*".

Order intake in the UK health business is up 140%, mainly due to large long-term (3-5 year) contracts in the hospital sector. There was also much improvement in the GP market (in the doldrums last year) helped by the government's GP net initiative, targeted to get 90% of GPs connected by March 31st this year. There is still much on-going business connected with GP net. The European health business, which centres around the **Laufenberg Group**, acquired in Dec. 00, is now focused much more on profit – 65 of the staff acquired (out of a total of 450) have since left the company, so margin improvements are expected to be faster than expected.

In retail, the company has faired better than its competitors (e.g. NSB) due to a concentration on the niche sectors of food retail, leisure and performance management. New and replacement business has slowed, but Torex is putting its focus on existing, long-term customers for add-ons, services, etc.

Comment - CE Mark Pearman was confident in his briefing, as well he might be. The company is in the right place at the right time (the health sector continues to benefit from government spending initiatives) – see our forthcoming Public Sector report for more details. The health sector accounted for 72% of revenue, compared with c50% last year (services revenue is now included in health and retail rather than recorded separately).

The company's success is also down to *'efficient delivery'* to use Chairman Chris Moore's words. This includes removing £4m from the cost base. Operating margin is up 22% to 14.7% (17.4% for the health business). Now's the time to do it.



So what's next?

Well at the end of last year a period of consolidation was promised – that ended with the purchase of Irish rival **POS Group** last week. Although in the retail sector, it also gives Torex a larger launching pad for health services in Ireland. So the brakes are now off for other acquisitions, with apparently more deals in the pipeline than ever before. That's saying something for this acquisitive company – Germany and the Netherlands are likely to be the main focus.

It all looks good, but in what was described as an 'evolutionary' change, at the end of June Martin Hogarty (chief executive) and Bob Telfer (commercial director) left the board. Chris Moore remains executive chairman, Mark Pearman (ex finance director) becomes CE and Mark Woodbridge (group financial controller) became the finance director. Bob Day, group managing director, took on the new board position of COO. Lets hope the new team can continue the good work.

"We are set for another very successful full year's trading"

+22%
84P

SDL INTERNATIONAL
enabling global business

U.S. - THE ENGINE OF GROWTH FOR SDL

SDL - a niche company providing globalisation products and solutions - announced results for the six months to 30th Jun. 01. Turnover is up 45% to £16.7m compared to the same period last year (existing ops grew by 29%), a PBT of £269K is now a LBT of £2.8m, and an EPS of 0.09p previously is now a Loss Per Share of 6.5p. Commenting on the results, Mark Lancaster, Chairman and Chief Exec. said: *"Despite the prevailing market conditions SDL is consolidating its position as the world's leading globalization software and services business"*.

SDL 6 months to 30th June	Turnover £m		
	2001	2000	Change
UK	1.9	1.8	2%
Rest of Europe	2.8	2.9	-4%
US	11.3	6.2	83%
Rest of the world	0.8	0.6	20%
TOTAL	16.7	11.6	45%

Comment - SDL provides services and products that enable organisations to translate from one language to another, across a variety of media: intranet, email, web or traditional documentation. The company's offerings range from *"instant machine translation"* to translation requiring *"quality human translation"*. It was founded in 1992 by Mark Lancaster and floated in Dec. 99.

SDL has slipped back into losses in the period; not wholly due to its acquisition activities in recent times (four acq's in FY00, and one so far this FY). Goodwill amortisation of £1.5m was incurred in the period.

The majority of SDL's revenue comes from services (c96%), and the strength of relationships with customers shone through with 85% of the business won in the period coming from existing clients, up from 65% in the prior year. The customer base includes Bank of Canada, Oracle, Sun, Microsoft and Lexmark.

The real engine of growth for SDL was the US market, where it saw revenues increase by 83% to £11.3m, existing operations managed a commendable 65% growth. However the picture was not so rosy elsewhere. SDL's existing operations in the UK experienced an 8% decline in revenue, and had to rely on the contribution from acquisitions to provide the modest growth. The situation was the same in the rest of Europe where, without revenue from acquisitions, revenue would have declined almost 24%. The rest of the world squeaked in a c4% increase, before acquisitions were included.

With around two thirds of SDL's revenue coming from the US, the company is looking somewhat exposed to the downturn in the US market and will have to work hard to continue its positive track record of revenue growth. However, with translation a necessary part of doing business globally, SDL has a promising future if it can weather the storm.

The shares ended the month up 22% at 84p, but a long way off the float price in Dec. 99 of 150p.

Freejellybeans.com

At the Regent Conference in Jan. 2000 - just 20 months ago - we introduced our spoof company - **FreeJellyBeans.com** which we used to illustrate how you could turn a crackpot idea into an IPO worth £500m in 8 months. The story was syndicated around the world and many still rate it as one of the more amusing things we have done.

Of course, the name was a combination of **Freeserve, Jellyworks** and **Beenz.**

Freeserve soared to a valuation of over £9b before slumping all the way back to its IPO price of £1.5b and was bought by France Telecom in Dec 00. FT has since slumped in value - although not only because of Freeserve.

Beenz, which offered a kind of internet-related Green Shield stamps, similarly rose as a private company to a crazy valuation of £500m. Amazing given its near zero revenues and mounting losses. Not surprisingly Beenz closed its operations this month.

Jonathan Rowland's Jellyworks, an internet investment operation, also soared in value from its AIM IPO price of £10m in Dec to over £200m before being sold to Shore Capital. At least investors made some money at this point.

Rowland has this month formed **Resurge**, which will float on AIM on 10th Sept. Resurge will help struggling internet companies to survive. Clearly there will be no shortage of customers...

-16% QUANTICA plc 56P

MARKET CONDITIONS REMAIN DIFFICULT AT QUANTICA

Quantica announced H1 results to 1st Jun. 01. Turnover increased by 80% to £16.7m, with organic growth of 31% to £10.9m. PBT increased by 9% to £1.6m, and diluted EPS rose slightly from 2.71p to 2.75p. Chairman, Tony Gartland, commented, "*Whilst parts of our industry are experiencing difficult market conditions, we are still maintaining forward momentum, although not at the pace we would like...the broad base of the Group, together with our low fixed cost base, places us in a strong position to maintain profits during the current market conditions and further strengthen the business in the future*".

Comment - Yorkshire-based Quantica provides IT recruitment, executive search and selection, healthcare recruitment and training services. The company was established in 1991 and now operates via 12 separately branded companies, which are somewhat diverse, five of which specialise in IT recruitment.

Unsurprisingly, it was the healthcare operation which fared best...

Unsurprisingly, it was the healthcare operation, which fared best during the six months, doubling its revenue. Healthcare is anticipated to be "*a major contributor to profits for the second half*".

Whilst technology recruitment saw a 43% increase in operating profit in H1 (compared to the same period last year), and organic growth was 29%, all the growth was achieved in Q1, with Q2 down 2% on 2000. Quantica explains that it was hardest hit in telecomms and networking recruitment, and in contingency (as in ad hoc, rather than advertising-led) permanent recruitment. Chief Exec, Les Lawson commented that market conditions in technology overall "*remain difficult*". Performance in the H2, is expected to be "*broadly in line with the first half*".

Quantica came to market in Jun. 98, at 124p per share. The shares ended the month down 16% at 56p, and a long way off the float price.

-1% DELCAM 170P

NOT A BAD RESULT IN THE CURRENT CLIMATE

AIM-listed **Delcam**, "*the number one CAD/CAM supplier in North America and Europe*", announced interim results for the six months to 30th Jun. 01, showing turnover up 8% to £9m, PBT up 20% to £735K (just an 8% margin) and EPS up 10% to 8.9p.

Software sales and training revenues increased in the UK, although hardware and technical support revenues declined. They had "*strong sales growth in France, Germany and Italy*". and even some growth in the all important North American market, despite the turndown. However, South America felt the pain and is unlikely to match the previous year's performance. Far East sales are a mixed bag, with Japan and Korea much the same, Taiwan down, but "*strong growth*" in China and Hong Kong. Initial sales in India "*have been excellent*".

Chairman Tom Kinsey, reported that: "*Delcam's good progress, both technically and commercially, has continued during the first half of 2001. In spite of the slowdown in our principal markets in the UK and USA, the Board currently expects further improvement during the second half as Europe and the Far East continue to achieve good sales growth*".

Comment: Delcam's margins have not been good for some time – indeed they fell into loss in 1998 but climbed back into profit the following year. But with a broad geographical spread they are able to mitigate to some extent the downturn in the US and UK, though these are their largest markets. They have kept up strong R&D investment (£2m in H1) which is of course necessary to keep the products current. So on balance, not a bad result in the current climate. Delcam floated in Nov. 97 at 260p valuing the company at £12m. Their shares ended August at 170p, a 35% discount to the float price.

+1% 54p Everything you need to manage your employees - online OneClickHR

ONE CLICK CLOSER TO PROFITABILITY

AIM-listed **OneClickHR**, HR and personnel software developer, has announced interim results for the six months to 30th Jun. 01. Revenue is up 104% to £2.7m, LBT deepened by 66% to £1.2m and Loss Per Share went from 1.8p to 2.3p. Commenting on the results, Chairman Lord Sheppard of Didgemere said: "*The outlook for the second half is encouraging. The macro economic outlook is uncertain but we expect this to focus buyers' attention on value which will improve our competitive position even further. By increasing turnover as a result of continuing demand for our high end products in the UK and growing markets overseas combined with reduced costs, we are able to enter the second half of the year with confidence*".

Comment: Almost all of OneClickHR's revenue growth was organic, with just £50K coming from **Microsolve** (an IT training business, acquired Jun. 01). However, compared to H2 00, revenue inched forward by just £36K – Sep. to Dec. is usually the busiest time of the year for the company, with sales leads from trade exhibitions coming to fruition, so a lot is riding on Q4.

Revenue grew fastest overseas, with sales in Europe up 224% and rest of the world up 170%, although the UK still accounts for c80% of total revenue. At the briefing, Frank Beechinor-Collins, MD and co-founder, explained that the average value of sales has increased from £2K to £8K on the back of the 'higher level' Personnel Director product, launched in 2000. Increasingly, OneClickHR is competing with the likes of **Oracle** and **PeopleSoft** for enterprise-wide HR deployments, and, it claims, winning on price. The company now boasts individual sales worth in excess of £50K for the first time in its short history. It has also launched an HR outsourcing service, which has secured its first sales. The deals (typically 3 to 5 years) give OneClickHR some valuable recurring revenues.

Meanwhile, OneClickHR.com, the ASP offering which includes proprietary software and access to online services such as advice on occupational health and other HR issues, is reported to be generating c£40K a month. OneClickHR, is, wisely in our opinion, taking it one step at a time with the ASP model. The service is currently only available to UK customers, and is profitable in its own right.

OneClickHR's losses for the period deepened to £1.2m, but were much improved on H2 00, when close to £2m was spent on marketing and recruitment. Almost £0.5m of the £1.2m was incurred establishing a software development, support and telemarketing operation in, you guessed it, India! OneClickHR did this, primarily, it says, to gain access to a greater pool of IT staff – Chennai, in South East India, has a much larger pool of IT developers than Weston Super Mare, and more telesales people than Beckenham, and at a fraction of the cost! The Indian operation now employs 44 people, and is managed by staff seconded from the UK. The company sees its UK workforce actually falling in number as all product development and support is moved off shore.

Chennai has a much larger pool of IT developers than Weston Super Mare

Beechinor-Collins and his team have also been busy lately completing two acquisitions – Microsolve, an instructor-led IT training company, bought to improve OneClickHR's own product training capability, and **Parker Technologies**, a time and attendance software product company. Both are operating profitably.

Looking forward, OneClickHR is aiming for profitability by early 2002, with breakeven on a month-to-month basis from Oct. 01. Certainly the reduced overheads of the Indian operation will slow down the rate at which OneClickHR spends the remaining £1.8m cash. Longer term, it is setting its sights on being the 'consolidator' of outsourced HR software and services. As things stand, OneClickHR is a very small player in a fragmented market, but one that includes giants like Oracle and PeopleSoft. To them, OneClickHR is probably, for now at least, a minor irritant that they could take out altogether if they chose.

The shares have ended the month at 54p - a 20% premium to the float price of 45p in May 00.

-3%
252P

CMG - A BUSINESS OF TWO HALVES

At the headline level, **CMG** reported turnover for the six-months to 30th Jun. 01 up by 31% to £456.7m. However on a much bleaker note, a PBT of £45.1m in H1 00 became an LBT of £10.2m, and an EPS of 5.3p became a loss per share of 2.6p.

