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ovum HOLWAY

SYSTEMHOUSE

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

READING THE ITSA TEA LEAVES

We've been saying for many years that IT staff agencies (ITSAs) are bellwethers for the entire UK software and IT services (S/ITS) market. Because ITSAs recruit across the entire S/ITS industry – from high-end consultants to low end support service staff – any pervasive changes in the industry as a whole tend to have a magnifying effect on the ITSAs. ITSAs are generally the first to suffer the ill winds of an industry downturn and, equally, they tend to be the first to benefit from the glimmers of sunshine as the market recovers.

Which is why we are paying even closer attention to ITSAs in the current market environment. Indeed, we have decided to move away from publishing our ITSA research on an annual basis, and instead this month we are launching a continuous service so we (and you!) can keep on top of this critical sector of the UK S/ITS market. Indeed, last year ITSAs generated almost 20% of the entire revenues of the UK S/ITS industry, so they have an extraordinarily high influence on the fortunes of the market as a whole.

UK ITSAs have been on a roller-coaster ride since we ushered in the new millennium. Most ITSAs suffered a steep decline in revenues for the first half of 2000, but started to see some recovery as they struggled towards the end of the year. Indeed, 2001 started on a relatively bright note, and our conversations with the CEOs of the leading players were tinged with cautious optimism. This optimism became shaky in Q2 and disappeared all together from Q3 onwards when it became apparent that the early months of 2001 merely represented a 'mopping up' of latent demand held over from the prior year. By July, the full effects of the global industry downturn – especially on the financial services and telecomms sectors – took their toll on the ITSAs, many of whom earn a significant proportion of their business from these sectors.

GO WEST, YOUNG MAN (OR EAST, OR SOUTH ...)

But the picture was not universally gloomy. Even though the UK market was suffering, many UK-based ITSAs were having significant success overseas. Just look at the comparative fortunes of the leading suppliers of IT recruitment services to the UK market here and overseas.

The leading players (ranked by UK ITSA revenues) saw a small net decrease in UK ITSA revenues in their most recently reported financial year, although some were more successful than others. Most notable among these is SThree, the holding company for (currently) twelve distinct – and competing – ITSA brands, led by Computer Futures, Progressive Computer Recruitment and Huxley Associates. SThree achieved its admirable 14% growth entirely organically. In contrast, all the other ITSAs showing revenue growth in the last year were boosted by acquisitions, of which the most significant was Elan, which itself was acquired by US staffing giant Manpower in Jan. 00. Manpower's fledgling IT staffing arm, IT Manpower, was merged into Elan's much larger UK and European business, and control of Manpower's entire European ITSA operations now resides with the Elan management team.

By the way, we have co-ranked SThree and Computer People (the family of ITSAs we used to know as Delphi Group, once the undisputed leader in the UK ITSA market, and now owned by Swiss mega-agency Adecco) at the top of the charts as their UK revenues were too close to call.

Now compare this performance with the overseas revenues of these same players over the same period.

The difference is quite dramatic. With the exception of Spring (which does not play overseas), Hays, and the moribund modis, all the other ITSAs saw significant growth overseas, notably in continental Europe. Again, with the notable exception of SThree, some of this growth was acquisitive. Overseas revenues now account for nearly 30% of total revenues for the Top Ten UK ITSAs, compared to a little over 20% the year before.

ATTACKED ON ALL FRONTS

Unfortunately, 2001 continues to be a 'challenging ' year for the UK ITSAs. Many of their largest corporate clients are forcing them to reduce contractor fee rates, typically by 10%. Not surprisingly, with sub-10% net margins even in the good times, the ITSAs are passing this cut straight down to the contractors who, generally speaking, are 'taking it on the chin' in order to keep their jobs. However, this step reduction in gross turnover, coupled

Top Suppliers of IT Recruitment Services to the UK Market
UK ITSA Revenues

Rank	Company	Latest FYE	UK Rev FY00/01	UK Rev FY99/00	Change
1=	Computer People	31-Dec-00	£260m	£290m	-10%
1=	SThree	30-Nov-00	£260m	£229m	14%
3	Spring	30-Apr-01	£233m	£237m	-2%
4	Hays	30-Jun-01	£220m	£230m	-4%
5	Elan Computing	31-Dec-00	£183m	£133m	38%
6	MSB International	31-Jan-01	£137m	£178m	-23%
7	modis International	31-Dec-00	£123m	£143m	-14%
8	Harvey Nash	31-Jan-01	£109m	£90m	21%
9	Select Appointment:	31-Dec-00	£109m	£105m	4%
10	Best International	31-Dec-00	£96m	£102m	-6%
	TOTAL		£1,729m	£1,737m	-0.5%

with the general business downturn, is causing a cash crisis with some of the players, exacerbated by bad debts incurred from failing dotcoms and telecomms companies. Meanwhile, some of the leading players (e.g. Best, MSB, Parity) have undertaken boardroom shuffles (palace coups?) to try to get their respective ships back on course.

Other companies have decided to bail out all together, with both Diagonal and Anite jettisoning ITSA businesses during the year (though Diagonal still has some ITSA operations remaining – but for how long?). By the way, the effective PSR of the Diagonal ITSA sale (MBO in Mar. 01) was just 0.15 and for the Anite business (MBI in Jun.01), c0.4. In the circumstances Anite did very well indeed!

Top Suppliers of IT Recruitment Services to the UK Market
Non-UK ITSA Revenues

Company	Latest FYE	Non-UK Rev FY00/01	Non-UK Rev FY99/00	Change
Computer People	31-Dec-00	£40m	£26m	54%
SThree	30-Nov-00	£45m	£30m	50%
Spring	30-Apr-01	£0m	£0m	0%
Hays	30-Jun-01	£30m	£30m	0%
Elan Computing	31-Dec-00	£17m	£14m	22%
MSB International	31-Jan-01	£21m	£7m	207%
modis International	31-Dec-00	£28m	£28m	0%
Harvey Nash	31-Jan-01	£44m	£10m	325%
Select Appointment	31-Dec-00	£463m	£325m	42%
Best International	31-Dec-00	£10m	£4m	172%
TOTAL		£698m	£474m	47%

Meanwhile, 'events' seem to be conspiring to make UK ITSAs' lives even more difficult. In Oct. 01, new regulations in the Data Protection Act came into force which have potentially huge implications for ITSAs; whose business is, of course, all about handling personal data about their tens of thousands of candidates. But this is only one example of the additional 'overhead' from Government legislation. Although the infamous IR35 amendment did not cause hoards of UK contractors to leave for foreign lands (as we said they wouldn't) nonetheless, the legislation forced all ITSAs to review and recast their contracts and undertake a massive education programme for their major clients and contractors. And there are other changes in regulation affecting all employment agencies slated to hit the statute books in coming months, many of which are ill-devised. It's not just the impact that these legislative changes can potentially cause to the UK ITSA industry – it's the massive distraction to UK ITSA management that is compounding the problem. At a time when ITSA executives need to be 'heads down, tails up' trying to keep their businesses afloat, they find themselves having to fight a rearguard action against a government purportedly 'committed' to making the UK IT sector more competitive!

Fortunately, most ITSAs are (finally) taking prudent measures to conserve resources (mainly cash) awaiting the eventual and inevitable business recovery. This is requiring much courage from the players – for example, most of the CEO's we have spoken to are saying they are now walking away from low-margin deals in order to protect the bottom line. But in an industry as fragmented – and arguably still with the remnants of the cowboy culture – as the UK ITSA market, it may just be a matter of time before 'someone blinks'. And then it's another free-for-all as the ITSAs undercut each other to buy big-ticket corporate business.

STRAINING TO FIND A GOOD OMEN

So as we study the ITSA 'tea leaves' to try to glean what the future holds for the entire UK S/ITS industry, as yet we can see no sign at all of a bottoming out of the decline in business, let alone any recovery. We are hopeful (wishful?) that the worst of the downturn will be over as we move into 2002. This may become clearer as we see the bulk of the ITSAs announce year-end results early next year – although we expect more profits warnings in the next few weeks. This means that any recovery in the UK S/ITS market as a whole is unlikely to be noticeable until Q3 2002 at the earliest.

As for the UK ITSAs, perhaps they can take some comfort in the fact that after previous recessions in the industry, those that survived did so stronger and healthier than before. Indeed, many of the CEO's of the leading ITSAs have lived through the recession in the early 90's so should know how to handle the business. But this is certainly not to say that all of today's leading players will be among the survivors.

Ovum Holway is launching a new, continuous research service on the UK ITSA market this month. Contact Anthony Miller (01252-740913 or amiller@ovumholway.com) or Heather Small (01252-740912 or hsmall@ovumholway.com) for more details.

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EVERY MONTH

INDICES (changes in Oct. 01)

Holway SCS	4277	23.1%
Holway Internet	2837	26.1%
FTSE IT (SCS)	771	16.6%
techMARK 100	1364	18.3%
FTSE 100	5040	2.8%
Nasdaq	1690	15.7%

HOLWAY COMMENT

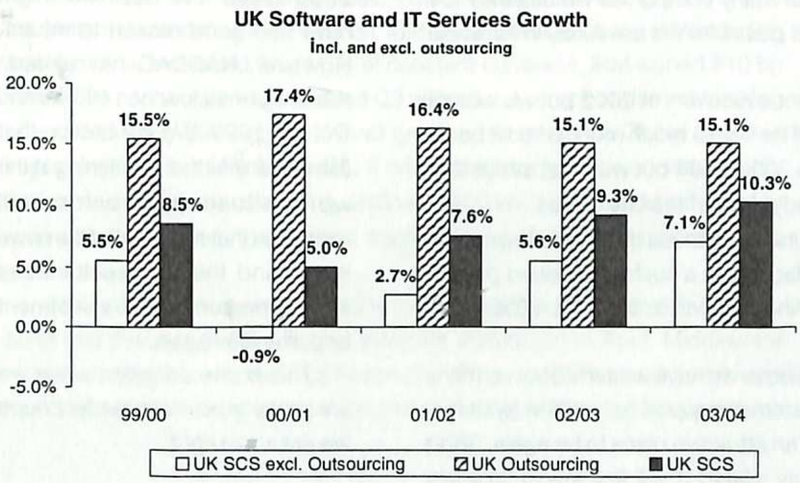
"So, when did Leicester City last win the FA Cup?"

Trick question…Leicester City has never won the FA Cup.

So "when was the UK SCS industry's last in recession?"

Not quite so clear cut. But if you exclude outsourcing, we doubt it has EVER been in recession… before NOW. But remember, outsourcing is NOT real IT growth…it's merely moving expenditure from 'in-house' to 'external' spend…*"moving the deckchairs on the Titanic"*.

We have – as we always do at this time each year – just completed our biannual review and detailed reforecast by sector. This is being sent 'free' to all subscribers to the Holway Report Continuous Service. A real unexpected 'bonus' we hope. If you are not a Holway Report Continuous Service customer, do not fear. It's not too late. Just call 020 7551 9228 to discuss or e-mail info@ovum.



Highlights

Let's be blunt, it would be easier to sum up 2001 so far as a series of "low points". Just when we all start to think that it can't get any worse…it does.

- As we reported in last month's **SYSTEM**HOUSE, UK SCS plc reported a loss of around £20m on revenues of around £13b in the first half of 2001. We fully expect that to be repeated at the full year stage and to cover both private and quoted UK SCS companies.

- We have revised our growth expectations for 2001 down from 9.7% to 5.4%. If you deduct inflation, that's real growth of *just* 3%.

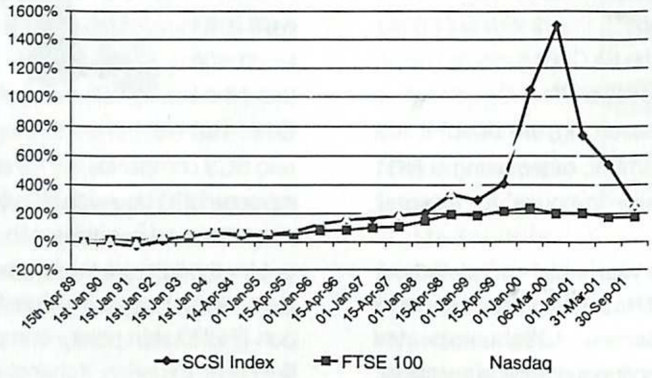
- Outsourcing was the only real/major engine of growth. Indeed **if you exclude Outsourcing, we forecast that the UK SCS sector will have contracted by around 1% in 2001**. We reported on outsourcing in July's **SYSTEM**HOUSE and all the evidence since has supported our view that this sector does, and will continue to do, very well in periods of general economic downturn. This month we have seen more excellent outsourcing-related results (see IBM Global Services on page 5). We could go further and add that it's Business Process Outsourcing (BPO) which seems to be the real star. It's not just the obvious candidates, like Boring Capita, which are steaming ahead against the market tide, but also SCS companies like Xansa with its mega BPO deal with BT's finance dept. The real candidates to watch out for though are those attacking the IT sector of the market from a non-IT BPO start point – companies like Hays, Experian, Xchanging and others. *"Watch your lunch…"*

- Conversely, it's almost everything connected with new project work – from IT Consulting, systems development and integration and, of course, the IT Staff Agency market (see page one article) – that have really been hit hard. The list of companies supplying evidence with recent results is almost too long – ranging from the largestplayers (CGEY) to the smallest ITSAs

- All this has had its effect on investors, of course. Our SCS Index is down 52% so far this year ending Oct. 01 on 4277. This leaves our SCS Index where it was in Q2 1998. I.e. before the Internet bubble and Techmark euphoria. Chartists might well extrapolate from the graph overleaf that, given the gently rising market for much of the 1990s, the fall from the Mar. 00 peak has been overdone. **We think not**. The outlook for our industry in 1997 was universally optimistic and 1998 proved to be THE vintage year for the UK SCS sector. Nobody would put forward such optimism now!

- The downturn in share prices has affected all aspects of the financial services sector – from brokers (particularly those that shot to success on the back of private investors' appetites for IT stocks) to VCs to corporate advisers involved in now almost non-existent

IPOs. Indeed our customers in the M&A sector have been particularly badly hit with technology related M&A deals down some 60% in H1 2001 compared with the previous year (if you leave out the huge Schlumberger/Sema deal).



Outlook

We concur with the growing view that many companies will use their Q4 results to get rid of as much bad news as possible. We are surely in for some shockers.

We forecast only a very modest revenue recovery in 2002 but we expect earnings to rebound strongly as these will be from a much reduced cost base. This recovery will gather some pace into 2003/2004 but we must stress that we do not forecast any return to the heady days of the late 1990s.

That said, provided both the industry itself and those that invest in it can be realistic, the returns could be quite satisfactory. In a sustained period of both low inflation and low interest rates, earnings growth in the 15%-25% range should be looked on favourably!

The 'places to be' will be the *Boring* places we have written about so many times. Outsourcing, BPO, on-going customer support (e.g. CRM systems) with the public sector suddenly seeming an attractive place to be again. Short term, disaster recovery and other security related IT will find favour. In a few years time the real advent of mobile internet access will take hold to fuel growth. But it will be modest compared to previous exulted expectations.

Footnote

Our very public forecasts in front of Jeremy Paxman at the **Regent Conference** over these last few years have – if we can be our usual immodest self – been pretty accurate so far. When we stand up on 29th Jan. 02 at what, after seven years, we really do promise to be our LAST appearance at this conference, will we have to eat humble pie over our prediction that NASDAQ would end 2001 around 2500? After 11th Sep. we might have had good reason to retract. However, NASDAQ has already rallied from its low of 1493 to end Oct. on 1690. We still believe that (barring any further worsening in the world situation) investors will recognize that the worst of the news is out and that our sector does indeed present good investment opportunities again.

This is one occasion when we are pretty sure most readers hope we are again right!

+29%
211p

STILL BORING AFTER ALL THESE YEARS

Sage Group has released an update on trading stating that the "*tragic events of 11th September 2001 inevitably has some impact on the Group's US revenues in the last few weeks*". However, it went on to say that the strong recurring revenues that underpin Sage's business model mean that results for the year ended 30th Sep. 01 will be broadly in line with consensus forecasts.

Comment - Forecasts from Charterhouse Securities dated 28th Sep. 01 were as follows:

2000	Rev £412.2m	PBT £108.8m	EPS 5.9p
2001(F)	Rev £501.0	PBT £125.0m	EPS 6.5p
2002(F)	Rev £587.3m	PBT £137.8m	EPS 7.2p
2003(F)	Rev £649.9m	PBT £153.6m	EPS 8.0p

In other words Sage is forecast to be *Boring* as ever for years to come. On the other hand the share price has been savaged along with the rest - down from a peak of around £10.00 in Q1 2000 (to £2.11 at the end of the month).

Although everyone concentrates on the 'risk' involved in new product sales - especially of Sage's operations in the US - Sage has a model much closer to that of an outsourcer with the majority of its revenue coming from support contracts, upgrades, consumable sales etc to existing customers. That's why they are so *Boring*!

We still believe that Sage is as safe a haven as you'll get in the current environment.

IBM'S SERVICES ARE HIGH UP THE FOOD CHAIN

If you still had any remaining doubts that there really was only one real growth area in the IT sector today and it was OUTSOURCING - then we suggest you read and digest IBM's Q3 results.

IBM announced Q3 net income of $1.6 bn, a 19% decline. Q3 revenues at $20.4 bn were down 6%. This was mainly caused by a 21% decline (18% at constant currency) in hardware revenues to $7.5bn.

BUT Services continued its double-digit growth, excluding maintenance, and the backlog increased by nearly $2 bn from Q2. Indeed we are fast approaching the time when IBM's services revenues alone exceed those from hardware. At $11.9bn, software + IT services already greatly exceeds the $7.5bn revenues from hardware. Software also had an outstanding quarter. Q3 revenues from The Americas were $9.1 bn, a decline of 6%. Revenues from Europe/Middle East/Africa were $5.7 bn, up 1% (4% at constant currency). Indeed we understand that the UK was a particular star. Asia-Pacific revenues fell 5% (up 5% at constant currency) to $4.1 bn. Revenues from IBM Global Services, including maintenance, grew 5% (9% at constant currency) in Q3 to $8.7 bn. IBM Global Services revenues, excluding maintenance, increased 7% (11 % at constant currency). IBM signed $10 bn in services contracts and concluded Q3 with a total services contract backlog of approximately $97 bn. The overall gross profit margin in Global Services improved by 1.8 points to 28.4%. It was outsourcing that performed really well as revenues from consulting declined. IBM now gets around a third of its revenues from recurring revenues such as outsourcing and other support contracts.

Q3 Software revenues grew 10% (14% in constant currency) to $3.2bn. Mind you this was helped by the **Informix** acquisition in April. Middleware revenues, which comprise approximately 80% of IBM's overall software revenues, grew 18% at constant currency and operating system revenues increased 3%.

IBM met analysts' much reduced expectations and indicated it would also do so in Q4.

Back in the 50s/60s, IBM succeeded because it 'owned' its customers as a result of the hardware it supplied. It then took IBM about 20 years to realise and action the fact that you 'own' customers by the recurring services you provide. IBM' services are much higher up the food chain than anything that might come out of HP/ Compaq and it will similarly take HP 20 years (if ever!) organically to build a competing organisation. Of course they could buy one...**CSC** might be a good start.