The results presented a 'business of two halves'. The ICT Services business reported turnover up 38% from £289.3m to £399.0m, with organic growth of 10%, and operating profit (before goodwill amortisation) increasing by 42% from £35m to £49.7m. The Wireless Data Solutions business told a very different story. Turnover from the WDS business decreased by 4% from £60.1m to £57.7m and an operating loss (before goodwill amortisation) of £22.6m. Although smaller than previously predicted in April i.e. £30m, the loss managed to wipe out the profit from the rest of the business. This was despite the fact that the ICT business accounted for the majority of turnover at 87%. CMG remains confident that the WDS business has an "*excellent future*" and says that it "*will balance the ongoing R&D investment necessary to fuel long-term growth with the need to deliver short and medium-term profitability*". The good news for WDS is that it has been trading profitably since May. On top of that, it has a £50m order bank for H2 01. However, the message remained less than confident with Tom Rusting, CE, stressing that the profitability of the WDS business will rely heavily on results in Q4, and more significant orders are needed.

The stars of the show were undoubtedly the managed services division, and the public sector business. 14% of ICT revenues were attributed to Managed Services and the division reported growth of 25% in the first half - of which 24% was organic. The business is a strength for CMG as it is characterised by long-term contracts and recurring revenues. Rightly so, the company also highlights the fact that it provides a number of cross-selling opportunities. 17% of ICT services revenue was derived from the public sector and the business grew by by 57%. Although this growth was largely affected by the acquisition of Admiral, organic growth was still a more than respectable 11%. The stability of this market while other markets were suffering would have been a comfort to CMG, and Admiral's experience in this area would have been a welcome additional boost.

In the UK, CMG Admiral's turnover increased by 77% to £135.9m, with an operating profit of £13.6m - up by 178%. This growth includes a six-month contribution from Admiral and gave the UK an operating margin of 10%. The operating margin is expected to improve in the second half. Organic revenue growth was 11% with organic operating profit growth of 147%. The winning of a Health and Safety Executive (HSE) IT Services contract valued at £20m demonstrated the UK's strength in both the areas mentioned above (i.e. outsourcing in the public sector). The UK Government business, in partnership with ICL, also extended its contract with the DTI.

Germany was amongst the geographies performing less well. In Germany turnover rose by just 2% to £30.2m and break even was achieved at the operating profit level. The performance was blamed for the most part on the deterioration in Germany's economic environment, and the year as a whole is going to be pretty bad. In the RoW, where the territories are in the "*early stages of development*", losses of £0.3m were reported. This was mainly attributed to a client withdrawing from a project in Australia and a poor trading performance in Denmark. These newer territories were acquired as part of Admiral.

On the day of the results, with the ICT business doing well and a better than expected performance from the WDS business, the market reacted positively to CMG's results announcement, resulting in a share price increase of 22.7%. New COO, Alistair Crawford, seemed confident of the role that he could play in taking CMG forward. At the briefing, he said that he believed he could help CMG to work more internationally aided by its increased scale. He also wants to leverage the expertise that CMG has in certain areas, e.g. CRM, across all geographies. Lastly, Crawford feels that his experience in large scale product development could be used effectively in the WDS business. We wait with interest to see if WDS is profitable in H2.

CMG Plc	Turnover £m			EBITA £m			Margin	
6 months to 30th June	2001	2000	Change	2001	2000	Change	2001	2000
Benelux	196.3	164.5	19%	35.3	29.2	21%	18.0%	17.8%
United Kingdon	135.9	76.6	77%	13.6	4.9	178%	10.0%	6.4%
Germany	30.2	29.7	2%	0.0	1.3	-100%	0.0%	4.4%
France	28.9	17.5	65%	1.1	-0.4	Loss to profit	3.8%	-2.3%
RoW	7.7	1.0	670%	-0.3			-3.9%	
ICT SERVICES	*399.0*	*289.3*	*38%*	*49.7*	*35.0*	*42%*	*12.5%*	*12.1%*
WDS	57.7	60.1	-4%	-22.6	18.6	Profit to loss	-39.2%	30.9%
Common Costs				-1.8	-2.1	Loss both		
TOTAL	456.7	349.4	31%	25.3	51.5	-51%	5.5%	14.7%

+3%
71p
FINANCIAL OBJECTS

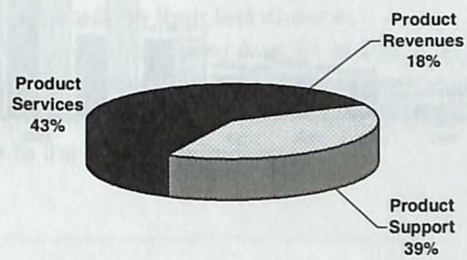
STRONG GROWTH IN NEW TECHNOLOGY AREAS

Financial Objects - supplier of banking products and services - has announced interim results for the six months to 30th Jun. 01. Revenue is down a couple of % compared to the same period last year at £8.7m. Last year's LBT of £1.6m is now a PBT of £0.9m, and what was a Loss Per Share of 3.33p is now an EPS of 1.22p. Commenting on the results, Roger Foster, Chairman, said: "*The Group has achieved an encouraging set of results for the first half-year to 30 June 2001, despite difficult market conditions. The Board believes that the current year will continue to see lower levels of spending on IT by banks and financial institutions, and in this environment our strategy, whilst seeking to expand our customer base and maintain product development, will continue to be focused on bottom-line profitability and positive cash flow.*"

Comment – During this period the Group felt the effect of its restructuring and saw a 25% fall in operating costs to £8.2m. With revenues remaining stable, this resulted in a conversion of its loss, in the comparable six months in 2000, to a £0.9m profit. The focus of the results announcement was on the "*strong*" growth in "*new technology revenues*" (ActiveBank systems and services). Turnover in this area was £4.3m – up 27% and representing almost 50% of the Group's revenues. This growth included two "*significant*" new licenses and associated services, which contributed c£2m to Group turnover i.e. 23% of the total. We wonder if this may be a case of too many eggs in one basket. Nonetheless, Financial Objects intends to continue to spend at the current level on the development of its new technology ActiveBank core banking system.

We would like to see revenue from product support and services increasing as a proportion of total revenue – in this period, the proportion decreased from 85% to 82%.

Financial Objects - H1 2001 Business Mix
Total = £8.7m



CAP GEMINI ERNST & YOUNG

MORE BAD NEWS TO COME?

Provisional H1 results from **Cap Gemini Ernst & Young** show rev. for the six months to 30th Jun. 01 up 70% to Euro4.44bn with group operating income at Euro269m. The 6.1% margin is down from 8.5% for same period last year. On a pro forma basis (inc. E&Y from 1st Jan. 01) revenue actually grew 8% but operating income was 10% lower. They also report that the *"action plan"* announced with their profits warning of 26th Jun. 01, has been *"fully deployed"* with 2,100 employees already out and another 600 on their way. Full year outlook remains unchanged *"provided there is no major disruption in the economic environment"*. CGEY will issue another trading statement when it presents audited H1 results on 12th Oct.

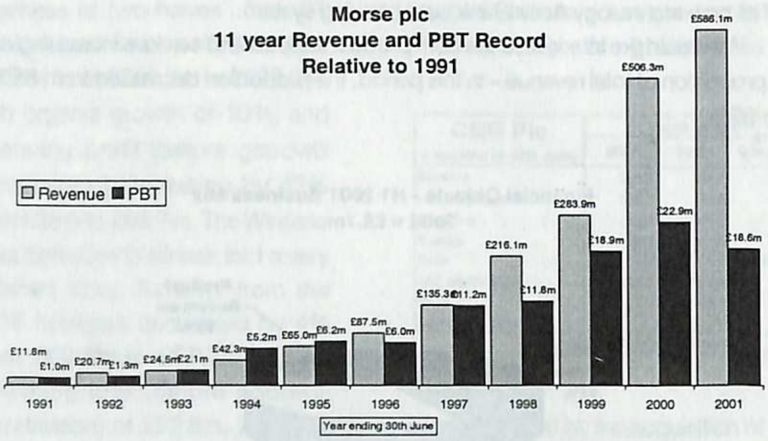
Comment: It's all gone a bit pear-shaped at CGEY, blamed mainly on the slowdown in financial services in US & Benelux, IT in US & Nordic, and manufacturing in the US. They are paying for the restructuring (expected cost Euro85m) partly from the sale of the UK BPO business to **Vertex**, which realised CGEY a net gain of c30m. Meanwhile, the acquisition of E&Y has proved an incredible 'challenge'. Of course, to add insult to injury, they had formed a joint venture with Cisco in Mar. 00 with Cap Gemini taking 95.1% of the equity at a cost of £510m. The JV was to provide e-business oriented network services to telecoms and large corporate customers and had nearly 5,000 staff. At the same time Cisco also invested £700m in Cap Gemini shares. This obviously seemed like 'a good idea at the time' but now they might be regretting it. Anything to do with financial services and telecoms is still a bad place to be for most players, while outsourcing - the only 'safe haven' in the current storm - is the area CGEY seems to be retreating from! Besides the layoffs, 700 support staff will be transferred to *"client facing roles"*, a well travelled path which in our experience generally leads to demotivated employees and frustrated customers. A sad decline for the once-great UK number one outsourcer, Hoskyns. Frankly, we wouldn't be surprised if there were more bad news on 12th Oct.

-13% 171P **MORSE**

MORSE SIGNALS A CHALLENGING YEAR AHEAD

Given the current state of the market and **Sun**'s recent announcement that it is likely to fall into loss in Q1, **Morse**'s preliminary results for the year ended 30th Jun. 01 were never going to be as impressive as its 52% revenue growth in 2000. In fact revenue increased 16% to £586.1m, PBT fell by 16% to £19.2m and diluted EPS also fell to 7.7p. Richard Lapthorne, Chairman, commented, "*Early indications for the new financial year suggest that market conditions in the countries in which the Group operates remain challenging. On a comparable basis, activity levels in the opening months of the new year have remained subdued. The Group will continue to respond to these market conditions and is well-placed to deliver increasing value for shareholders in the future*".

Comment: Not surprisingly, it was the infrastructure business, which accounts for 86% of group revenues, which felt the strain. Having grown revenues by 46% for the first half of the year, they then fell by 20% during the second half, giving an overall growth of 11%. IBM sales (which only account for 7% of infrastructure sales) grew by 50% during H2.



Morse is obviously keen (and rightly so) to address the balance between product and service revenue. The service division accounts for 15% of group revenues (up from 11% last year). It experienced the largest growth, up 58% (47% organic), assisted by the acquisition of **Delphis** and **Masai**, to £87.7m. Furthermore, Morse is aiming for a further 15% growth for the coming year. The services division now accounts for 61% of its employees. However, Morse has some way to go before it achieves the more equitable balance it is aiming for. With average service contract values of around £100-150K (its largest was £750K) it will need to both increase its range and depth of coverage to reach its target.

Morse aims to generate 50% of its profit in the future (date not given) in Europe. Its businesses in France and Germany grew their revenues by 22% and 31% respectively; accounting for 25% of group revenue and 10% of operating profit. The company expects to expand its European franchise into other countries.

As things stand Morse is exposed through its dependence upon Sun product sales (which account for 66% of total revenue) and the telecommunications sector (which is its second largest vertical market accounting for 32% of revenue – financial services accounts for 39%). However, the company has already taken steps to control costs through its restructure in May which resulted in a 110 reduction in headcount and is expected to generate £5m in savings. For the future Richard Lapthorne, Chairman, commented that Morse was going to stick to the "*old fashioned*" business model, ie produce profits and maintain a strong cash flow.

-22% 20P BALTIMORE

As promised, security products vendor **Baltimore Technologies** laid out its restructuring plans when it released results for the six months to 30th Jun. 01. On the financials side, revenues rose 53% to £39.4m, but pre-tax losses deepened massively, from £42.2m to £550.3m (yes, over half-billion pounds). Loss per share has similarly gone south from 5.5p to 110.8p. These figures include the adjustments due to restatements of revenues revealed at the end of July.

On the restructuring side, Baltimore will focus on its authentication and authorisation products (UniCERT and Select Access)

Continued on page thirteen

Continued from page twelve

and separate content security product business **Content Technologies** (core product MIMEsweeper) as a separate operation, to be sold off. Baltimore had acquired loss-making Content just a year ago. An all-share (thank goodness!) deal valued at the time at over £700m. The decision to spin out Content has resulted in a massive write-off of goodwill and intangibles of nearly £400m, although mercifully it's not cash. Other write-downs etc. brought the total operating loss to over £550m. Baltimore is targeting annualised savings of £72m, and with £54m cash in the bank, reckons they are *"fully funded through to profitability"*.

Comment: *Too far, too fast, too hyped!* Not surprisingly, at the analyst briefing CFO (and acting CEO) Paul Sanders and the exec. team spent precisely three minutes on the financial results (dire!) and the other 57 minutes on the restructuring strategy (seems credible to us). Basically, it's 'back to the knitting' with a focus on authentication and authorisation with consequent disposal of the Content business now considered, with the benefit of glorious hindsight, to have *"limited synergies"* with the core business. Baltimore aims to become *"EBITDA positive"* in Q2 02, by which time they will have slimmed dramatically to c470 employees (220 go immediately).

Baltimore Six months to 30th Jun. 01	Turnover £m			Gross Profit £m			Margin	
	2001	2000	Change	2001	2000	Change	2001	2000
Licences	18.8	13.2	42.0%	17.9	13.2	35.9%	95.3%	99.6%
Hardware	1.3	1.6	-19.7%	0.8	0.7	16.4%	58.4%	40.3%
Services	17.0	9.6	76.5%	2.4	2.7	-12.6%	14.1%	28.5%
Third party products	2.4	1.2	90.7%	0.4	0.2	91.0%	17.0%	17.0%
TOTAL	39.4	25.7	53.4%	21.4	16.8	27.9%	54.4%	65.2%

Broadly speaking, we think the restructuring plan is dramatic but sounds well thought out and sensible. Importantly, the board (now 'sans' CEO Fran Rooney) are up for it. It clearly won't be easy, and they know that this will be their last chance.

Baltimore's share price ended Aug. 01 at 20p, a far, far cry from it peak of nearly £14 in March last year. They will be voluntarily delisting from Nasdaq (which they joined in Jan. 00) at the end of September and will move to the OTC Bulletin Board.

-8%
64P
lorien

SLOWLY CLIMBING OUT OF THE MIRE

IT staff agency (ITSA) **Lorien** has made a welcome return to profit. Interim results for the six months to 27th May 01 show revenue up 26% to £67.1m, but the good news is that a pre-tax loss of £2.8m this time last year turned into to a pre-tax profit of £537K. Similarly a Loss Per Share of 14.1p is now an EPS of 3p. Executive chairman Bert Morris was far from complacent: *"Although our results to 27th May 2001 have significantly improved from 2000 my view remains that we still have some way to go...I must recognise that some of the improvement in performance is due to the more buoyant environment in the last 12 months......Based on current activity levels within the group, I remain very confident that we will meet performance expectations for the current year"*.

Lorien plc Six months to May	Turnover £m			Gross Profit £m			Margin	
	2001	2000	Change	2001	2000	Change	2001	2000
IT Resourcing	55.3	41.5	33%	7.0	5.6	25%	12.7%	13.5%
Specialist Services	6.9	8.1	-15%	1.7	1.8	-6%	24.6%	22.2%
Consulting	4.9	3.6	36%	1.4	0.5	180%	28.6%	13.9%
TOTAL	67.1	53.2	26%	10.1	7.9	28%	15.1%	14.8%

Comment: When we spoke to Lorien FD Chris Hinton, he said they were not seeing too much margin pressure on the core ITSA business so were hopeful of keeping margins in the 10% to 12% range. However, this could easily change if things in the market got even worse than they are currently. Unfortunately, we think they will get more desperate before they get better. Indeed, we regularly hear about major corporates laying off contractors and insisting on lower fee rates, which is likely to produce an underbidding war among the ITSAs.

Meanwhile, things look good in Lorien's Consulting business (management consulting, IT consulting, 'customer loyalty' consulting), which generates the highest margins among Lorien's divisions. But Specialist Services (rag-bag of semi-autonomous businesses, inc. training, market research, etc) is still not pulling its weight.

Lorien is looking at expanding into Europe (Holland, Germany, Ireland) but this will initially be through placing UK contractors 'offshore'. We think this is the sound, low risk approach.

Overall, after two years of losses, it looks like Lorien is slowly climbing out of the mire. However, an uncertain H2 could scupper their (and everybody else's') chances of recovery.

-4%
Computacenter
244P

PRETTY GOOD IN THE CIRCUMSTANCES

Computacenter turned in a pretty solid set of interim results, we thought, but the market at first didn't seem to agree. Turnover for the six months to 30th Jun. 01 (incl. share of Joint Ventures) rose 27% to £1,176m, PBT increased 52% to £29.3m, and EPS rose 49% to 10.6p. But it was chairman Ron Sandler's candid comments that carried what some analysts saw as the sting in the tail: "*The Group's overall performance in the first half of 2001 was in line with expectations. Although these results are encouraging in aggregate, they conceal a deterioration as the period progressed.... Trading conditions and therefore the outlook for profits in the second half are difficult to predict with confidence... If trading continues at current levels,* ***we anticipate that Computacenter's profits will be broadly similar to those of last year***".

Comment: To be honest, we didn't think these results were as negative as the market thought at the time. In fact, under the circumstances Computacenter seems to be keeping its head well above water and, by the way, is sitting on a very nice cash pile (nearly £110m) to make sure they don't get caught short while the future looks so uncertain.

The part we're really interested in, i.e. services, is a bit of a mixed result. Managed services (i.e. long term outsourcing-like deals) are going from strength to strength (including their first ten year contract with HSE), but professional services (i.e. ad hoc project work) is still under utilised as with almost everyone else. We still struggle to work out how much of Computacenter's business comes from services – we estimate it's close to 20%, of which about a third is 'pure' maintenance and about half comes from managed services. Anyway, we're delighted that the managed services business is on the up and up.

No-one should be surprised Computacenter has closed e-consultancy **iGroup**, although the loss-making ASP service lingers on in their Enterprise division (not for long we would suggest!). We would still prefer to see them spin off e-procurement software business **Biomni** (the JV with sibling company **Computasoft**) but the timing is obviously not right. Meanwhile Biommi is a modest drain on funds and management time.

It'll be interesting to see how GCAT2 pans out for Computacenter. When the new Government procurement list commences in Oct. 01, Computacenter will at last be able to sell services as well as product to those Government departments covered under GCAT. On the other hand, GCAT2 has opened up the market to other major competitors (inc. Peter Rigby's SCH, which displaced Computacenter as preferred supplier at CSC UK in Apr. 01, a real feather in their cap) so Computacenter is under no misapprehension about having an easy life.

As for the year end outlook, at current course and speed – a risky assumption in today's market – Computacenter may end up with much the same profit as in 2000. But there are many SCSI companies that would consider this to be an outstanding result! Nonetheless, at an IPO price of 670p in May 98, Computacenter's shares ended Aug. 01 at 244p, an 64% discount to the float price.

There are many SCSI companies that would consider this to be an outstanding result

Computacenter Six months to 30th Jun.	Turnover £m* 2001	2000	Change	Operating Profit £m* 2001	2000	Change	Margin 2001	2000
UK	1001.0	799.5	25.2%	34.4	24.7	39.1%	3.4%	3.1%
France, Belgium & Luxembourg	125.6	92.8	35.4%	1.6	-1.6	-201.5%	1.3%	-1.7%
Germany	47.1	34.5	36.4%	-0.6	-1.8	-64.3%	-1.3%	-5.1%
TOTAL	**1173.7**	**926.7**	**26.6%**	**35.4**	**21.4**	**65.7%**	**3.0%**	**2.3%**

*Excludes associates & joint ventures

Mergers & Acquisitions

Buyer	Seller	Seller Description	Acquiring	Price	Comment
AdVal Group	Terra Nova Media	Website design, e-learning, hosting and e-commerce	100%	n/a	AIM-listed online learning company AdVal, acquired Terra Nova with a mix of cash and shares.
ADVFN.com	UK-invest.com from Globalnet Financial.com	Stock and investment information website	100%	£800K	As part of the deal, Globalnet subscribed for a further 17.5m shares in ADVFN, bringing its holding to c14%.
Affinity Internet Holdings	Blue Carrots from Cube8	Portal	100%	£693K	Affinity's new subsidiary, Affinity Portals, acquired BlueCarrots with shares.
Affinity Internet Holdings	UK indirect residential telecomms customer base from Atlantic Telecommunications	Subscriber base	100%	£1.8m	Affinity's subsidiary, Affinity Wireless, paid cash for the customer base.
AIT Group	Information Management Associates Inc.	CRM software & services	100%	£11.6m	CRM-specialist bought US-based IMA for cash.
CMG (Wireless Data Solutions)	uOne Unified Communications software from Cisco	Software and R&D team	100%	n/a	CMG picked up c100 employees in Richmond, USA, as part of the deal.
Compass Software Group	Guided Image	Software for the retail industry, and assoc. consultancy	100%	£1.5m	Guided Image works with leading retailers providing 'visualisation' software and design consultancy.
DMG Niche Publications	UK & Irish business of Loot	Print and online advertising	100%	£45m	DMG are a subsidiary of the Daily Mail group. Payment was in cash.
Dimension Data	Dasan Electronics	Network Systems Integrator	100%	£24.7m	Didata paid cash for the Korean company.
Expocentric	Expoplanet AB	Virtual fairs and exhibitions in Scandanavia	100%	£638K	Expocentric paid an initial £100K in cash and c£538K in shares. A deferred consideration of max. £500K will be based on performance through to 31st Dec. 02.
Harvey Nash	Broadbay Networks Inc	US-based recruitment company	100%	£2.2m	Broadbay provides resource solutions for the broadband industry, and will be integrated with HN's existing US operations (Techpartners).
Ingram Micro (UK)	Cisco networking distribution business from Sphinx CST	Product distribution	100%	£10-11m	Sphinx CST is a wholly-owned subsidiary of Lynx Group. The operation turned over £17m in the year to 30th Sep. 00.
Ives Development Inc.	Screensurfer from Intelligent Environments	Middleware s/w product	100%	c£278K	iE stands to gain from royalty payments over 2 years, possibly in excess of $1m. Prior to the sale, iE licenced Screensurfer to Mentis International Corp. Price shown is the combined value of the licence agreement and sale of the business, after expenses.
Lloyds TSB Insurance	Screentrade from Misys	Internet insurance brand	100%	n/a	Misys launched the internet insurance brand in Nov. 97
Mi Services Group	Hesta Corporation	Oracle and Ross Systems consultancy	100%	£12.3m	Mi Services bought the US-based Hesta in a cash deal worth c£12.3m plus an equity stake in the enlarged group. Hesta adds 60 Oracle specialists to the group.
Mission Testing	Specialist Testing Solutions	Software testing consultancy	100%	£3.7m	STS are a privately-owned UK company with 43 staff. It made rev of £1.2m and PBT of £190K in the year to 31st Dec. 00.
Torex	POS Group	Retail solutions provider	100%	£10.8m	Dublin-based POS has 50 staff, and turned over c£3m in the year to 31/3/01.
Tribal Group	GWT Group	HR, recruitment services, interim management	100%	£4.9m	GWT provide recruitment, employment consultancy services and interim management for the local gov. sector.

Forthcoming IPOs

Name	Activity	SCS or Dotcom Index	Index Class	Market	Issue Price	Est Mkt Cap.	IPO Date
Altodigital	Internet Services	SCS/Dotcom	S&S	MAIN	tbc	£400.0m	early 2001
Argrogroup	Software developer	SCS	SP	TBA	tbc	£100.0m	2001
Cityreach	Internet Services	Dotcom	SS	MAIN	tbc	tbc	Q2 2001
Digital Brain	Online Education Service	SCS	CS	TBA	tbc	£50.0m	early 2001
Embedded Solutions	Software	SCS	SP	TBA	tbc	tbc	H1 2001
Fixedodds.com	Online Gambling	Dotcom	B2C	AIM	tbc	£22.5m	Sep-01
Kinetic Information Systems	Financial Software	SCS	SP	MAIN	tbc	tbc	H2 2001
McClaren	IT Consultancy	SCS	CS	TBA	tbc	£25.0m	End 2001
theoilsite.com	B2B exchange	Dotcom	B2B	AIM	tbc	£5.0m	2001
Zeus Technology	Internet software developer	SCS/Dotcom	CS	TBA	tbc	£150.0m	2001

Recent IPOs

Name	Activity	SCS or Dotcom Index	Index Class	Market	Issue Price	Market Cap.	IPO Date	Price end Aug. 01	Premium/ Discount
Interactive Digital Solutions	Software developer	SCS	SP	AIM	3p	£3.8m	20-Aug-01	4p	70%

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

Actinic plc

	Find - Sep99	Int 9 mos Jun 00	Find - Sep00	Comparison
REV	£571,000	£1,437,000	£2,048,000	+258.7%
PBT	-£775,000	-£2,159,000	-£3,508,000	Loss both
EPS	-0.86p	-2.25p	-3.41p	Loss both

AFA Systems plc

	Find - Dec 99		Find - Dec 00	Comparison
REV	£1,779,000		£4,291,000	+141.2%
PBT	-£581,000		-£2,609,000	Loss both
EPS	-3.40p		-11.90p	Loss both

Affinity Internet Holdings Plc

	Find - Dec 99		Find - Dec 00	Comparison
REV	£3,424,000		£11,312,000	+230.4%
PBT	-£9,172,000		-£26,050,000	Loss both
EPS	-66.32p		-125.80p	Loss both

AIT Group plc

	Find - Mar 00		Find - Mar 01	Comparison
REV	£21,693,000		£33,882,000	+56.2%
PBT	£3,651,000		£5,109,000	+39.9%
EPS	11.81p		16.22p	+37.3%

Alphameric plc

	Interim - May00	Find - Nov 00	Interim - May01	Comparison
REV	£22,007,000	£54,408,000	£24,743,000	+12.4%
PBT	£616,000	£3,891,000	-£2,245,000	Profit to loss
EPS	0.10p	1.96p	-2.20p	Profit to loss