Of course, Cap Gemini a few years back had all the services, particularly outsourcing, 'ticks in boxes' too. But they moved into (1) the US and (2) IT consulting in a big way with the Ernst&Young mega acquisition. IBM's Q3 results show what immaculately bad timing that has since proved to be.

-4%
24p

SUPERSCAPE BETS ON "3D-OVER-3G"

3D software developer **Superscape**, has announced its interim results for the six months to 31st Jul. 01. Turnover fell 7% to £1.3m, LBT deepened to £4.6m (£3.9m for the comparable period in 2000) and loss per share also deepened to 12.6p (11.8p).

Comment: After an abortive attempt to redirect development of its technology towards e-business applications, Superscape is now to focus on the wireless sector with a view to adapting its products for mobile phones. Why we want 3D applications for making phone calls is, at the moment, a little obscure to us, but we're willing to learn. Mind you, having failed to make a profit for the past 5 years, this move won't yield any instant results, and the company will be digging into its cash reserves of £16m for a while longer. In the meantime, Superscape has implemented a cost reduction programme resulting in 30% of its workforce being made redundant. It's a shame, really, as 3D imaging was THE market where the UK led the world, but remains – for the while at least – mainly in the realms of CAD, scientific simulation and games applications. It will be a long wait before we see *"3D-over-3G"* – and a longer wait for it to earn a dollar.

+10%
73p
MSB INTERNATIONAL PLC

MSB – CORE MARKET REMAINS UNPREDICTABLE

MSB – a provider of "*human capital solutions*" – announced its results for the six months to 31st Jul. 01. They showed turnover up 11% to £83.6m, and just ahead of the six months to Jan. 01, PBT up from £25K to £416K, and diluted EPS up from 0.1p to 1.1p. John Bateman, Chairman and Chief Executive, commented on the outlook, "*our portfolio of services and channels of delivery have made significant progress over the last six months and substantiates the confidence that we have in our company. However, we cannot underestimate the uncertainty of the market. Economic and stock market conditions have become more volatile and our historical core market remains unpredictable*".

Comment: About 95% of MSB's revenue comes from its contracts operations. It reported a 2% improvement in average contractor numbers during the six months, and, more importantly, a 9% increase in charge out rates, as it deliberately moved away from the provision of cheaper technical support personnel, and into higher value areas such as ERP and CRM.

During the period, gross profit improved by 9% to £14m, with £12.9m coming from contracts activity. The contribution from permanent recruitment remained steady at £1m, and consulting made its first contribution - £100K. Ireland, we are told, is now profitable.

Gross margin continued to decline, from 17.1% in the same period last year, to 16.7%, with contracts margin largely responsible for this trend – down from 16% to 15.5%.

Overall, headcount has been cut from 328 at the year-end to 310, and staff costs have reduced as a percentage of turnover. In common with other ITSAs, MSB has taken the opportunity to "*let go*" some 40 sales staff, but has also hired some new blood. The net result was 29 fewer sales staff in by the end of the period.

MSB has made some good progress in putting its house in order over the last six months, under the leadership of John Bateman, who was appointed in April. (Bateman, by the way, is Chairman of **QSP**, which called in the receivers this month). If (and it is a big if in today's climate) MSB can continue at current course and speed, it will reverse the decline in revenue seen in FY00 and FY01.

With positive cash flow, and strong financial controls in place, MSB should be in better shape to face the "*unpredictable*" times ahead.

MSB International Six months to 31st July	2001	2000	Change
Total company revenue (£m)	83.63	75.04	11.4%
Total company gross profit (£m)	13.98	12.84	8.9%
Total company operating profit (£m)	0.74	0.28	161.8%
Total company pre-tax profit (£m)	0.42	0.03	1564.0%
Gross margin (%)	16.7%	17.1%	
Operating margin (%)	0.9%	0.4%	
Pre-tax margin (%)	0.5%	0.03%	

+6%
17p
ORBITAL SOFTWARE

MARRIAGE OF LOSS MAKING KNOWLEDGE MANAGEMENT RIVALS

Orbital Software, a knowledge management (KM) company, announced its interim results for the six months ended 30th Sep. 01. Turnover fell 41% to £214K and LBT deepened to £4.1m (£2.3m for the comparable period in 2000). Loss per share 'improved' to 0.09p (1.65p).

Comment: Orbital has never really lived up to expectations, and optimistic views that "*interest remains strong*" have failed to deliver a significant number of new deployments. In fact during H1 no new contracts were won, although since Sep. 30th, two new contracts have been signed.

With this performance it came as no surprise that, on the same day as the results announcement, Orbital also revealed that it was to merge with a rival KM company **Sopheon**. The directors believe the deal will provide opportunities to "*increase product sales*". The offer is on the basis of 8 new Sopheon shares for every 9 Orbital shares. However, as Sopheon shares dropped in value to 32.5p, this valued Orbital at £13.2m – only slightly more than its net cash! A sorry situation for a company that floated back in Oct. 00 with a market cap of £65.1m.

Sopheon has been on the acquisition trail over the past 18 months and whilst it can at least point to increasing revenues, its losses are also mounting up (£12.6m for the six months ended 30th Jun. 01). The attraction of Orbital's £13m is obvious, but Sopheon itself really needs to start delivering a profit if it is to maintain shareholder confidence.

ROBERT WALTERS

BROADER HORIZONS MEAN LESS TROUBLED WALTERS

Robert Walters, the multisector recruitment company, has announced interim results for the six months to 30th Jun. 01, revealing turnover up 31% to £119.5m (organic growth was 27% to £116.4m), PBT up 15.6% to £6.2m and EPS up from 4.1p to 5.1p.

Net fee income in the UK rose 8.5% to £19.8m with operating profit up 17% to £5m. Although the UK contract business "*continued to perform well*", market conditions for RW's permanent IT and Banking activities "*remain tough*". Indeed, Chairman Timothy Barker, reported that overall net fee income was down 6.5% in July and August, "*mainly driven by our IT businesses and Asia ... The outlook for the full year is uncertain, but our early action to control costs will be taking increasing effect during the second half. We believe our business mix and response to tough market conditions will allow the Group to emerge strongly when markets recover.*"

Comment: Robert Walters had already warned in May that H1 profits would be "*in-line with the same period last year*" (exc. Dunhill, acquired a month or two prior). In fact they did somewhat better (Dunhill added £300K profit). Indeed, with its spread of business from accounting, finance, banking, management consultancy, legal, sales, HR and IT recruitment, we think Robert Walters has posted a respectable set of numbers whilst many of the 'pure' IT staff agencies (ITSAs) are running to stand still (and many not succeeding!)

RW also does about a quarter of its business outside of the UK, so that has also helped. However, like most ITSAs we have spoken to, business fell off a cliff from July onwards. Fortunately, Robert Walters' ITSA activities are a relatively small part (15%-20%) of the whole. We believe that if they battened down the hatches they might well weather the storm somewhat better that the 'pure' ITSAs. However, things were looking a little less promising later in the month when RW announced that business conditions across the majority of its markets had deteriorated "*in recent weeks*" and that the permanent and IT businesses had been particularly affected.

+18%
435p
CAPITA
Your Professional Support Services Resource

THE GOOD FAR EXCEEDS THE BAD AND THE UGLY

Capita has announced "*continuing excellent progress across its three platforms for growth*":

The issuance of this release in not coincidental

- Capita states that it has major contract opportunities under bid worth £1bn. It has also announced two major contract wins in the financial services sector, a central government contract and a two-year contract extension in the public sector, worth in total in excess of £130m. In the statement, Capita also highlights that in the year to date it has secured major contract wins worth £850m and over the last 21 months has won new work with a value in excess of £1.5bn.

- In the first six months of 2001, Capita secured £26m of incremental new business across its three divisions. In the quarter to 30th Sep. 01, "*this total has already been exceeded with new business awarded by both existing and new clients*".

- Capita has also acquired **Hartford Registrars**, a London-based registrar. The company has an annual turnover of £1m. The business will be integrated into Capita IRG bringing 50 additional registration clients.

Comment - The issuance of this release is not coincidental. This month, it emerged that the Individual Learning Accounts programme is to be suspended from 7th Dec. in England. The DfEE (now DfES) had selected Capita to administer the Individual Learning Accounts scheme in May last year and the contract was expected to be worth in excess of £50m over five years "*subject to demand*". The decision by the Government to abandon the policy comes as Estelle Morris made a statement saying "*there is growing evidence that some companies are abusing the scheme by offering low value, poor quality training*". The announcement comes two weeks after the launch of a new service from the Criminal Records Bureau was delayed until 1st Mar. 02. Capita, which won the contract in August last year announced the need for a further two phases of system testing.

So even the 'crème de la crème' is not immune to problems but it has to be said that **the good far exceeds the bad and the ugly**.

SERVICES FLAT IN Q3 FOR 'TRANSFORMED' UNISYS

Born-again industry veteran **Unisys** managed to meet its Q3 profit targets for the quarter ended 30th Sep. 01 in spite of the 11th Sep. tragedy and the general industry downturn. However, overall revenue for the quarter declined 6% to $1.38bn, although services revenue was flat (actually up 4% in constant currency) on the back of growth in - you guessed - outsourcing. Services now represents 75% of Unisys' total revenues, a real tribute to their dedication to transform their business (yes, there is another interpretation, but let's stay positive). Unisys chairman and CEO Larry Weinbach expects *"fourth quarter will be more challenging than we had expected"*, but feels they can reach earnings targets *"by continuing to improve the profitability of our services business and by staying vigilant on costs"*.