Alterian plc

	Find - Mar 00		Find - Mar 01	Comparison
REV	£1,011,140		£2,078,000	+105.5%
PBT	£3,905		-£3,592,000	Profit to loss
EPS	0.38p		-10.71p	Profit to loss

Anite Group plc

	Find - Apr 00		Find - Apr 01	Comparison
REV	£158,976,000		£192,418,000	+21.0%
PBT	£7,171,000		£7,096,000	-1.0%
EPS	1.30p		0.40p	-69.2%

Argonaut Games

	Interim - Jan 00	Find - Jul 00	Interim - Jan 01	Comparison
REV	£2,451,000	£4,359,000	£1,451,000	-40.8%
PBT	-£178,000	-£636,000	-£1,634,000	Loss both
EPS	-0.26p	-0.83p	-1.75p	Loss both

Autonomy Corporation plc

	Interim - Jun 00	Find - Dec 00	Interim - Jun 01	Comparison
REV	£17,373,000	£45,118,620	£19,041,000	+9.6%
PBT	£3,657,000	£14,270,344	£7,278,000	+99.0%
EPS	1.98p	8.00p	3.30p	+66.7%

Aveva Group Plc

	Find - Mar 00		Find - Mar 01	Comparison
REV	£23,889,000		£28,100,000	+17.6%
PBT	£4,338,000		£5,225,000	+20.4%
EPS	17.40p		20.39p	+17.2%

Axon Group plc

	Find - Dec 99		Find - Dec 00	Comparison
REV	£25,378,000		£42,737,000	+68.4%
PBT	£4,560,000		£7,174,000	+57.3%
EPS	5.70p		8.60p	+50.9%

Azlan Group plc

	Find - Mar 00		Find - Mar 01	Comparison
REV	£410,604,000		£591,608,000	+44.1%
PBT	£9,258,000		£16,132,000	+74.2%
EPS	5.90p		10.20p	+72.9%

Baltimore Technologies plc

	Find - Dec 99		Find - Dec 00	Comparison
REV	£23,272,000		£74,224,000	+218.9%
PBT	-£31,351,000		-£94,185,000	Loss both
EPS	-10.27p		-23.10p	Loss both

Baron Corporation plc

	Interim - Feb 00	9/4/99 - Aug 00	Interim - Feb 01	Comparison
REV	£1,392,585	£3,294,936	£722,493	-48.1%
PBT	-£127,831	-£489,490	-£1,159,826	Loss both
EPS	-3.70p	-16.00p	-25.30p	Loss both

Bond International Software plc

	Find - Dec 99		Find - Dec 00	Comparison
REV	£8,457,169		£9,376,878	+10.9%
PBT	-£789,085		£1,031,979	Loss to profit
EPS	-4.81p		5.02p	Loss to profit

Business Systems Group Holdings plc

	9mnths to Mar 00		Find - Mar 01	Comparison
REV	£25,000,000		£37,707,000	+50.8%
PBT	£979,000		-£148,000	Profit to loss
EPS	2.40p		-0.37p	Profit to loss

Capita Group plc

	Interim - Jun 00	Find - Dec 00	Interim - Jun 01	Comparison
REV	£207,803,000	£453,348,000	£323,015,000	+55.4%
PBT	£13,745,000	£39,974,000	£20,954,000	+52.4%
EPS	1.29p	3.75p	1.90p	+47.3%

Cedar Group plc

	Find - Mar 00		Find - Mar 01	Comparison
REV	£27,054,000		£73,260,000	+170.8%
PBT	-£3,481,000		-£24,443,000	Loss both
EPS	-8.50p		-33.80p	Loss both

Charteris Plc

	Interim - Jan 00	Find - Jul 00	Interim - Jan 01	Comparison
REV	£3,408,000	£6,716,000	£4,829,000	+41.7%
PBT	£346,000	£371,000	£61,000	-82.4%
EPS	0.80p	25.70p	0.14p	-82.5%

Clarity Commerce

			Interim - Sep 00	Comparison
REV			£1,448,000	n/a
PBT			-£502,000	n/a
EPS			-8.50p	n/a

Clinical Computing plc

	Find - Dec 99		Find - Dec 00	Comparison
REV	£3,112,623		£2,259,201	-27.4%
PBT	£382,336		-£328,673	Profit to loss
EPS	1.50p		-1.30p	Profit to loss

CMG plc

	Find - Dec 99		Find - Dec 00	Comparison
REV	£608,588,000		£810,400,000	+33.2%
PBT	£83,629,000		£83,100,000	-6%
EPS	10.70p		7.80p	-27.1%

Comino Group plc

	Find - Mar 00		Find - Mar 01	Comparison
REV	£20,452,000		£21,436,000	+4.8%
PBT	£6,020,000		£3,233,000	-46.3%
EPS	29.90p		16.30p	-45.5%

Compass Software Group plc

	Find - Nov 99		Find - Nov 00	Comparison
REV	£1,470,087		£2,383,095	+62.1%
PBT	£201,776		£442,911	+119.5%
EPS	1.89p		3.71p	+96.3%

Compel Group plc

	Interim - Dec 99	Find - Jun 00	Interim - Dec 00	Comparison
REV	£135,698,000	£288,015,000	£162,688,000	+19.9%
PBT	£3,012,000	£2,080,000	-£1,476,000	Profit to loss
EPS	9.70p	8.50p	4.70p	Profit to loss

Computacenter plc

	Find - Dec 99		Find - Dec 00	Comparison
REV	£1,760,628,000		£1,990,620,000	+13.1%
PBT	£75,136,000		£55,571,000	-26.0%
EPS	28.10p		20.80p	-26.0%

DCS Group plc

	Find - Dec 99		Find - Dec 00	Comparison
REV	£164,910,000		£140,010,000	-15.1%
PBT	£8,129,000		-£14,451,000	Profit to loss
EPS	18.98p		-55.46p	Profit to loss

DRS Data & Research Services plc

	Find - Dec 99		Find - Dec 00	Comparison
REV	£8,176,000		£11,653,000	+42.5%
PBT	£236,000		£563,000	+138.6%
EPS	0.52p		1.12p	+115.4%

Delcam plc

	Find - Dec 99		Find - Dec 00	Comparison
REV	£15,774,254		£17,011,059	+7.8%
PBT	£1,042,075		£1,642,845	+57.7%
EPS	13.20p		19.60p	+48.5%

Diagonal plc

	Interim - May00	Find - Nov 00	Interim - May01	Comparison
REV	£37,555,000	£82,735,000	£44,955,000	+19.7%
PBT	£1,745,000	£4,840,000	£2,920,000	+67.3%
EPS	1.32p	3.30p	1.71p	+29.5%

Dicom Group Plc

	Interim - Dec 99	Find - Jun 00	Interim - Dec 00	Comparison
REV	£46,925,000	£99,229,000	£67,530,000	+43.9%
PBT	£1,554,000	£3,860,000	£3,735,000	+140.3%
EPS	9.30p	18.80p	11.10p	+19.4%

Earthport Plc

	Find - Jun 99		Find - Jun 00	Comparison
REV	£1,075,072		£1,471,989	+36.9%
PBT	-£1,253,785		-£10,879,543	Loss both
EPS	n/a		n/a	n/a

Easynet Plc

	Find - Dec 99		Find - Dec 00	Comparison
REV	£27,741,000		£41,742,000	+50.5%
PBT	-£929,000		-£12,113,000	Loss both
EPS	-5.64p		-44.98p	Loss both

Easyscreen plc

	Find - Mar 00		Find - Mar 01	Comparison
REV	£1,056,519		£1,926,881	+82.4%
PBT	-£3,425,999		-£7,582,291	Loss both
EPS	-9.96p		-16.49p	Loss both

ECsoft Group plc

	Interim - Jun 00	Find - Dec 00	Interim - Jun 01	Comparison
REV	£34,705,000	£73,204,000	£34,119,000	-1.7%
PBT	£447,000	£1,370,000	£2,763,000	+518.1%
EPS	-4.20p	-4.80p	8.40p	Loss to Profit

Eidos plc

	Find - Mar 00		Find - Mar 01	Comparison
REV	£203,265,000		£169,767,000	-16.5%
PBT	£49,275,000		-£96,358,000	Profit to loss
EPS	22.80p		-93.90p	Profit to loss

Electronic Data Processing plc

	Interim - Mar 00	Find - Sep 00	Interim - Mar 01	Comparison
REV	£4,529,000	£8,353,000	£5,107,000	+12.8%
PBT	£1,004,000	£1,115,000	-£360,000	Profit to loss
EPS	2.56p	2.73p	-1.38p	Profit to loss

Epic Group plc

	Find - May00		Find - May01	Comparison
REV	£4,398,000		£8,041,000	+82.8%
PBT	£765,000		£1,569,000	+105.1%
EPS	3.12p		6.05p	+93.9%

Eurolink Managed Services plc

	Interim - Sep 99	Find - Mar 00	Interim - Sep 00	Comparison
REV	£4,069,000	£7,596,000	£4,027,000	-1.0%
PBT	£189,000	£340,000	£173,000	-8.5%
EPS	1.28p	2.19p	1.16p	-9.4%

Ffastfill Plc

	Find - Mar 00		Find - Mar 01	Comparison
REV	£3,250		£438,429	+13390.1%
PBT	-£968,986		-£5,105,274	Loss both
EPS	-3.77p		-12.69p	Loss both

Financial Objects plc

	Find - Dec 99		Find - Dec 00	Comparison
REV	£22,301,000		£18,369,000	-17.6%
PBT	£4,656,000		-£887,000	Profit to loss
EPS	8.87p		-2.61p	Profit to loss

Flomerics Group plc

	Interim - Jun 00	Find - Dec 00	Interim - Jun 01	Comparison
REV	£4,890,000	£11,763,000	£6,455,000	+32.0%
PBT	£41,000	£1,182,000	£110,000	+168.3%
EPS	0.20p	30.00p	0.60p	+200.0%

Focus Solutions Group plc

	Find - Mar 00		Find - Mar 01	Comparison
REV	£721,000		£2,273,000	+215.3%
PBT	-£1,039,000		-£2,437,000	Loss both
EPS	-5.60p		-9.70p	Loss both

Gresham Computing plc

	Interim - Apr 00	Find - Oct 00	Interim - Apr 01	Comparison
REV	£23,325,000	£23,325,000	£12,864,000	-44.8%
PBT	-£2,540,000	-£4,273,000	-£721,000	Loss both
EPS	-6.06p	-9.38p	-1.71p	Loss both

Guardian IT plc

	Find - Dec 99		Find - Dec 00	Comparison
REV	£49,245,000		£86,397,000	+75.4%
PBT	£7,048,000		£3,857,000	-45.3%
EPS	10.30p		13.70p	+33.0%

Harvey Nash Group plc

	Find - Jan 00		Find - Jan 01	Comparison
REV	£150,998,000		£226,249,000	+49.8%
PBT	£11,974,000		£12,971,000	+8.3%
EPS	27.64p		24.63p	-10.9%

Highams Systems Services Group plc

	Find - Mar 00		Find - Mar 01	Comparison
REV	£26,863,817		£20,662,000	-23.1%
PBT	-£308,504		-£2,032,000	Loss both
EPS	-1.58p		-10.43p	Loss both

IBNet Plc

		Find - Jun 00	Interim - Dec 00	Comparison
REV		£14,000	£108,000	n/a
PBT		-£595,000	-£860,000	n/a
EPS		-1.50p	-1.60p	n/a

I-Document Management Systems Plc

	Interim - Sep 99	Find - Mar 00	Interim - Sep 00	Comparison
REV	£482,690	£795,000	£459,739	-4.8%
PBT	-£91,973	-£103,000	-£474,551	Loss both
EPS	-0.19p	-24.60p	-0.41p	Loss both

ICM Computer Group plc

	Interim - Dec 99	Find - Jun 00	Interim - Dec 00	Comparison
REV	£22,328,000	£49,535,000	£31,520,000	+41.2%
PBT	£1,773,000	£4,513,000	£2,035,000	+14.8%
EPS	7.00p	15.40p	6.00p	-14.3%

IDS Group plc

	Find - Dec 99		Find - Dec 00	Comparison
REV	£13,614,000		£12,509,000	-8.1%
PBT	£1,125,000		-£28,596,000	Profit to loss
EPS	6.15p		-108.74p	Profit to loss

Intelligent Environments Group plc

	Find - Dec 99		Find - Dec 00	Comparison
REV	£7,218,738		£8,810,556	+22.1%
PBT	-£3,020,988		-£2,523,413	Loss both
EPS	-8.16p		-5.97p	Loss both

Innovation Group plc (The)

	Interim - Mar 00	Find - Sep00	Interim - Mar 01	Comparison
REV	£4,195,000	£9,564,000	£15,277,000	+264.2%
PBT	£1,530,000	£3,176,000	£3,514,000	+129.7%
EPS	1.47p	2.40p	1.22p	-17.0%

Intercede Group plc

	Find - Mar 00		Find - Mar 01	
REV	£703,000		£2,014,000	+186.5%
PBT	-£867,000		-£1,125,000	Loss both
EPS	-7.40p		-8.80p	Loss both

Internet Business Group Plc

	Interim - Apr 00	Find - Oct 00	Interim - Apr 01	
REV	£988,000	£1,824,922	£757,000	-23.4%
PBT	£110,000	-£859,393	-£1,407,000	Profit to loss
EPS	0.29p	-1.88p	-2.67p	Profit to loss

IQ-Ludorum Plc

	Find - Oct 99		Find - Dec 00	Comparison
REV	£1,348,000		£2,146,000	+59.2%
PBT	£26,000		-£1,859,333	Profit to loss
EPS	n/a		-3.85p	n/a

ISOFT Group plc

	Find - Apr 00		Find - Apr 01	Comparison
REV	£17,024,000		£31,131,000	+82.9%
PBT	£2,685,000		£5,310,000	+97.8%
EPS	0.97p		3.06p	+215.5%

I S Solutions plc

	Find - Dec 99		Find - Dec 00	Comparison
REV	£11,818,000		£11,237,000	-4.9%
PBT	£1,205,000		£547,000	-54.6%
EPS	3.42p		1.17p	-65.8%

ITNET plc

	Find - Dec 99		Find - Dec 00	Comparison
REV	£130,764,000		£158,873,000	+21.5%
PBT	£484,000		-£1,423,000	Profit to loss
EPS	0.60p		-0.18p	Profit to loss

Izodia Plc

	Find - Dec 99		Find - Dec 00	Comparison
REV	£46,094,000		£2,697,000	-94.1%
PBT	-£10,817,000		-£35,997,000	Loss both
EPS	-35.77p		-66.15	Loss both

Jasmin plc

	Find - Mar 00		Find - Mar 01	Comparison
REV	£4,201,000		£3,982,000	-5.2%
PBT	-£1,052,000		-£449,000	Loss both
EPS	-22.34p		-9.50p	Loss both

Kalamazoo Computer Group plc

	Interim - Sep 99	Find - Mar 00	Interim - Sep 00	Comparison
REV	£32,768,000	£62,781,000	£22,632,000	-30.9%
PBT	£754,000	-£6,933,000	-£2,129,000	Profit to loss
EPS	0.90p	-11.70p	-3.50p	Profit to loss

Kewill Systems plc

	Find - Mar 00		Find - Mar 01	Comparison
REV	£75,245,000		£68,737,000	-8.6%
PBT	£1,803,000		£3,279,000	+81.9%
EPS	-1.20p		0.50p	Loss to profit

Keystone Software plc

	Interim - Sep 99	Find - Mar 00	Interim - Sep 00	Comparison
REV	£2,384,000	£4,799,000	£1,989,000	-16.6%
PBT	£17,000	-£165,000	-£3,173,000	Profit to loss
EPS	0.10p	-0.60p	-7.60p	Profit to loss

Knowledge Management Software plc

	Interim - Dec 99	Find - Jun 00	Interim - Dec 00	Comparison
REV	£353,078	£2,091,986	£2,194,089	+521.4%
PBT	-£815,459	-£3,078,772	-£5,773,764	Loss both
EPS	-1.17p	-5.40p	-5.51p	Loss both

Knowledge Support Systems Group plc

	Find - Dec 99		Find - Dec 00	Comparison
REV	£1,838,025		£2,803,736	+52.5%
PBT	-£83,497		-£2,116,580	Loss both
EPS	-0.10p		-3.00p	Loss both

Knowledge Technology Solutions Plc

		Find - Jun 00	Interim - Mar 01	Comparison
REV		£128,580	£90,253	Not comparable
PBT		-£93,812	-£138,029	Not comparable
EPS		n/a	-0.26p	Not comparable

Logica plc

	Interim - Dec 99	Find - Jun 00	Interim - Dec 00	Comparison
REV	£403,000,000	£847,400,000	£505,000,000	+25.3%
PBT	£35,100,000	£98,100,000	£57,900,000	+65.0%
EPS	5.40p	17.50p	9.10p	+68.5%

London Bridge Software Holdings plc

	Find - Dec 99		Find - Dec 00	Comparison
REV	£42,165,000		£56,702,000	+34.5%
PBT	£7,092,000		£4,662,000	-34.3%
EPS	3.18p		1.85p	-41.8%

Lorien plc

	Find - Nov 99		Find - Nov 00	Comparison
REV	£138,817,000		£111,588,000	-19.6%
PBT	-£1,649,000		-£2,718,000	Loss both
EPS	-8.50p		-12.10p	Loss both

Lynx Group plc

	Interim - Mar 00	Find - Sep00	Interim - Mar 01	Comparison
REV	£111,018,000	£250,482,000	£141,306,000	+27.3%
PBT	£1,789,000	£6,106,000	-£6,792,000	Profit to loss
EPS	0.98p	1.98p	-4.38p	Profit to loss

MMT Computing plc

	Interim - Feb 00	Find - Aug 00	Interim - Feb 01	Comparison
REV	£16,817,000	£37,734,000	£16,858,000	+0.2%
PBT	£2,016,000	£5,976,000	£1,106,000	-45.1%
EPS	10.50p	32.20p	4.80p	-54.3%

Macro 4 plc

	Interim - Dec 99	Find - Jun 00	Interim - Dec 00	Comparison
REV	£17,086,000	£38,671,000	£21,952,000	+28.5%
PBT	£4,751,000	£10,611,000	£1,554,000	-67.3%
EPS	15.30p	33.20p	1.00p	-93.5%

Manpower SoftWare plc

	Interim - Nov 99	Find - May00	Interim - Nov 00	Comparison
REV	£747,363	£1,611,619	£1,089,618	+45.8%
PBT	-£1,770,276	-£2,790,867	-£494,449	Loss both
EPS	-21.59p	-27.73p	-3.74p	Loss both

Marlborough Stirling Plc

	Find - Dec 00		Find - Dec 01	Comparison
REV	£26,912,000		£50,080,000	+86.1%
PBT	£492,000		£8,337,000	+1594.5%
EPS	0.09p		2.80p	+3011.1%

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

MERANT plc

	Final - Apr 00	Final - Apr 01	Comparison
REV	£227,283,000	£215,433,000	-5.2%
PBT	-£35,369,000	-£50,046,000	Loss both
EPS	-24.90p	-37.90p	Loss both

Microgen plc

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£13,760,000	£25,344,000	£11,020,000	-19.9%
PBT	-£2,808,000	-£3,086,000	£59,000	Loss to Profit
EPS	-4.70p	-5.20p	0.10p	Loss to Profit

Mission Testing Plc

	Interim - Dec 99	Final - Jun 00	Interim - Dec 00	Comparison
REV	£2,728,034	£6,048,205	£4,987,904	+82.8%
PBT	£246,761	£500,000	£195,263	-20.9%
EPS	1.63p	3.31p	1.01p	-38.0%

Misys plc

	Final - May 00	Final - May 01	Comparison
REV	£708,800,000	£858,500,000	+21.1%
PBT	£113,600,000	£97,100,000	-14.5%
EPS	14.20p	13.00p	-8.5%

Mondas plc

	Final - Apr 00	Final - Apr 01	Comparison
REV	£1,358,811	£2,702,141	+98.9%
PBT	-£857,573	-£1,504,042	Loss both
EPS	-6.80p	-9.50p	Loss both

Morse Holdings plc

	Final - Jun 00	Final - Jun 01	Comparison
REV	£506,316,000	£586,076,000	+15.8%
PBT	£22,919,000	£19,194,000	-16.3%
EPS	10.10p	7.70p	-23.8%

MSB International plc

	Final - Jan 00	Final - Jan 01	Comparison
REV	£184,936,000	£157,760,000	-14.7%
PBT	£4,958,000	£2,584,000	-47.9%
EPS	17.30p	7.50p	-56.6%

Myratech.net Plc

	Final - Dec 99	Final - Dec 00	Comparison
REV	£1,453,000	£1,713,000	+17.9%
PBT	-£41,000	-£1,599,000	Loss both
EPS	-0.20p	-6.00p	Loss both

Ncipher Plc

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£5,489,000	£13,455,000	£8,118,000	+47.9%
PBT	-£1,073,000	-£1,790,000	-£1,449,000	Loss both
EPS	-1.35p	-2.18p	-1.30p	Loss both

NetBenefit plc

	Interim - Dec 99	Final - Jun 00	Interim - Dec 00	Comparison
REV	£1,689,000	£7,520,100	£3,697,000	+118.9%
PBT	-£473,000	-£4,591,500	-£6,560,000	Loss both
EPS	-3.80p	-0.32p	-40.70p	Loss both

Netstore plc

	Final - Jun 00	Final - Jun 01	Comparison
REV	£1,372,632	£3,563,923	+159.6%
PBT	-£4,894,738	-£11,829,902	Loss both
EPS	-7.57p	-13.32p	Loss both

Nettec plc

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£7,737,000	£17,311,000	£9,413,000	+21.7%
PBT	-£8,582,000	-£8,582,000	-£21,353,000	Loss both
EPS	-2.80p	-8.00p	-19.00p	Loss both

Northgate Information Solutions plc

	Final - Apr 00	Final - Apr 01	Comparison
REV	£125,578,000	£107,194,000	-14.6%
PBT	-£36,959,000	£2,200,000	Loss to Profit
EPS	-13.96p	0.55p	Loss to Profit

NSB Retail Systems plc

	Final - Dec 99	Final - Dec 00	Comparison
REV	£21,282,000	£40,930,000	+92.3%
PBT	£1,544,000	-£7,700,000	Profit to loss
EPS	0.36p	-4.26p	Profit to loss

OneclickHR Plc

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£1,327,199	£4,068,345	£2,704,900	+103.8%
PBT	-£710,558	-£2,664,741	-£1,178,243	Loss both
EPS	-1.80p	-5.90p	-2.30p	Loss both

Orbital Software Plc

	Final - Mar 00	Final - Mar 01	Comparison
REV	£190,404	£1,090,018	+472.5%
PBT	-£2,339,462	-£5,873,568	Loss both
EPS	-2.04p	-0.27p	Loss both

Orchestream Holdings plc

	8 mnths to Dec99	Final - Dec 00	Comparison
REV		£2,746,200	Not comparable
PBT	-£4,142,900	-£10,541,300	Not comparable
EPS	-6.70p	-10.40p	Not comparable

Parity plc

	Final - Dec 99	Final - Dec 00	Comparison
REV	£314,154,000	£269,228,000	-14.3%
PBT	£18,561,000	£12,810,000	-31.0%
EPS	9.42p	6.25p	-33.7%

Patsystems plc

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£1,091,000	£2,524,000	£2,617,000	+139.9%
PBT	-£3,835,000	-£9,612,000	-£5,502,000	Loss both
EPS	-3.50p	-8.30p	-4.00p	Loss both

Planit Holdings plc

	Final - Apr 00	Final - Apr 01	Comparison
REV	£13,304,000	£19,070,000	+43.3%
PBT	£2,483,000	£2,720,000	+9.5%
EPS	2.30p	2.00p	-13.0%

PSD Group plc

	Final - Dec 99	Final - Dec 00	Comparison
REV	£63,428,000	£88,549,000	+39.6%
PBT	£16,525,000	£21,385,000	+29.4%
EPS	46.40p	57.00p	+22.8%

QA plc (was Skillsgroup)

	Interim - May 00	Final - Nov 00	Interim - May 01	Comparison
REV	£78,000,000	£140,700,000	£30,200,000	-61.3%
PBT	-£1,800,000	-£17,400,000	£400,000	Loss to Profit
EPS	-2.20p	-18.40p	-0.50p	Loss both

QSP Group plc

	Final - Dec 99	Final - Dec 00	Comparison
REV	£40,859,000	£40,959,000	+0.2%
PBT	-£2,988,000	-£4,652,000	Loss both
EPS	-4.00p	-5.20p	Loss both

Quantica plc

	Interim - May 00	Final - Nov 00	Interim - May 01	Comparison
REV	£9,278,000	£23,753,000	£16,717,000	+80.2%
PBT	£1,463,000	£3,768,000	£1,596,000	+9.1%
EPS	2.71p	6.80p	2.75p	+1.5%

RM plc

	Interim - Mar 00	Final - Sep 00	Interim - Mar 01	Comparison
REV	£78,074,000	£207,560,000	£113,716,000	+45.7%
PBT	£1,432,000	£9,528,000	£1,536,000	+7.3%
EPS	1.10p	7.90p	1.20p	+9.1%

Raft International Plc

	Interim - Apr 00	Final - Oct 00	Interim - Apr 01	Comparison
REV	£4,191,000	£9,173,000	£5,027,000	+19.9%
PBT	-£64,000	£171,000	-£5,000	Loss both
EPS	-0.17p	0.19p	-0.12p	Loss both

Rage Software plc

	Final - Jun 00	Final - Jun 01	Comparison
REV	£3,331,000	£5,731,000	+72.1%
PBT	-£6,736,000	-£17,054,000	Loss both
EPS	-2.40p	-5.28p	Loss both