Comment: It's been a real hard slog for Larry Weinbach to both transform the moribund systems giant into a respectable services firm while reducing its massive debts. Broadly speaking, he has capitalised on Unisys' strong hardware presence in the banking sector with a range of service offerings with the emphasis on outsourcing. Indeed, in Dec. 00 Unisys launched iPSL (Intelligent Processing Solutions Ltd), a joint venture with Barclays and Lloyds TSB banks. Unisys retained control with a 51% stake, and the banks each got 24.5%. The business, which subsumes Unisys UK's existing payment processing business UPSL, takes on the banks' payment processing activities, worth some c£500m over 10 years. However, this is expected to grow to c£700m in that period, which will make it the largest cheque clearing business in the UK. A month later, in Jan. 01, Unisys signed a c£200m/10 year outsourcing contract with Abbey Life (part of the Lloyds TSB group) to administer Abbey's 1.5m life insurance policies. We haven't heard much else since, and with the finance sector in the doldrums – and tough competition from all the other players – Unisys will still have a hard slog ahead of them to stay in the UK rankings.

+71%
65p

HIGH HOPES FOR HARRY POTTER

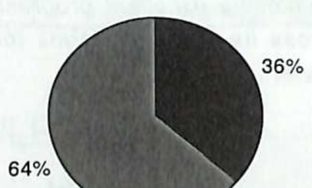
Argonaut Games has announced its preliminary results for the year ended 31st Jul. 01 – its first full year as a listed company. The company called it a "*year of preparation*" in which it was putting the company in a position to exploit the mass market in the installation of next generation consoles.

Revenues were static at £4.4m as the company suffered from publishers taking longer than anticipated to sign new games for the next generation market, and "*the disappointing launch*" of three titles released prior to Christmas 2000. There was a change in the mix of royalties and advances. Royalty income for the year was £0.5m compared to £1.6m for 2000, with advances of £3.9m (2000 - £2.8m) related to the four games signed during the year.

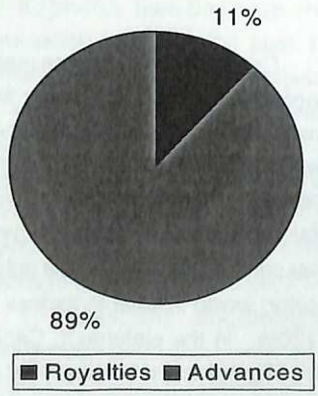
LBT deepened to £3.1m (£636K) and loss per share also deepened to 3.35p (0.83p). The movement of a signing from before to after year-end can have a significant effect on the results as development costs are expensed as they fall due but revenue is only recognised when an agreement is signed. In addition, due to an increase in staffing levels and the acquisition of **JustAddMonsters**, wage and salary costs increased.

However, Argonaut is forging ahead on development of four 'next generation', and two Xbox titles. It also has "*high hopes*" for the Harry Potter and the Philosopher's Stone title to be released in November to coincide with the release of the film of the same name. Argonaut believes that there will be an "*explosive growth*" in sales of interactive entertainment software as all the next generation consoles will be available throughout the world from early 2002. One thing we can be pretty sure about is that they won't go far wrong with Harry Potter!

Breakdown of revenue 2000



Breakdown of Revenue 2001



+14% 125p

HARVEY NASH DISAPPOINTS

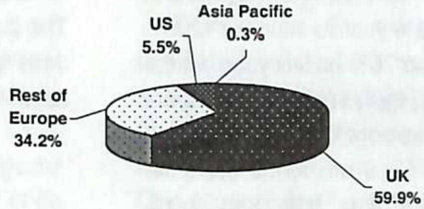
Harvey Nash, the IT staff agency, announced its interim results for the six months ended 31st Jul. 01. Turnover increased 36% to £126.4m, but a PBT of £5.7m for the comparable period last year became an LBT of £1.1m, and an EPS of 12.25p is now a loss per share of 3.79p. Commenting on the results, CEO, David Higgins said, *"Following the widely reported slowdown in the technology and telecoms services.... the demand for our services has weakened considerably. The Board has taken steps to adjust the Group's cost base in line with current trading. This has included the closure of certain offices and a reduction in headcount"*.

Comparisons with H2 of last year are actually much more revealing: turnover slipped 5%, and PBT for the period was £7.2m.

The Consulting Division, which comprises International Search & Selection, Interim Management and Online Services, and accounts for 14% of total turnover, has "*been severely affected*" by hiring freezes in key clients. The division's revenues increased by 21% to £17.7m, but International Search revenue was down 19% to £9.7m and incurred a £1.5m loss. Meanwhile, Interim Management business has "*performed well*" with revenue up 170%, and Online service has "*enjoyed success*" with a 672% increase. Indeed Interim Management is the only line of business that improved profitability in the period.

The Resourcing Division, which comprises IT Contracts Services, File Search, the US-based Techpartners Group (i.e. Resourcing), and Resource Management accounts for 86% of Group turnover. They saw revenues increase by 38% to £108.6m, but profits (pre goodwill amortisation and exceptional items) fell 39% to £2.8m. The 'core' resourcing activity, which usually delivers healthy profits, suffered a 40% decline.

Harvey Nash Group plc - H1 2001 geographical mix
Total = £126.4m



Overall, Harvey Nash's operating profit, pre expectionals, was £1.75m – down 75%.

Harvey Nash's revenue by location of client operations shows how the company has been successful in building up its international presence over the years, through a combination of acquisition and organic growth. The proportion of revenue from the UK now accounts for just less than 60% of the total, with the rest of Europe contributing more than a third. The US, whilst a small part of the overall mix, grew the fastest, with revenue up c63%.

The company reports that it continues to face limited visibility and does not currently see any evidence of a recovery in its markets.

Comment: Presenting the carefully scripted interims were David Higgins (one of Harvey Nash's founders and CEO) and Albert Ellis (Group FD). After four years of consistent revenue and profits growth from the company, they were in the unenviable position of having to report losses at the interim stage. The board has taken various actions to reduce costs –12% reduction in overall headcount, closure of some offices, reduced compensation schemes for staff, reduced cap ex – and is taking a "*robust*" approach to financial management. These are all tactics we are hearing from many of the ITSAs right now, as they batten down the hatches.

We are told that there is a "*continuing focus on cash management*", with specific attention paid to debt collection and the risk of bad debt, along with weekly reviews of business performance and the cost base.

Two aspects of the results particularly struck us. Firstly, Harvey Nash's higher than average margins have been cut right back. In Resourcing Services the operating profit margin (pre exceptionals) has fallen from 5.9% this time last year, to just 2.6%. Whilst in Consulting Services, the margin was a commendable 16.6% - now the division is loss making. Secondly, the cash outflow from the business has escalated from £2.8m in H1 01, to £7.7m. From a balance of £2.9m cash at bank at the year-end, the company now has no cash!

In the past, we have been full of praise for Harvey Nash, both in terms of its strategy and the management's ability to execute it. With its geographical spread, higher value-add offerings, and a strong brand, we had expected Harvey Nash to weather the storm better than many of its rivals. Now, more than ever, the management team will need to draw on its experience if it is to lead the company back to the sort of performance we are more used to associating with the Harvey Nash name.

IN THE WRONG PLACE AT THE WRONG TIME

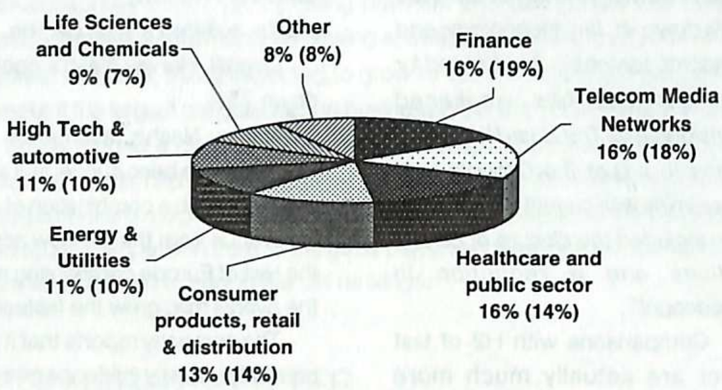
Cap Gemini Ernst & Young has reported audited revenue of Euro4,400m (£2.75bn) for the first half of the year to June 30th 2001. This is up 70% on last year, but the previous figures only included about six weeks contribution from Ernst & Young. On a pro forma basis the increase was 8%, just 6.3% organic. PBT was Euro125m (£78m) an increase of 25%, but on a pro forma basis PBT fell by 46%. EPS is down to Euro0.88 (55p) from Euro0.98 last year.

The audited figures (we reported the provisional results back in September) provide more detail which shows that, despite the poor results overall, the UK & Ireland did remarkably well with an organic revenue growth of 18% over H1 2000, higher than any other region. It now constitutes 17% of total revenue, up from 15% for last year as a whole. The UK has now overtaken France in terms of its revenue contribution. North America is the largest region (34% of the total) but revenue fell by 1.5% over H1 2000. On the downside, UK operating margin was just 3.7%, ahead of the loss-making Asia Pacific region and the 2.6% margin in the Nordic region, but only half the 7.5% margin in the US and a quarter of the 14% in Benelux. It does appear, though, that the UK has tried to address the problem early. In H1 CGEY's headcount actually increased by 700 - the only region where there was a reduction was the UK where there were more than 1,000 job losses (is this because it's easier to get rid of people in the UK?)

In line with market trends, for the company as a whole the finance sector revenue was down to 16% of the total (from 19% for 2000), telecoms/media/networks was down from 18% to 16%, but healthcare and public sector revenue was up 2% to 16%.

But if the first half of the year looks bad, then the forecast is much worse. The company reported that the economic slowdown and the events of Sep. 11th *"cost the Group significant losses in revenues and bookings and pushed back - by at least one or two quarters - the hope of a recovery in growth"*. The Group expects the third quarter will be *"far below"* previous objectives and is preparing a number of measures (pruning of its operational structure, cost squeeze) *"to enable the group to weather the storm better should a recession in Europe be confirmed"*.