RDL Group Plc

	Interim - Mar 00	Final - Sep 00	Interim - Mar 01	Comparison
REV	£8,116,000	£16,246,000	£21,226,000	+161.5%
PBT	£519,000	£1,092,000	£1,093,000	+110.6%
EPS	3.09p	6.70p	4.51p	+46.0%

Recognition Systems Group plc

	Interim - Mar 00	Final - Sep 00	Interim - Mar 01	Comparison
REV	£3,021,000	£8,620,000	£6,545,000	+116.7%
PBT	-£2,258,000	-£4,749,000	-£2,667,000	Loss both
EPS	-2.70p	-5.40p	-2.90p	Loss both

Retail Decisions plc

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£7,198,000	£17,674,000	£10,699,000	+48.6%
PBT	-£1,671,000	-£2,292,000	-£548,000	Profit to loss
EPS	-1.27p	-1.64p	-0.48p	Profit to loss

RexOnline plc

	Final - Apr 00	Final - Apr 01	Comparison
REV	£658,000	£2,006,000	+204.9%
PBT	-£326,000	£216,000	Loss to Profit
EPS	-4.50p	2.80p	Loss to Profit

Riversoft Plc

	Final - Dec 99	Final - Dec 00	Comparison
REV	£515,825	£5,168,843	+902.1%
PBT	-£5,259,073	-£26,641,044	Loss both
EPS	-9.00p	-32.70p	Loss both

Rolfe & Nolan plc

	Final - Feb 00	Final - Feb 01	Comparison
REV	£22,856,000	£25,592,000	+12.0%
PBT	£1,838,000	-£1,013,000	Profit to loss
EPS	9.30p	-7.50p	Profit to loss

Royalblue Group plc

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£25,500,000	£57,383,000	£34,693,000	+36.1%
PBT	£3,037,000	£6,918,000	£2,025,000	-33.3%
EPS	6.00p	13.70p	3.70p	-38.3%

Sage Group plc

	Interim - Mar 00	Final - Sep 00	Interim - Mar 01	Comparison
REV	£202,528,000	£412,153,000	£229,649,000	+13.4%
PBT	£53,992,000	£108,748,000	£59,156,000	+9.6%
EPS	2.94p	5.92p	3.18p	+8.3%

SBS Group plc

	Interim - Feb 00	Final - Aug 00	Interim - Feb 01	Comparison
REV	£22,866,000	£46,444,000	£23,106,000	+1.0%
PBT	£124,000	£285,000	-£388,000	Profit to loss
EPS	0.90p	2.10p	-3.20p	Profit to loss

Science Systems plc

	Final - Dec 99	Final - Dec 00	Comparison
REV	£30,966,000	£49,624,000	+60.3%
PBT	£2,633,000	£2,732,000	+3.8%
EPS	11.40p	6.50p	-43.0%

SDL plc

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£11,578,000	£29,730,000	£16,747,000	+44.6%
PBT	£269,000	£1,059,000	-£2,770,000	Profit to loss
EPS	0.09p	0.93p	-6.50p	Profit to loss

ServicePower Technologies plc

	Final - Dec 99	Final - Dec 00	Comparison
REV	£3,760,910	£3,292,000	-12.5%
PBT	-£2,541,087	-£3,928,000	Loss both
EPS	-6.37p	-8.10p	Loss both

Sherwood International plc

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£24,097,000	£54,277,000	£26,847,000	+11.4%
PBT	£2,548,000	£6,634,000	-£1,445,000	Profit to loss
EPS	5.10p	13.00p	-2.60p	Profit to loss

Sirius Plc (was Policy Master Group)

	Final - Dec 99	Final - Dec 00	Comparison
REV	£16,730,281	£17,135,457	+2.4%
PBT	£1,062,587	£727,215	-31.6%
EPS	6.90p	4.40p	-36.2%

Smartlogik Plc

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£12,707,000	£57,642,000	£1,738,000	-86.3%
PBT	-£910,000	-£131,694,000	-£10,438,000	Loss both
EPS	-0.60p	-79.20p	-6.00p	Loss both

Sopheon plc

	Final - Dec 99	Final - Dec 00	Comparison
REV	£1,510,000	£7,763,000	+414.1%
PBT	-£2,072,000	-£11,945,000	Loss both
EPS	-10.10p	-33.40p	Loss both

Spring Group plc

	Final - Apr 00	Final - Apr 01	Comparison
REV	£396,106,000	£374,448,000	-5.5%
PBT	-£6,420,000	-£3,547,000	Loss both
EPS	-5.09p	-2.39p	Loss both

Staffware plc

	Final - Dec 99	Final - Dec 00	Comparison
REV	£23,152,000	£37,857,000	+63.5%
PBT	£841,000	£3,042,000	+261.7%
EPS	4.20p	10.40p	+147.6%

StatPro Group plc

	Final - Dec 99	Final - Dec 00	Comparison
REV	£3,144,000	£3,172,000	+0.9%
PBT	-£183,000	-£4,879,000	Loss both
EPS	-1.40p	-18.40p	Loss both

Stilo International Plc

	Final - Dec 99 (17 mnths)	Final - Dec 00	Comparison
REV	£99,000	£86,000	-13.1%
PBT	-£282,000	-£736,000	Loss both
EPS	-56.40p	-4.54p	Loss both

Superscape plc

	Interim - Jan 01	Final - Jul 00	Interim - Jan 01	Comparison
REV	£708,000	£2,153,000	£1,418,000	+100.3%
PBT	-£2,897,000	-£6,817,000	-£4,318,000	Loss both
EPS	-16.30p	-26.80p	-12.00p	Loss both

SurfControl plc

	Interim - Nov 99	Final - May 00	Interim - Nov 00	Comparison
REV	£3,633,000	£9,519,000	£10,797,000	+197.2%
PBT	-£3,481,000	-£16,259,000	-£25,595,000	Loss both
EPS	-24.70p	-81.86p	-89.70p	Loss both

Synigence Plc

	Final - Dec 99	Final - Dec 00	Comparison
REV	£626,921	£1,984,010	+216.5%
PBT	-£783,781	-£750,018	Loss both
EPS	-3.80p	-2.80p	Loss both

Synstar plc

	Interim - Mar 00	Final - Sep 00	Interim - Mar 01	Comparison
REV	£119,253,000	£233,438,000	£120,254,000	+0.8%
PBT	£5,191,000	£4,954,000	-£18,818,000	Profit to loss
EPS	1.70p	0.60p	-11.80p	Profit to loss

Systems Integrated Research plc

	Final - May 00	Final - May 01	Comparison
REV	£1,536,000	£1,654,000	+7.7%
PBT	£215,000	£307,000	+42.8%
EPS	1.25p	1.93p	+54.4%

Systems International Group plc

	Interim - Dec 99	Final - Jun 00	Interim - Dec 00	Comparison
REV	£8,368,000	£17,952,851	£12,016,000	+43.6%
PBT	£33,000	£218,355	£11,000	-66.7%
EPS	0.07p	0.35p	0.02p	-71.4%

Systems Union plc

	Final - Dec 99	Final - Dec 00	Comparison
REV	£600,000	£53,778,000	Not comparable
PBT	-£1,953,000	-£105,924,000	Not comparable
EPS	-9.80p	-125.30p	Not comparable

Telecity Plc

	Final - Dec 99	Final - Dec 00	Comparison
REV	£3,362,000	£14,053,000	+318.0%
PBT	-£3,450,000	-£12,686,000	Loss both
EPS	-6.80p	-21.80p	Loss both

Telework Systems plc

	Final - Mar 00	Final - Mar 01	Comparison
REV	£17,363,000	£21,947,000	+26.4%
PBT	£2,705,000	£4,173,000	+54.3%
EPS	1.04p	1.36p	+31.2%

TelMe.com plc

	Final - Mar 00	Final - Mar 01	Comparison
REV	£13,974,000	£18,089,000	+29.4%
PBT	-£2,105,000	-£2,083,000	Loss both
EPS	-3.00p	-2.80p	Loss both

Terence Chapman Group plc

	Interim - Feb 00	Final - Aug 00	Interim - Feb 01	Comparison
REV	£6,069,000	£30,900,000	£15,980,000	+163.3%
PBT	£460,000	£4,100,000	£2,247,000	+388.5%
EPS	0.51p	4.66p	2.29p	+349.0%

Tikit Group plc

	Final - Dec 99	Final - Dec 00	Comparison
REV	£6,509,000	£9,310,000	+43.0%
PBT	£800,000	£876,000	+9.5%
EPS	1.06p	5.48p	+417.0%

Torex plc

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£34,905,000	£88,425,000	£61,954,000	+77.5%
PBT	£1,791,000	£5,133,000	£3,860,000	+115.5%
EPS	3.70p	9.00p	5.10p	+37.8%

Totalise Plc

	Final - Apr 00	Interim - Oct 00	
REV	£870,217	£1,333,332	n/a
PBT	-£1,946,395	-£3,276,023	n/a
EPS	-15.35p	-10.70p	n/a

Total Systems plc

	Final - Mar 00	Final - Mar 01	Comparison
REV	£1,958,040	£3,849,292	+96.6%
PBT	-£579,589	£717,337	Loss to Profit
EPS	-3.97p	4.90p	Loss to Profit

Touchstone Group plc

	Final - Mar 00	Final - Mar 01	Comparison
REV	£10,511,000	£11,807,000	+12.3%
PBT	£1,196,000	£1,481,000	+23.8%
EPS	9.50p	9.80p	+3.2%

Trace Computers plc

	Interim - Nov 99	Final - May 00	Interim - Nov 00	Comparison
REV	£8,693,000	£17,067,000	£8,382,000	-3.6%
PBT	£973,000	£2,311,000	£1,085,000	+11.5%
EPS	4.82p	11.64p	5.25p	+8.9%

Transeda Plc

	Interim - Dec 99	Final - Jun 00	Interim - Dec 00	
REV	£1,774,000	£4,052,000	£2,413,000	+36.0%
PBT	-£240,000	-£3,000	£46,000	Loss to Profit
EPS	-0.54p	0.00p	0.08p	Loss to Profit

Triad Group plc

	Final - Mar 00	Final - Mar 01	Comparison
REV	£48,366,000	£52,783,000	+9.1%
PBT	£1,905,000	£4,511,000	+136.8%
EPS	5.06p	11.74p	+132.0%

Tribal Group plc

	Final - Mar 00	Final - Mar 01	
REV	£15,648,000	£24,088,000	+53.9%
PBT	£1,046,000	£2,841,000	+171.6%
EPS	0.50p	4.00p	+700.0%

Ultima Networks plc

	Final - Dec 99	Final - Dec 00	Comparison
REV	£12,541,000	£6,952,000	-44.6%
PBT	-£783,000	-£865,000	Loss both
EPS	-0.44p	-0.45p	Loss both

Ultrasis Group plc

	Interim - Jan 00	Final - Jul 00	Interim - Jan 01	Comparison
REV	£1,055,000	£986,000	£133,000	-87.4%
PBT	-£1,839,000	-£4,984,000	-£2,432,000	Loss both
EPS	-0.90p	-2.40p	-1.00p	Loss both

Vega Group plc

	Final - Apr 00	Final - Apr 01	Comparison
REV	£40,201,000	£35,661,000	-11.3%
PBT	£4,843,000	-£5,882,000	Profit to loss
EPS	17.17p	-26.87p	Profit to loss

Virtual Internet Plc

	Interim - Apr 00	Final - Oct 00	Interim - Apr 01	Comparison
REV	£2,539,924	£6,259,257	£3,975,209	+56.5%
PBT	-£4,247,334	-£7,998,119	-£4,594,660	Loss both
EPS	-19.71p	34.81p	-18.58p	Loss both

VI Group plc

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£2,699,000	£5,642,000	£3,083,000	+14.2%
PBT	£259,000	£465,000	£324,000	+25.1%
EPS	0.68p	1.05p	0.94p	+38.2%

Vocalis Group plc

	Final - Mar 00	Final - Mar 01	Comparison
REV	£2,694,000	£2,701,000	+0.3%
PBT	-£4,507,000	-£7,144,000	Loss both
EPS	-11.57p	-15.82p	Loss both

Warthog Plc

	Final - Mar 00	Final - Mar 01	Comparison
REV	£2,406,039	£3,782,386	+57.2%
PBT	£214,212	£314,150	+46.7%
EPS	0.50p	0.65p	+30.0%

Wealth Management Software plc

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£7,320,000	£15,533,000	£6,356,000	-13.2%
PBT	-£215,000	-£251,000	-£3,246,000	Loss both
EPS	-0.87p	-0.67p	-7.85p	Loss both

Xansa plc

	Final - Apr 00	Final - Apr 01	Comparison
REV	£307,696,000	£391,235,000	+27.1%
PBT	£17,391,000	£652,000	-96.3%
EPS	3.91p	-4.22p	Profit to loss

XKO Group plc

	Final - Mar 00	Final - Mar 01	Comparison
REV	£29,628,000	£38,211,000	+29.0%
PBT	-£6,263,000	-£19,611,000	Loss both
EPS	-28.20p	-85.30p	Loss both