CGEY - H1 2001 (2000) Business mix



The company had already launched a restructuring programme in June, which resulted in:

- 2,700 staff reduction
- 700+ support staff transferred to 'market facing' roles
- 200 staff on sabbatical
- closing/rationalisation of offices in Nordic, Italy, Spain and Asia
- other cost reductions such as delayed marketing and ad. campaigns and a freeze on international travel.

Comment: Well its all in the figures, really – CGEY is in the wrong place at the wrong time. Since acquiring Ernst & Young (well, it seemed like a good idea at the time), consulting and project business has grown to 80% of turnover, but this is the sector of the market that has slumped. If anything CGEY has been retreating from outsourcing in recent years, a decision it must now be regretting. In addition, the company's largest market sectors are finance and telecom, both of which are places its best not to be in the current climate. And remember, these results refer to the six months from January to June, things have got a lot bleaker since then - it's not surprising the company is worried and looking at more ways to cut costs.

The heartening news is that the UK operation appears to have been the first to cut its cloth so may be better placed than other parts of the company in the next few months. The fact that it grew faster, in revenue terms, also bodes well - hopefully it will show improved margins at year end. But it is still going to be a tough time all round and more bad news can be expected.

+8% 463p

SOME BRIGHTNESS IN THE GLOOM

IT solutions provider Science Systems, has reported impressive interim results for the six months to 30th Jun. 01. Revenue is up 55% to £33m, PBT up 108% to £2.6m and EPS has risen from 3.4p to 6.4p.

Much of the increase is attributable to the acquisition of the CODA business, bought from Baan in early 2000. It doubled the size of the company and initially impacted profits, but the integration now seems to have been completed successfully.

The other factors working in Science Systems's favour are that a third of business is overseas and a significant proportion is in the public sector, a good place to be at the moment – recent wins include Thames Water, the Environment Agency, the European Space Agency, the Metropolitan Police and the National Assembly of Wales

Commenting on the results, Chairman, Cliff Preddy, said: "*I am pleased to report that, despite a background of economic uncertainty, the Group has continued to achieve good underlying growth across all of its core businesses....Order intake remains healthy across all territories and all sectors and our forward order book is now in excess of £50m. This figure includes one year of the Group's long term recurrent annual maintenance revenue stream, which currently exceeds £16m per annum.....the directors believe that the Group is well placed for continued growth.*"

Comment: Science Systems was an all-purpose systems house until the acquisition of CODA put the emphasis on financial management solutions – it now accounts for over half the business.

The company has always had significant revenue from the public sector. We recently profiled Science Systems for our forthcoming report into *"UK Public Sector: Opportunities for IT services"*, and estimated that 40% of revenue comes from this part of the business - good, but diluted from the pre-CODA days.

Nevertheless, the CODA operation also seems to be holding up well and moving more towards higher-value solutions business. Overall the company's order book is at record levels, at £50m, up from £40m at the start of the financial year.

Science Systems looks quite a star at the moment and long may it last.

-10% 215p

VERY GRIM NEWS INDEED

Anglo-Dutch services firm **CMG** has issued a very depressing profits warning, revealing that its UK business "*has been particularly impacted by the rapid deterioration in the insurance, personal finance, transport and logistic sectors*". It now expects UK revenue in H2 to be less than the same period last year and "*is expected to trade close to break even*" (didn't say which side of the line) before accounting for restructuring/redundancy costs. Indeed it is to lay off 350 employees in the UK and Ireland in the services business. CMG's mobile telecom business (Wireless Data Solutions) "*has continued to trade profitably*" through Q3, but full year performance is still up in the air. CMG will lay off 120 employees from this business too. The total cost of the 470 lay-offs is some £6.5m but should results in £20m p.a. savings. On a brighter note, the all important Benelux business "*is holding up well ... managed services, government and ERP applications remain strong*". Germany and France are "*broadly in line with expectations*".

Comment: This is very grim news indeed. CMG shares fell 10% to 215p at the end of the month, and on the day dragged Logica and the rest of the SCS sector with it (this has subsequently recovered).

In the UK the problems are mainly with insurance, personal finance, transport and logistics sectors. However, retail, government, banking and managed services are still strong. This really enforces the outsourcing message yet again. Even CMG's Netherlands business is basically being supported by recurring revenues from managed services and ongoing support and maintenance for core customer systems that it has been involved with for many years – i.e. it's the long-term customer relationships that count. The other worry is that it was only back in August that CMG gave a reasonably upbeat view on the UK business. Like some other SCS companies, they got this very wrong. Whether this was because of undue optimism, 'denial' or just plain bad forecasting, the message is that we should treat 'positive' trading statements even just a few weeks old with extreme caution!

+13%
35p
IS Solutions

TIME TO REFOCUS

IS Solutions, the Internet solutions and IT services company, has announced its interim results for the six months ended 30th Jun. 01. Turnover fell 10% to £5.9m, a PBT of £482K became an LBT of £161K and an EPS of 1.35p became a loss per share of 0.73p. The company gave a profit warning at the end of June and results are in line with the resulting expectations.

IS Solutions reported the same trends we are seeing throughout the market; *"a severe impact on the projects side of the business in the first half with continuing delays in existing projects and a decline in new project starts"*. This is particularly true for Internet-related projects. Turnover in the UK was more-or-less unchanged at £5.5m but it moved to an LBT of £114K from a PBT of £328K, whilst in the US revenue fell by a massive 60% to £400K and a PBT of £154K became an LBT of £47K.

On the brighter side, AXL, acquired in Apr. 00, was said to be continuing its high proportion of recurring revenue and contributing strongly to the bottom line.

Commenting on the results, Chairman, Barrie Clark, said, *"The outlook for our business is very much tied to the direction of the global economy. To give a meaningful statement for the company's outlook presupposes an understanding of what the global economy is going to do - something which is outside the remit of the Board. This outlook therefore concentrates on the Board's strategy in dealing with the current economic climate"*. In the US, the effects of the current downturn have been *"more severe"* and the operation is showing a *"small loss before management charges for the period"*.

Comment: Well, the last time we wrote about IS Solutions we did speculate on how its US exposure would pan out – having managed to make a small profit in the US in 2000. It's not good, but then neither is the rest of the business.

The company has moved to reduce costs - with headcount reductions direct costs are down 30% from 2000 – but everything seems to be with an eye to the upturn in the market. One wonders whether it is prepared to sit it out as long as it might take – we don't expect IS Solutions to forecast what the global economy will do, but some greater details of contingency plans would be helpful.

For instance, the company has a focus on Internet solutions, a part of the market which is particularly suffering at the moment. It is featured on its web site, which opens *"IS Solutions' positioning in the digital marketplace demonstrates why we are considered the e-business partner of choice among corporate clients in Europe and the US"*. We reported the end of the *e-ra* back in July – time to refocus.

EDS

'BORING' OUTSOURCING IS STAR

EDS has announced Q3 results to 30th Sep. 01. Revenues increased from $4.8bn in the comparative period in 2000, to $5.6bn - an increase of 17%. Income before tax (and cumulative effect of a change in accounting principles) decreased by 14% to $377m and diluted EPS decreased from $0.59 to $0.44. However, after excluding from net income in Q3 of 2001 the after-tax amount of $122m ($0.25 per share) related to acquired in-process R&D and other acquisition-related costs, diluted EPS were $0.69 - an increase of 17%. In EMEA, organic revenues increased 23%, only beaten in the growth stakes by Latin America which grew 24%.

As we expected, the company has seen a boom in outsourcing with Business Process Management revenues increasing by 19%. New outsourcing contract wins have included a 10-year, $679m contract in Australia to manage Westpac Banking Corporation's mortgage processing operations, and a five-year, $132m contract to continue to support the system that enables the US Army to sign up new recruits.

Also showing an increase in revenue was the Information Solutions division - up 21%, E-Solutions with an increase of 45%, and PLM Solutions, EDS' product lifecycle management business, with organic growth of 15%. EDS also noted that it had seen an increase in the level of enquiries into disaster recovery and business continuity planning following events of September 11th. Highlighting the fact that companies do not have the money to start new projects involving a high-level of change was the decrease in revenue for EDS' management consultancy business, **A.T. Kearney**. Its revenues declined by 8%.

TRADING UPDATES SIGNAL A GLOOMY MOOD...

Cedar has announced that it has implemented a cost cutting programme (headcount reduced by 320) that will save £11m in H2. The company also announced its largest ever contract worth an initial $16.5m.

Discussions about the disposal of Carousel Leisure, the gaming division of SWORD, are continuing, and discussions with the company's bank *"have been constructive and (have) confirmed the continued availability of facilities"*....

Flomerics has issued a trading statement saying that it has experienced *"a significant slowdown in gaining new business"* in Q3. As a consequence the Board now expects that revenues for the year to 31st Dec. 01 will be approx. £1m below current market expectations of £13.8m. Flomerics plans to reduce headcount from 157 as at end Sep. to 134 by the year end. The cost of redundancies (in the UK, US and other o'seas offices) is not expected to impact profit, however PBT for the FY will be reduced in line with the revenue shortfall. On a more positive note, Flomerics has £1.3m cash balance. **...Delcam** has issued a trading statement, *"Sales in the second half of September were below expectations...customers delaying their decisions to place orders"*. The company results have been traditionally biased towards the second half of the year, but it is suffering from low visibility. However, it still expects to have a profitable year, but it could be significantly below market expectations...

...Morse has issued a trading update. The company reports that sales through its infrastructure business have not experienced the normally expected seasonal upturn, and the company does not yet have *"any solid evidence that one will occur in the current uncertain climate"*. As a result Group sales in Q1 to 30th Sep. 01 were £111m (£151m for the comparable period in 2000), with infrastructure sales of £88m (£133m) and services sales of £23m (£18m). In France, there has been a *"marked deterioration in the infrastructure business"*. Morse expects Germany to continue to trade in line with last year, but Spain is performing in line with expectations. The services business, in both the UK and continental Europe, is performing in line with plan. The company is suffering from poor visibility in its two key sectors of finance and telecoms and is therefore finding it difficult to predict the precise timing and volume of future sales...

Record level of profit warnings in Q3 2001

...Aveva Group (nee Cadcentre) has reported *"good levels of sales"* in its trading update, and expects its full year results to be *"broadly in line with current market expectations"*. However, the split of sales between the first and second halves of the year is expected to be weighted heavily towards the second half. Aveva's largest outsourcing contract to date is not expected to yield revenue in the first half of the year, although it will incur significant initial costs, and secondly, the signing of a *"material software licence"* contract has been delayed; the sale is now expected during the second half of the year.

...Misys has issued its trading update. Kevin Lomax, Chairman, reported that order intake across the banking and securities division is at *"similar levels to last year"*, and recurring licence fees & professional services (which account for 60% of its revenues) are *"ahead of last year"*. Trading with investment banking customers in security systems and asset management (which accounted for less than 20% of the division's revenues) is *"looking weaker"*. Delivery of professional services relating to Summit have been affected by the events on 11th September, but should be limited to the first half of the financial year, with an associated loss of profit of around £3m. In the healthcare division, sales order intake is *"strong"* but where implementation of Vision and HCIS contracts is under way, revenue will not be recognised until the second half which will *"hold back first half profits"*. The company reports it is *"cautiously optimistic"* about trading for the second half of the year.

MORE POSITIVELY... Acquisitive insurance industry software company **The Innovation Group** says it *"has not witnessed any reduction of investment from its insurance clients ... since 11 September 2001 and has continued to trade in line with market expectations"*. They anticipate *"adjusted"* profit before tax at c£17.6m and *"adjusted"* EPS at c8p, reflecting *"year on year organic growth of over 250%"*. They have also taken an 18% stake in **Glasplus**, an online marketplace for the vehicle glass repair and replacement, majority owned by Belron, which runs the well-known Autoglass and Carglass brands in the UK and Europe...

...Azlan Group has announced that revenue and PBT for the six months to 30th Sep. 01 will be ahead of the comparable period last year. Revenues for the half year will exceed £297m (£262m) and pre-tax profits will exceed £7m (£5.4m).

-22%
73p

LET'S GET SIRIUS

Sirius Group has said that its sales and profits rose in the first half of 2001 "*despite weaker IT spending*" and it sees "*more potential for growth in the second half*". For the six months to 30th Jun. 01 sales rose 12.3% to £9.1m and PBT increased 75% to £115K, EPS also increased to 0.2p (0.1p). Chairman Ian Yeoman commented "*The group's prospect list coupled with its strong recurring revenue base, currently provides potential for further progress in the balance of the year*".

Comment: Of its four subsidiaries, Policy Master Inc. (its US company) is currently the weakest link with "*significant*" losses of £438K on sales of just £656K. The US is still in start-up mode, and the losses are in line with expectations, but the company reports that there are "*encouraging indicators*" that it will return to profitability in the short term. MediQuote, which provides online quotations for medical insurance "*expanded significantly*", and Media Maker (new media and communications) increased its revenues by 22.6% to £1.3m. Its flagship product, Sirius for Broking, whose delayed launch caused the company to issue a trading update in Jul. 00, has now reported over 100 sales.

The company's e-commerce solutions which had been forecast to "*be the most significant area of growth during 2000*" have gone flat, with business generated primarily from existing e-commerce clients.

Sirius is making slow but steady progress, it has increased (slightly) its proportion of recurring revenues to 37.5%, £3.3m, and its new product appears to be establishing itself. The only cloud on the horizon is its American operations which, given recent events, will be under even more pressure to regain profitability.

Having changed its name from **Policy Master Group** to **Sirius Group** plc and then, as a result of a complaint received by Companies House, to **Sirius Financial Solutions** maybe printing is the place to be!

OUTSOURCING BOOSTS ACCENTURE'S MAIDEN RESULTS

Some fairly positive news from **Accenture** which announced its first financial results since going public in Jul. 01. Net revenues were $2.78bn for the quarter (up 11% on the comparable period last year) and $11.44bn for their new financial year now ending 31st Aug. 01, up 17% (23% in local currency). Pre-tax income for the year reached $795m (c7% margin), even accounting for $144m spent on rebranding from the Andersen Consulting name, $705m in restructuring for their IPO, and almost $1bn in *"restricted stock-based compensation"* to partners, former partners and employees.

Net revenues in Accenture's Europe, Middle East, Africa and India (EMEAI) region were $4.44bn, an increase of 20% (32% in local currency). Net revenues derived from outsourcing, which includes business transformation outsourcing, increased 20% to $1.98bn, and now accounts for more than 17% of Accenture's total business.

Accenture has already made more than 2,000 staff redundant and put others on flexleave, a programme of paid leave. However, the company has a more balanced geographic split of customers than many of its peers with just half of its revenues derived from the US. In addition, it is less dependent upon on the technology sector, which along with financial services and communications, has experienced a slow down. The company reported that its government business had grown; once more highlighting the lifeline thrown by the public sector to IT services companies. Meanwhile, the firm expects the events of 11th September to cost about $40m in their Q1 02.

Comment: Unlike some of the other 'Big 5' consultancies, Accenture has a strong showing in outsourcing. Indeed, they used to be one of the leaders in the UK outsourcing market on the back of a number of 'design/build/run' deals, the most notorious of which is of course the NIRS national insurance system. Things went quiet on the UK outsourcing scene for Accenture until November last year when they signed a mega-deal estimated to be worth over £1bn over seven years with Sainsburys. Accenture has traditionally been very successful on the BPO front, especially with finance and accounting services with major oil companies like BP Amoco. By the way, we'd love to be able to tell you how Accenture's UK business has done – but they are not saying ... yet. However, in the year to 31st Dec. 00, Accenture UK grew 19% to £743m. The UK represented nearly 30% of EMEA revenues, so that would put them around £900 - £950m for the year to 31st Aug. 01, still one of the leaders in the UK market.

Mergers & Acquisitions

Buyer	Seller	Seller Description	Acquiring	Price	Comment
Capita	Harford Registrars	Registrar	100%	n/a	The London-based registrar will be integrated with Capita IRG. Harford turns over £1m
Clarity Commerce Solutions	Flex Systems Ltd	Leisure management systems for local authorities	100%	£3.9m	Clarity paid initial £2.1m (in cash, shares and loan notes) and deferred consideration of £1.8m based on trading performance to 31st Oct. 03.
Computacenter	GE Capital IT Solutions' UK & French operations	Reseller & IT services	100%	£2.1m	Computacenter paid £1.4m for the UK business and £739K for the French business. The two co's also announced an international alliance.
Digital Animations Group	Black Graphic Design Ltd	Interactive design	100%	£1.4m	Black ID generated £1.8m and made LBT of £367K in year to 31st Mar. 01
Dimension Data	Future Media	Audiovisual systems solutions provider	100%	n/a	The South African company will be merged with Didata's existing Internative Media business
Dimension Data	In Time Netbuilding BV	Network and voice integration	100%	max 13m	Didata paid 5m up front with balance dependent on performance to Sep. 02
Innovation Group	ClaimsNet Informationsmanagement AG	German insurance industry portal	remaining 80%	409K in shares	TIG exercised its option to acquire remaining 80% of ClaimsNet
Innovation Group	Cosy plc and subsidiary New Planet Solutions Ltd	Consultancy, systems dev't, integration	100%	£9m and max. 16.2m shares	TIG bought Cosy outright, and made an offer for the minority shares in New Planet. Cosy was loss-making to the tune of £1.9m in year to Dec. 00.
Ins-sure Services	Worldwide Insurance e-commerce SC (WISe)	e-commerce infrastructure svcs	100%	n/a	WISe technology facilitate secure trading and data exchange in the global insurance industry
Internet Business Group	Sweatband	sports e-commerce and publishing	remaining 65.2%	£161K	IBG bought remaining 65% with shares.
GE Capital IT Solutions	Computacenter's German operations	reseller	100%	£178K	Computacenter expects to take a £9.6m exceptional charge for restructuring the German ops.
RM	Softease Ltd	educational s/w developer	100%	£4.9m	Softease turned over £900K in year to 30th Nov. 00, and made adjusted PBT of £400K.
Sage Group	Coala Informatique SA	accountancy software	100%	£13.2m	Sage paid cash for the quoted French company
Xtreme Information Services	Clipserver	Electronic Media monitoring	100%	£7.3m	Xtreme, a privately-owned global advertising monitoring co paid cash for Clipserver

Computacenter is to acquire the UK operations and the French service business of **GE Capital IT Solutions** (GECITS), a subsidiary of GE Capital. At the same time, Computacenter will sell its existing business interests in Germany to GECITS. The deals are part of a new international IT alliance between the two companies.

The net cost to Computacenter will be c£1.9m, most of that going on the UK business, but getting rid of the German operation will involve a write-down of £9.6m. The UK operation that Computacenter has acquired consists of around 250 people with revenue split evenly between product and services – mostly desktop-related. France is a bigger operation – c400 people – with just 20% of revenue from services, but the service business is growing rapidly.

GECITS will continue to service Computacenter's clients in Germany and Computacenter will do the same in the UK and France. The idea is to create a wider geographic presence and service international customers, by using each other as primary agents where appropriate. Computacenter may also roll up its involvement in ICG into the alliance.