Xpertise Group plc

	Final - Dec 99	Final - Dec 00	Comparison
REV	£3,707,000	£5,756,000	+55.3%
PBT	-£171,000	-£4,000,000	Loss both
EPS	-0.01p	-0.08p	Loss both

Holway/SYSTEMHOUSE SCS Share Prices and Capitalisation

	SCS Cat.	Share Price 31-Aug-01	Capitalisation 31-Aug-01	Historic P/E	PSR Ratio Cap./Rev.	SCSI Index 31-Aug-01	Share price move since 31-Jul-01	Share price % move in 2001	Capitalisation move since 31-Jul-01	Capitalisation move (£m) in 2001
Actinic	SP	£0.07	£8.3m	Loss	4.13	83	0.00%	-82.47%	-£0.00m	-£39.10m
AFA Systems	SP	£1.24	£28.6m	Loss	6.67	1033	-6.42%	-10.79%	-£1.98m	-£3.50m
Affinity Internet Holdings	CS	£1.14	£30.6m	Loss	2.71	8731	-3.40%	-76.60%	£0.70m	-£87.90m
AIT Group	CS	£7.10	£144.1m	42.0	4.25	4733	5.58%	-40.08%	£7.59m	-£96.50m
Alphameric	SP	£0.76	£77.0m	20.1	1.42	346	20.80%	-72.50%	£13.20m	-£203.00m
Alterian	SP	£1.48	£57.8m	Loss	27.82	738	0.00%	-37.89%	£0.00m	-£35.30m
Anite Group	CS	£1.36	£384.1m	24.3	2.00	795	2.26%	-19.29%	£14.53m	-£65.00m
Argonaut Games	SP	£0.40	£36.3m	Loss	25.02	411	25.40%	-40.15%	£7.38m	-£644.40m
Autonomy	SP	£3.14	£395.3m	29.8	8.04	96	7.17%	-83.71%	£26.42m	-£2,032.63m
Aveva Group	SP	£3.94	£66.7m	16.1	2.37	1970	-15.72%	-28.43%	-£12.39m	-£25.20m
Axon	CS	£2.73	£139.9m	24.6	3.27	1557	-8.86%	-64.03%	-£13.60m	-£238.10m
Azlan Group	R	£0.89	£96.5m	8.2	0.16	385	9.26%	-50.97%	£8.18m	-£97.40m
Baltimore Technologies	SP	£0.20	£101.2m	Loss	1.36	2026	-21.78%	-94.28%	-£28.26m	-£1,647.80m
Baron	SP	£0.20	£0.9m	Loss	0.27	195	0.00%	-80.98%	£0.00m	-£3.73m
Bond International	SP	£0.82	£11.7m	16.2	1.25	1254	-10.93%	39.32%	-£1.36m	£3.33m
Business Systems	CS	£0.43	£34.4m	Loss	0.91	357	0.00%	-46.88%	£0.00m	-£30.40m
Capita Group	CS	£4.38	£2,886.0m	68.9	7.20	118400	-8.37%	-12.40%	-£262.63m	-£369.00m
Cedar Group	SP	£2.39	£183.6m	Loss	2.51	2276	15.18%	-22.90%	£24.29m	-£54.50m
Charteris	CS	£0.89	£32.3m	3.5	4.81	983	0.00%	-30.04%	£0.00m	-£11.70m
Clarity Commerce	SP	£1.27	£11.9m	Loss	8.22	1012	0.00%	-6.99%	£0.00m	-£0.90m
Clinical Computing	SP	£0.34	£8.4m	Loss	3.72	270	8.06%	26.42%	£0.63m	£1.76m
CMG	CS	£2.52	£1,545.0m	25.8	1.91	6952	-3.36%	-71.84%	-£53.51m	-£3,942.00m
Comino	CS	£2.95	£40.7m	15.8	1.90	2269	-2.48%	-42.44%	-£1.00m	-£29.00m
Compass Software	SP	£1.20	£13.4m	32.3	5.62	800	0.84%	-35.14%	£0.10m	-£6.40m
Compel Group	R	£0.86	£26.6m	10.1	0.09	684	-1.16%	4.91%	-£0.30m	£1.30m
Computacenter	R	£2.44	£446.0m	8.9	0.22	364	-3.94%	-27.16%	-£18.26m	-£166.40m
DCS Group	CS	£0.56	£13.9m	Loss	0.10	925	15.63%	-41.58%	£1.85m	-£9.10m
Delcam	SP	£1.70	£10.3m	8.1	0.61	654	-1.45%	-19.05%	-£0.15m	-£2.20m
Diagonal	CS	£1.70	£150.0m	21.1	1.81	2472	2.41%	-13.92%	£5.40m	-£16.10m
Dicom Group	CS	£3.03	£63.0m	8.3	0.63	927	1.68%	-33.95%	£1.08m	-£32.40m
DRS Data & Research	SP	£0.14	£4.8m	12.2	0.59	127	-1.75%	9.80%	-£0.06m	£0.43m
Earthport	SP	£0.29	£30.0m	Loss	20.39	208	0.00%	-79.20%	£0.00m	-£111.98m
Easynet	CS	£2.70	£167.4m	Loss	4.01	74	-6.90%	-39.33%	-£12.40m	£42.30m
Easyscreen	SP	£0.20	£8.8m	Loss	4.59	118	11.11%	-66.39%	£0.88m	-£17.46m
ECSoft	CS	£7.28	£85.1m	77.6	1.31	403	0.00%	19.26%	-£0.04m	£13.70m
Eidos	SP	£2.53	£346.8m	Loss	2.04	12644	-3.80%	17.67%	-£13.71m	£125.80m
Electronic Data Proc	SP	£0.45	£11.8m	Loss	1.41	1378	0.00%	-34.78%	-£0.03m	-£6.30m
Epic	CS	£2.44	£61.6m	52.1	7.66	2319	0.00%	-29.73%	£0.00m	-£22.90m
Eurolink	CS	£0.45	£4.6m	20.5	0.61	445	-11.00%	-37.32%	-£0.62m	-£2.75m
Flastfill	SP	£0.08	£3.6m	Loss	8.31	67	-5.88%	-90.86%	-£0.22m	-£36.44m
Financial Objects	SP	£0.71	£27.8m	Loss	1.51	309	2.90%	-30.05%	£0.79m	-£10.80m
Flomerics Group	SP	£0.97	£14.1m	14.0	1.20	3731	-12.61%	-28.15%	-£2.03m	-£5.50m
Focus Solutions	SP	£0.82	£20.5m	Loss	9.02	418	-8.43%	-59.85%	-£1.80m	-£30.50m
Gresham Computing	CS	£0.31	£14.3m	Loss	0.61	336	23.76%	26.26%	£2.79m	£3.00m
Guardian iT	CS	£2.68	£186.7m	19.7	2.16	1049	-39.55%	-71.99%	-£122.15m	-£479.90m
Harvey Nash Group	A	£1.43	£42.6m	4.3	0.19	814	-14.93%	-83.57%	-£6.90m	-£210.70m
Highams Systems Servs	A	£0.14	£2.7m	Loss	0.13	389	-6.67%	-37.78%	-£0.20m	-£1.67m
I S Solutions	CS	£0.32	£7.9m	12.4	0.70	1174	-11.27%	-83.42%	-£1.00m	-£39.62m
IBNet	SP	£0.23	£12.4m	Loss	114.81	409	4.65%	-69.39%	£0.60m	-£27.68m
ICM Computer	CS	£2.15	£42.5m	14.4	1.35	1194	7.50%	-1.15%	£2.91m	£0.30m
IDS Group	SP	£0.62	£34.7m	Loss	2.77	683	-16.33%	-64.04%	-£6.84m	-£61.90m
Innovation Goup	SP	£3.28	£571.2m	136.7	59.72	1430	-5.76%	-59.06%	£0.22m	-£459.80m
Intelligent Environments	SP	£0.03	£1.6m	Loss	0.19	29	-79.63%	-93.37%	-£6.39m	-£15.96m
Intercede Group	SP	£0.52	£8.4m	Loss	4.19	858	-1.90%	-14.17%	-£0.16m	-£1.37m
Internet Business Group	CS	£0.04	£2.2m	Loss	1.22	106	-10.53%	-71.67%	-£0.27m	-£5.51m
IQ-Ludorum	SP	£0.23	£18.2m	Loss	8.48	303	-7.14%	-52.60%	-£1.40m	-£19.80m
iSOFT Group	SP	£2.77	£325.3m	61.8	10.45	2514	5.94%	34.88%	£18.24m	£95.50m
ITNET	CS	£1.79	£128.2m	Loss	0.93	511	-10.28%	36.12%	-£14.64m	£35.80m
Izodia (was Infobank)	SP	£0.39	£22.8m	Loss	8.45	6191	1.30%	-85.82%	£2.61m	-£137.80m
Jasmin	SP	£1.68	£7.9m	Loss	1.98	1117	1.82%	31.37%	£0.14m	£1.88m
Kalamazoo Computer	CS	£0.11	£4.7m	Loss	0.10	314	-4.35%	-33.33%	-£0.22m	-£2.36m
Kewill Systems	SP	£0.44	£33.5m	9.3	0.49	870	-37.14%	-86.25%	-£19.89m	-£210.30m
Keystone	SP	£0.22	£24.9m	Loss	5.19	242	-7.45%	-37.41%	-£2.00m	£10.20m
Knowledge Management	SP	£0.11	£12.7m	Loss	6.08	85	10.00%	-86.38%	£1.20m	-£72.00m
Knowledge Support	SP	£0.23	£16.6m	Loss	7.57	102	-19.64%	-93.90%	-£4.06m	-£255.70m
Knowledge Technology	SP	£0.01	£3.8m	Loss	20.93	100	-80.00%	-90.00%	£1.89m	-£0.03m
Logica	CS	£6.98	£3,119.0m	32.9	3.68	9559	1.31%	-60.11%	£39.93m	-£4,616.00m
London Bridge Software	SP	£1.08	£183.3m	24.1	3.23	2700	-14.62%	-67.27%	£88.17m	-£376.70m
Lorien	A	£0.64	£12.4m	Loss	0.11	635	-7.97%	-16.99%	-£1.11m	-£2.60m
Lynx Holdings	R	£0.85	£148.4m	19.3	0.59	2125	8.97%	-3.95%	£12.20m	£10.20m
Macro 4	SP	£3.83	£79.6m	16.6	3.63	1542	-1.29%	-57.50%	-£1.00m	-£107.60m
Manpower SoftWare	SP	£0.30	£7.2m	Loss	2.60	309	-1.64%	13.21%	-£0.12m	£3.56m
Marlborough Stirling	CS	£2.01	£368.8m	71.8	7.36	1436	6.07%	43.57%	£21.14m	£120.30m
MERANT	SP	£1.05	£141.0m	Loss	0.65	505	-1.42%	10.00%	-£2.02m	-£0.80m

Note: Main SYSTEMHOUSE 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 SCS Index is not weighted; a change in the share price of the largest company has the same effect as a similar change for the smallest company.
Category Codes: CS= Computer Services SP = Software Product R = Reseller A = IT Agency O = Other