Comment: This is a good move for Computacenter. It gets rid of the loss-making (£3.8m last year) German business which never really looked like being competitive (we have suggested in the past that it was an expensive distraction). At the same time it enhances the operations in the UK and France and creates more market opportunities, particularly in services, over a wider geography in alliance with GE. There are other 'hidden' benefits, like the additional clout the two companies will have with vendors. They also plan to share ideas and technologies and other common interests.

We spoke to Mike Norris, who pointed out that the acquisitions are the equivalent of a year's growth, as well as increasing services business across the group; *"a nice kick"*. Couldn't agree more. It looks like the right move at the right time and good for GECITS too – they have always struggled in UK after they bought Ameridata's UK operation some years back. So a 'win win' for both players.

Forthcoming IPOs

Name	Activity	SCS or Dotcom Index	Index Class	Market	Issue Price	Est Mkt Cap.	IPO Date
Digital Brain	Online Education Service	SCS	CS	TBA	tbc	£50.0m	H2 2001
Fixedodds.com	Online Gambling	Dotcom	B2C	AIM	tbc	£22.5m	H2 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	H2 2001
Web Orator	Corporate Information Provider	Dotcom	C&M	AIM	tbc	£13.4m	H2 2001

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

Actinic plc

	Final - Sep 99	Int 9 mos Jun 00	Final - Sep 00	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

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£2,172,000	£4,291,000	£4,077,000	+87.7%
PBT	-£420,000	-£2,609,000	-£1,417,000	Loss both
EPS	-2.20p	-11.90p	-5.60p	Loss both

Affinity Internet Holdings Plc

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£4,138,000	£11,312,000	£10,796,000	+160.9%
PBT	-£3,436,000	-£26,050,000	-£14,944,000	Loss both
EPS	-20.40p	-125.80p	-56.20p	Loss both

AIT Group plc

	Final - Mar 00		Final - 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 - May 00	Final - Nov 00	Interim - May 01	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

	Final - Mar 00		Final - 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

	Final - Apr 00		Final - 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

	Final - Jul 00		Final - Jul 01	Comparison
REV	£4,359,000		£4,396,000	+0.8%
PBT	-£636,000		-£3,131,000	Loss both
EPS	-0.83p		-3.35p	Loss both

Autonomy Corporation plc

	Interim - Jun 00	Final - 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

	Final - Mar 00		Final - 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

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£17,210,000	£42,737,000	£22,590,000	+31.3%
PBT	£2,803,000	£7,174,000	£3,566,000	+27.2%
EPS	3.40p	8.60p	4.40p	+29.4%

Azlan Group plc

	Final - Mar 00		Final - 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

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£25,704,000	£74,224,000	£39,432,000	+53.4%
PBT	-£20,659,000	-£94,185,000	-£550,334,000	Loss both
EPS	-5.50p	-23.10p	-110.80p	Loss both

Bond International Software plc

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£4,519,000	£9,376,878	£5,698,000	+26.1%
PBT	£141,000	£1,031,979	£443,000	+214.2%
EPS	0.55p	5.02p	2.17p	+294.5%

Business Systems Group Holdings plc

	9mnths to Mar 00		Final - 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	Final - 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

	Final - Mar 00		Final - 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

	Final - Jul 00		Final - Jul 01	Comparison
REV	£6,716,000		£13,276,000	+97.7%
PBT	£371,000		£828,000	+123.2%
EPS	0.85p		1.52p	+78.8%

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

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£1,331,000	£2,259,201	£1,176,000	-11.6%
PBT	£157,000	-£328,673	-£498,000	Profit to loss
EPS	0.60p	-1.30p	-1.99p	Profit to loss

CMG plc

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£349,400,000	£810,400,000	£456,700,000	+30.7%
PBT	£45,100,000	£83,100,000	-£10,200,000	Profit to loss
EPS	5.30p	7.80p	-2.60p	Profit to loss

Comino Group plc

	Final - Mar 00		Final - 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

	Interim - May 00	Final - Nov 00	Interim - May 01	Comparison
REV	£965,353	£2,383,095	£1,961,614	+103.2%
PBT	£53,723	£442,911	£91,481	+70.3%
EPS	0.49p	3.71p	0.47p	-4.1%

Compel Group plc

	Final - Jun 00		Final - Jun 01	Comparison
REV	£288,015,000		£235,731,000	-18.2%
PBT	£2,080,000		-£13,367,000	Profit to loss
EPS	8.50p		-47.00p	Profit to loss

Computacenter plc

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£927,487,000	£1,990,620,000	£1,175,570,000	+26.7%
PBT	£19,187,000	£55,571,000	£29,259,000	+52.5%
EPS	7.10p	20.80p	10.60p	+49.3%

DCS Group plc

	Final - Dec 99		Final - 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

	Interim - Jul 00	Final - Dec 00	Interim - Jul 01	Comparison
REV	£6,973,000	£11,653,000	£5,235,000	-24.9%
PBT	£313,000	£563,000	£315,000	+0.6%
EPS	0.72p	1.12p	0.68p	-5.6%

Delcam plc

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£8,302,280	£17,011,059	£9,004,030	+8.5%
PBT	£611,162	£1,642,845	£734,661	+20.2%
EPS	8.10p	19.60p	8.90p	+9.9%

Diagonal plc

	Interim - May 00	Final - Nov 00	Interim - May 01	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

	Final - Jun 00		Final - Jun 01	Comparison
REV	£99,229,000		£140,290,000	+41.4%
PBT	£3,860,000		£7,471,000	+93.5%
EPS	18.80p		22.80p	+21.3%

Earthport Plc

	Final - Jun 99		Final - 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

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£19,031,000	£41,742,000	£28,607,000	+50.3%
PBT	-£3,507,000	-£12,113,000	-£10,586,000	Loss both
EPS	-13.46p	-44.98p	-38.43p	Loss both

Easyscreen plc

	Final - Mar 00		Final - 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	Final - 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

	Final - Mar 00		Final - 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	Final - 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

	Final - May 00		Final - May 01	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

	Final - Mar 00		Final - Mar 01	Comparison
REV	£7,596,000		£8,269,000	+8.9%
PBT	£340,000		£390,000	+14.7%
EPS	2.19p		2.57p	+17.4%

Ffastfill Plc

	Final - Mar 00		Final - 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

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£8,874,000	£18,369,000	£8,711,000	-1.8%
PBT	-£1,573,000	-£887,000	£937,000	Loss to Profit
EPS	-3.33p	-2.61p	1.22p	Loss to Profit

Flomerics Group plc

	Interim - Jun 00	Final - 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

	Final - Mar 00		Final - 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	Final - 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

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£33,277,000	£86,397,000	£58,313,000	+75.2%
PBT	£2,823,000	£3,857,000	-£1,733,000	Profit to loss
EPS	2.56p	13.70p	-4.63p	Profit to loss

Harvey Nash Group plc

	Interim - Jul 00	Final - Jan 01	Interim - Jul 01	Comparison
REV	£93,190,000	£226,249,000	£126,359,000	+35.6%
PBT	£5,756,000	£12,971,000	-£1,103,000	Profit to loss
EPS	12.25p	24.63p	-3.79p	Profit to loss

Highams Systems Services Group plc

	Final - Mar 00		Final - 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

	Final - Jun 00		Final - Jun 01	Comparison
REV	£14,000		£402,000	+100.0%
PBT	-£595,000		-£24,445,000	Loss both
EPS	-1.50p		-44.48p	Loss both

I-Document Systems Plc

	Interim - Apr 00		Interim - Apr 01	Comparison
REV	£482,960		£459,379	-4.9%
PBT	-£91,973		-£474,551	Loss both
EPS	-0.19p		-0.41p	Loss both

ICM Computer Group plc

	Final - Jun 00		Final - Jun 01	Comparison
REV	£49,535,000		£66,678,000	+34.6%
PBT	£4,513,000		£4,668,000	+3.4%
EPS	15.40p		16.00p	+3.9%

IDS Group plc

	Final - Dec 99		Final - 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

	Interim - Jun 00	Final - Dec 00	Interim Jun 01	Comparison
REV	£4,721,000	£8,810,556	£1,948,000	-58.7%
PBT	-£801,000	-£2,523,413	-£3,623,000	Loss both
EPS	-1.90p	-5.97p	-8.30p	Loss both

Innovation Group plc (The)

	Interim - Mar 00	Final - Sep 00	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

	Final - Mar 00		Final - 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	Final - 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

	Interim - Jun 00	Final - Dec 00	Interim Jun 01	Comparison
REV	£2,123,000	£2,146,000	£1,836,000	-13.5%
PBT	-£1,840,000	-£1,859,333	-£2,230,000	Loss both
EPS	-0.02	-3.85p	-0.04	Loss both

ISOFT Group plc

	Final - Apr 00		Final - 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

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£6,529,000	£11,237,000	£5,904,000	-9.6%
PBT	£482,000	£547,000	-£161,000	Profit to loss
EPS	1.35p	1.17p	-0.73p	Profit to loss

ITNET plc

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£75,705,000	£158,873,000	£87,590,000	+15.7%
PBT	-£3,131,000	-£1,423,000	£4,072,000	Loss to profit
EPS	-2.85p	-0.18p	3.47p	Loss to profit

Izodia Plc

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£671,000	£2,697,000	£2,730,000	+306.9%
PBT	-£9,966,000	-£35,997,000	-£61,363,000	Loss both
EPS	-19.66p	-66.15	-139.63	Loss both

Jasmin plc

	Final - Mar 00		Final - 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

	Final - Mar 00		Final - Mar 01	Comparison
REV	£62,781,000		£48,276,000	-23.1%
PBT	-£6,933,000		-£4,287,000	Loss both
EPS	-11.70p		-6.90p	Loss both

Kewill Systems plc

	Final - Mar 00		Final - 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 Solutions Group