Holway/SYSTEMHOUSE SCS Share Prices and Capitalisation

	SCS Cat.	Share Price 31-Aug-01	Capitalisation 31-Aug-01	Historic P/E	PSR Ratio Cap./Rev.	SCSI Index 31-Aug-01	Share price move since 31-Jul-01	Share price % move in 2001	Capitalisation move since 31-Jul-01	Capitalisation move (£m) in 2001
Microgen Holdings	CS	£1.30	£66.2m	51.2	2.61	556	-3.70%	-57.72%	-£2.50m	-£90.30m
Mission Testing	CS	£1.83	£28.8m	34.1	5.77	668	-7.59%	-33.15%	-£2.40m	-£14.28m
Misys	SP	£3.03	£1,745.0m	19.2	2.03	3770	-12.68%	-54.09%	-£253.03m	-£2,056.00m
MMT Computing	CS	£1.25	£15.1m	5.0	0.40	744	-32.43%	-76.30%	-£7.30m	-£48.70m
Mondas	SP	£0.31	£6.2m	Loss	2.30	413	-10.14%	-22.50%	-£0.70m	-£1.80m
Morse	R	£1.71	£219.0m	22.2	0.37	684	-13.42%	-54.70%	-£33.91m	-£257.80m
MSB International	A	£0.75	£15.2m	28.2	0.10	392	-20.74%	-35.22%	-£4.00m	-£8.30m
Myratech.net	CS	£0.08	£2.2m	Loss	1.28	62	0.00%	-68.00%	£0.00m	-£4.54m
Ncipher	SP	£0.78	£98.1m	Loss	7.29	310	0.65%	-71.61%	£0.63m	-£246.90m
NetBenefit	CS	£0.26	£4.1m	Loss	0.54	128	0.00%	-80.00%	-£0.04m	-£16.32m
Netstore	CS	£0.17	£14.8m	Loss	4.16	112	42.55%	-79.45%	£4.37m	-£57.20m
Nettec	CS	£0.11	£12.8m	Loss	0.74	44	-16.00%	-64.41%	-£2.49m	-£18.90m
Northgate Information Solutions	CS	£0.37	£104.4m	28.3	0.97	140	-8.75%	-46.91%	-£10.06m	-£88.00m
NSB Retail Systems	SP	£0.18	£57.8m	5.5	1.41	1587	-10.98%	-89.10%	-£7.08m	-£335.70m
OneclickHR	SP	£0.54	£28.1m	Loss	6.91	1338	0.94%	78.33%	£0.90m	£4.80m
Orbital Software	SP	£0.19	£8.5m	Loss	7.83	131	-2.56%	-81.19%	-£0.22m	-£36.77m
Orchestream	SP	£0.65	£85.0m	Loss	30.95	351	-2.26%	-76.36%	-£1.87m	-£250.80m
Parity	A	£0.42	£64.4m	6.7	0.24	7000	1.20%	-64.10%	£0.77m	-£115.10m
Patsystems	SP	£0.23	£29.2m	Loss	11.57	215	-26.98%	-77.67%	-£10.80m	-£101.70m
Planit	SP	£0.53	£42.9m	17.7	2.25	2188	-7.08%	-49.52%	-£3.29m	-£42.20m
PSD	A	£3.53	£88.5m	6.1	1.00	1602	-23.37%	-63.09%	-£27.00m	-£151.20m
QA (was Skillsgroup)	CS	£0.66	£57.8m	57.7	0.41	294	6.50%	-52.36%	£3.51m	-£63.60m
QSP	SP	£0.12	£12.3m	Loss	0.30	161	-14.04%	-59.50%	-£2.00m	-£14.90m
Quantica	A	£0.56	£22.0m	7.0	0.93	452	-15.79%	1.82%	-£4.10m	£0.40m
Raft International	SP	£0.18	£11.5m	921.1	1.25	278	-37.50%	-72.22%	-£6.91m	-£30.50m
Rage Software	SP	£0.06	£21.2m	Loss	3.70	240	4.17%	-41.86%	£0.90m	-£13.10m
RDL	A	£0.93	£14.2m	8.4	0.87	1028	-0.54%	-47.14%	£0.00m	-£12.60m
Recognition Systems	SP	£0.05	£4.1m	Loss	0.47	64	-57.14%	-98.38%	-£5.45m	-£249.11m
Retail Decisions	SP	£0.29	£41.3m	Loss	2.34	392	-6.45%	-76.52%	-£2.91m	-£127.90m
RexOnline	A	£0.45	£5.9m	14.0	2.92	530	-23.93%	-53.89%	-£1.85m	-£0.52m
Riversoft	SP	£0.31	£73.8m	Loss	14.28	324	5.17%	-67.55%	£3.63m	-£150.20m
RM Group	SP	£4.53	£424.6m	50.2	2.05	12929	-4.74%	-20.61%	-£21.15m	-£107.80m
Rolfe & Nolan	SP	£0.59	£8.3m	Loss	0.32	696	-18.18%	-85.04%	-£1.83m	-£46.85m
Royalblue Group	SP	£7.65	£230.3m	60.3	4.01	4500	0.33%	-27.14%	£0.68m	-£85.80m
Sage Group	SP	£2.08	£2,635.0m	33.6	6.39	80000	-11.49%	-32.19%	-£341.49m	-£1,251.00m
SBS Group	A	£0.30	£2.7m	22.8	0.06	295	-11.94%	-70.50%	-£0.37m	-£6.42m
Science Systems	CS	£5.03	£126.6m	38.3	2.55	3895	3.08%	1.52%	£3.75m	£1.90m
SDL	CS	£0.84	£35.2m	90.3	1.18	557	21.90%	-77.52%	£6.35m	-£111.90m
ServicePower	SP	£0.21	£10.7m	Loss	3.25	210	-37.31%	-69.78%	-£6.40m	-£24.80m
Sherwood International	SP	£1.32	£59.0m	16.9	1.09	4398	3.13%	-58.36%	£1.74m	-£76.20m
Sirius (was Policymaster)	SP	£1.35	£21.6m	30.7	1.26	900	9.31%	-59.09%	£1.80m	-£30.20m
Smartlogik	SP	£0.05	£13.2m	Loss	0.23	41	-5.26%	-80.85%	-£0.[illegible]0m	-£27.50m
Sopheon	SP	£0.34	£14.7m	Loss	1.89	489	-20.00%	-78.75%	-£3.64m	-£48.80m
Spring Group	A	£0.72	£107.4m	Loss	0.29	794	4.38%	-19.21%	£4.50m	-£25.50m
Staffware	SP	£2.53	£35.9m	14.1	0.95	1122	2.02%	-81.96%	£0.68m	-£161.10m
StatPro	SP	£0.67	£21.6m	Loss	6.81	838	-8.22%	-3.60%	-£1.90m	£1.20m
Stilo International	SP	£0.18	£8.0m	Loss	93.14	360	-5.26%	-70.97%	-£0.45m	-£19.58m
Superscape VR	SP	£0.42	£15.1m	Loss	7.01	210	1.22%	-83.33%	£0.20m	-£75.50m
SurfControl (was JSB)	SP	£4.13	£124.4m	Loss	14.29	2063	11.49%	-64.52%	£12.82m	-£221.50m
Synigence	CS	£0.29	£12.8m	Loss	6.45	548	-6.56%	-45.19%	-£0.18m	-£9.30m
Synstar	CS	£0.46	£74.8m	76.7	0.32	279	-2.13%	-3.16%	-£1.52m	-£2.40m
Systems Integrated	SP	£0.44	£5.8m	21.8	3.52	378	8.75%	40.32%	£0.47m	£1.68m
Systems International	CS	£0.23	£7.3m	53.0	0.41	391	50.00%	-40.00%	£2.42m	-£5.52m
Systems Union (was Freecom)	SP	£0.58	£59.8m	Loss	99.83	446	8.41%	-17.14%	£4.60m	-£12.40m
Telecity	CS	£0.18	£12.4m	Loss	0.88	23	-65.00%	-96.79%	-£23.00m	-£373.46m
Telework Systems	SP	£1.02	£184.1m	42.5	8.39	0	0.00%	-46.17%	-£0.01m	-£157.90m
Telme.com	CS	£0.17	£13.1m	Loss	0.72	106	10.00%	-47.62%	£1.19m	-£12.00m
Terence Chapman	CS	£0.41	£28.5m	6.1	0.93	304	0.00%	-74.38%	£0.05m	-£80.10m
Tikit Group	CS	£1.15	£13.0m	21.0	1.40	1000	0.00%	0.00%	£0.00m	£0.00m
Torex Group	CS	£7.04	£305.1m	34.7	3.45	13660	25.07%	20.26%	£61.12m	£55.90m
Totalise	CS	£0.04	£2.6m	Loss	1.91	202	6.25%	-69.64%	£0.25m	-£4.93m
Total Systems	CS	£1.12	£11.6m	22.8	3.01	2104	18.62%	25.28%	£1.90m	£2.34m
Touchstone	SP	£1.44	£14.5m	11.0	1.23	1371	-10.84%	22.55%	-£1.70m	£3.00m
Trace Computers	CS	£0.82	£12.4m	6.8	0.73	652	5.16%	0.62%	£0.60m	£0.50m
Transeda	SP	£0.29	£19.8m	45.8	8.21	580	-3.33%	-41.71%	-£0.70m	-£13.60m
Triad Group	CS	£1.78	£45.2m	14.9	0.86	1315	-11.91%	-17.44%	-£6.18m	-£9.58m
Tribal Group	CS	£2.94	£100.2m	30.0	4.16	1779	2.62%	23.84%	£2.56m	£19.32m
Ultima	R	£0.02	£4.3m	Loss	0.62	55	0.00%	-52.63%	£0.00m	-£4.81m
Ultrasis	CS	£0.03	£16.4m	Loss	16.63	56	-45.00%	-75.56%	£4.90m	-£9.40m
Vega Group	CS	£2.13	£39.1m	Loss	1.10	1742	1.19%	-45.16%	£0.50m	-£32.20m
VI group	SP	£0.33	£8.2m	0.9	1.26	464	18.18%	-2.99%	£1.26m	£1.39m
Virtual Internet	CS	£0.29	£5.8m	16.1	1.03	570	16.33%	-76.83%	£0.81m	-£24.09m
Vocalis	SP	£0.08	£3.7m	Loss	1.37	84	-30.43%	-94.22%	-£1.61m	-£60.30m
Warthog	SP	£0.35	£14.4m	53.8	3.81	802	6.15%	-19.77%	£0.80m	-£4.60m
Wealth Management	SP	£0.17	£7.1m	Loss	0.46	131	183.33%	-84.55%	£4.62m	-£39.06m
Xansa (was F.I. Group)	CS	£2.75	£897.2m	Loss	2.29	7051	-7.56%	2.23%	-£73.41m	£39.40m
XKO	CS	£0.43	£11.6m	Loss	0.30	287	17.81%	-84.78%	£1.77m	-£64.30m
Xpertise	CS	£0.05	£1.5m	Loss	0.26	190	-20.83%	-73.61%	-£0.39m	-£4.14m

Note: Main SYSTEMHOUSE 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 SCS Index is not weighted; a change in the share price of the largest company has the same effect as a similar change for the smallest company.
Category Codes: CS= Computer Services SP = Software Product R = Reseller A = IT Agency O = Other

AND STILL THEY FALL...

Our own SCSI Index fell once again in August, this time by 3.3% to 4607. But it still remains 17% higher than its level at the beginning of 1999. The FTSE IT SCS Index and techMARK experienced bigger falls of 6.7% and 8.0% respectively, as the large companies are hit even more than their smaller cousins. Both these indices have now fallen to pre-1999 levels.

Of the five categories in the Holway SCSI Index, the IT Staff Agencies suffered the most in August with an average fall of 11% in their share prices - the worst performing agency was MSB International with a fall of 21% to 75p. The fall followed a trading statement from MSB stating, "*it is difficult for the Board to anticipate the outcome for the current financial year ending 31 January 2002*".

31-Aug-01		
	SCSI Index	4606.96
	FTSE IT (SCS) Index	854.14
	techMARK 100	1448.20
	FTSE 100	5345.00
	FTSE AIM	1027.30
SCSI Index =1000 on 15th April 1989	FTSE SmallCap	2702.18

Changes in Indices	SCSI Index	FTSE 100	techMARK 100	FTSE IT SCS Index	FTSE AIM Index	FTSE Small Cap
Month (01/08/01 to 31/08/01)	-3.30%	-3.33%	-7.97%	-6.66%	-1.33%	-1.00%
From 15th Apr 89	+360.70%	+160.27%				
From 1st Jan 90	+400.70%	+126.29%				
From 1st Jan 91	+550.82%	+147.41%				
From 1st Jan 92	+340.92%	+114.39%				
From 1st Jan 93	+189.09%	+87.77%				+94.77%
From 1st Jan 94	+175.94%	+56.36%				+44.60%
From 1st Jan 95	+207.30%	+74.36%				+54.73%
From 1st Jan 96	+103.98%	+44.88%	+83.49%		+7.75%	+39.18%
From 1st Jan 97	+72.06%	+29.78%	+58.33%		+5.24%	+23.78%
From 1st Jan 98	+51.79%	+4.08%	+51.80%	-14.59%	+3.56%	+16.81%
From 1st Jan 99	+16.88%	-9.14%	-0.54%	-40.93%	+28.16%	+30.48%
From 1st Jan 00	-59.84%	-22.87%	-61.68%	-77.03%	-46.85%	-12.77%
From 1st Jan 01	-44.98%	-14.10%	-43.55%	-56.18%	-28.55%	-15.11%

End Aug 01	Move since 1st Jan 98	Move since 1st Jan 99	Move since 1st Jan 00	Move since 1st Jan 01	Move in Aug 01
System Houses	50.3%	-2.7%	-62.1%	-49.0%	-1.0%
IT Staff Agencies	-66.3%	-59.6%	-64.8%	-44.0%	-10.9%
Resellers	4.6%	11.2%	-46.4%	-29.1%	-0.1%
Software Products	95.5%	67.1%	-59.8%	-70.8%	-4.1%
Holway Internet Index		187.3%	-65.1%	-48.6%	-3.1%
Holway SCS Index	51.8%	16.9%	-59.8%	-48.0%	-3.3%

Of all the shares in the Holway SCSI Index, the best performances came from Wealth Management Software with a 183% increase to 17p following its interim results. Shares in Torex rose 25% to 704p following its results announcement (see page 6) as it benefits from the confidence in the Public Sector IT Market.

On the other side of the coin were Knowledge Technology Solutions with an 80% fall in its share price to just 1p. Guardian IT's share price fell 40% to 268p following a trading update which stated, "*Conditions in the web-hosting market have materially worsened and will adversely impact the expected results of iXguardian, our complex hosting and managed web infrastructure division*". Telecity which also operates in the web hosting market watched its share price fall 65% to 18p, as its competitor, CityReach, went into administration.

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