	Final - Mar 00		Final - Mar 01	Comparison
REV	£4,799,000		£4,477,000	-6.7%
PBT	-£165,000		-£8,408,000	Loss both
EPS	-0.40p		-13.40p	Loss both

Knowledge Management Software plc

	Final - Jun 00		Final - Jun 01	Comparison
REV	£2,091,986		£6,054,760	+189.4%
PBT	-£3,078,772		-£12,771,898	Loss both
EPS	-5.40p		-12.20p	Loss both

Knowledge Support Systems Group plc

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£895,739	£2,803,736	£512,658	-42.8%
PBT	-£425,722	-£2,116,580	-£4,582,815	Loss both
EPS	-0.60p	-3.00p	-6.20p	Loss both

Knowledge Technology Solutions Plc

	Final - Jun 00		Final - Jun 01	Comparison
REV	£128,580		£150,583	+17.1%
PBT	-£93,812		-£193,861	Loss both
EPS	n/a		-0.38p	Not comparable

Logica plc

	Final - Jun 00		Final - Jun 01	Comparison
REV	£847,400,000		£1,133,200,000	+33.7%
PBT	£98,100,000		£136,200,000	+38.8%
EPS	16.80p		20.60p	+22.6%

London Bridge Software Holdings plc

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£27,160,000	£56,702,000	£36,935,000	+36.0%
PBT	£3,344,000	£4,662,000	£2,362,000	-29.4%
EPS	1.31p	1.85p	0.84p	-35.9%

Lorien plc

	Interim - May 00	Final - Nov 00	Interim - May 01	Comparison
REV	£53,188,000	£111,588,000	£67,090,000	+26.1%
PBT	-£2,464,000	-£2,718,000	£537,000	Loss to profit
EPS	-14.10p	-12.10p	3.00p	Loss to profit

Lynx Group plc

	Interim - Mar 00	Final - Sep 00	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	Final - 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

	Final - Jun 00		Final - Jun 01	Comparison
REV	£38,671,000		£47,100,000	+21.8%
PBT	£10,611,000		£5,034,000	-52.6%
EPS	33.20p		9.40p	-71.7%

Manpower SoftWare plc

	Final - May 00		Final - May 01	Comparison
REV	£1,611,619		£2,769,667	+71.9%
PBT	-£2,790,867		-£740,126	Loss both
EPS	-27.73p		-5.10p	Loss both

Marlborough Stirling Plc

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£22,707,000	£50,080,000	£33,688,000	+48.4%
PBT	£4,604,000	£8,337,000	£5,053,000	+9.8%
EPS	2.61p	2.80p	1.92p	-26.4%

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

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

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
	Final - Jun 00	Final - Jun 01	Comparison
REV	£6,048,205	£10,515,000	+73.9%
PBT	£500,000	£967,000	+93.4%
EPS	3.31p	4.43p	+33.8%

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
	Interim - Jul 00	Final - Jan 01	Interim - Jul 01	Comparison
REV	£75,040,000	£157,760,000	£83,627,000	+11.4%
PBT	£25,000	£2,584,000	£416,000	+1564.0%
EPS	0.1p	7.50p	1.1p	+1000.0%

Myratech.net Plc
	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£853,000	£1,713,000	£1,055,000	+100.8%
PBT	-£446,000	-£1,599,000	-£1,239,000	Loss both
EPS	-1.80p	-6.00p	-4.50p	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
	Final - Jun 00	Final - Jun 01	Comparison
REV	£7,520,100	£6,353,000	-15.5%
PBT	-£4,591,000	-£21,663,000	Loss both
EPS	-0.32p	-134.40p	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
	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£18,822,000	£40,930,000	£48,220,000	+156.2%
PBT	£2,150,000	-£7,700,000	-£39,407,000	Profit to loss
EPS	0.41p	-4.26p	-9.77p	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
	Interim - Sep 00	Final - Mar 01	Interim - Sep 01	Comparison
REV	£365,604	£1,090,018	£214,127	-41.4%
PBT	-£2,262,414	-£5,873,568	-£4,051,704	Loss both
EPS	-1.65p	-0.27p	-0.09p	Loss both

Orchestream Holdings plc
	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£577,000	£2,746,200	£6,949,000	+1104.3%
PBT	-£5,388,000	-£10,541,300	-£9,768,000	Loss both
EPS	-6.50p	-10.40p	-7.90p	Loss both

Parity plc
	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£139,241,000	£269,228,000	£130,367,000	-6.4%
PBT	£6,538,000	£12,810,000	-£1,468,000	Profit to loss
EPS	2.73p	5.53p	-0.48p	Profit to loss

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%

Protogana plc (was Recognition Systems)
	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

PSD Group plc
	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£41,132,000	£88,549,000	£41,974,000	+2.0%
PBT	£10,011,000	£21,385,000	£5,529,000	-44.8%
EPS	27.30p	57.00p	13.80p	-49.5%

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
	Interim - Jun 00	Final - Dec 00	Interim Jun- 01	Comparison
REV	£19,747,000	£40,959,000	£14,480,000	-26.7%
PBT	-£2,987,000	-£4,652,000	-£6,230,000	Loss both
EPS	-3.30p	-5.20p	-6.60p	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%

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
	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£986,000	£5,168,843	£3,268,000	+231.4%
PBT	-£9,199,000	-£26,641,044	-£19,890,000	Loss both
EPS	-16.10p	-32.70p	-8.20p	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
	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£21,298,000	£49,624,000	£32,970,000	+54.8%
PBT	£1,251,000	£2,732,000	£2,599,000	+107.8%
EPS	3.40p	6.50p	6.40p	+88.2%

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
	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£1,151,000	£3,292,000	£1,351,000	+17.4%
PBT	-£2,697,000	-£3,928,000	-£1,991,000	Loss both
EPS	-5.88p	-8.10p	-3.90p	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)
	Interim - Jun 00	Final - Dec 00	Interim Jun 01	Comparison
REV	£8,100,000	£17,135,457	£9,093,000	+12.3%
PBT	£29,000	£727,215	£115,000	+296.6%
EPS	0.10p	4.40p	0.20p	+100.0%

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
	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£3,098,000	£7,763,000	£6,068,000	+95.9%
PBT	-£3,387,000	-£11,945,000	-£12,565,000	Loss both
EPS	-9.90p	-33.40p	-32.50p	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
	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£18,241,000	£37,857,000	£19,127,000	+4.9%
PBT	£2,667,000	£3,042,000	-£3,369,000	Profit to loss
EPS	12.90p	10.40p	-24.10p	Profit to loss

StatPro Group plc
	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£1,278,000	£3,172,000	£3,031,000	+148.2%
PBT	-£1,985,000	-£4,879,000	-£2,326,000	Loss both
EPS	-8.30p	-18.40p	-7.80p	Loss both

Stilo International Plc
	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£59,000	£86,000	£571,000	+867.8%
PBT	-£243,000	-£736,000	-£1,038,000	Loss both
EPS	-48.60p	-4.54p	-2.33p	Loss both

Superscape plc
	Interim - Jul 00	Interim - Jul 01	Comparison
REV	£1,445,000	£1,343,000	-7.1%
PBT	-£3,920,000	-£4,607,000	Loss both
EPS	-11.80p	-12.60p	Loss both

SurfControl plc
	Final - May 00	Final - Jun 01	Comparison
REV	£9,519,000	£27,839,000	+192.5%
PBT	-£16,259,000	-£60,940,000	Loss both
EPS	-81.86p	-207.78p	Loss both

Synigence Plc
	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£1,089,700	£1,984,010	£155,518	-85.7%
PBT	£60,201	-£750,018	-£2,788,678	Profit to loss
EPS	0.20p	-2.80p	-6.50p	Profit to loss

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
	Final - Jun 00	Final - Jun 01	Comparison
REV	£17,952,851	£26,344,520	+46.7%
PBT	£218,355	£454,531	+108.2%
EPS	0.47p	0.78p	+66.0%

Systems Union plc
	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£15,686,000	£53,778,000	£36,756,000	+134.3%
PBT	-£96,515,000	-£105,924,000	£679,000	Loss to Profit
EPS	-115.00p	-125.30p	0.60p	Loss to Profit

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
	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£4,877,000	£9,310,000	£4,704,000	-3.5%
PBT	£505,000	£876,000	£450,000	-10.9%
EPS	3.40p	5.48p	3.10p	-8.8%

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	Final - Apr 01	Comparison
REV	£870,217	£4,284,893	+392.4%
PBT	-£1,946,395	-£4,359,241	Loss both
EPS	-15.35p	-11.25p	Loss both

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
	Final - May 00	Final - May 01	Comparison
REV	£17,067,000	£15,656,000	-8.3%
PBT	£2,311,000	£3,183,000	+37.7%
EPS	11.64p	17.12p	+47.1%

Transeda Plc
	Final - Jun 00	Final - Jun 01	Comparison
REV	£4,052,000	£6,510,000	+60.7%
PBT	-£3,000	£592,000	Loss to Profit
EPS	0.00p	0.66p	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
	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£2,919,000	£5,758,000	£2,936,000	+0.6%
PBT	-£228,000	-£4,000,000	-£231,000	Loss both
EPS	-0.76p	-0.08p	-0.74p	Loss both

Holway/SYSTEMHOUSE SCS Share Prices and Capitalisation

	SCS Cat.	Share Price 31-Oct-01	Capitalisation 31-Oct-01	Historic P/E	PSR Ratio Cap./Rev.	SCSI Index 31-Oct-01	Share price move since 28-Sep-01	Share price % move in 2001	Capitalisation move since 28-Sep-01	Capitalisation move (£m) in 2001
Actinic	SP	£0.05	£6.5m	Loss	2.01	65	5.00%	-86.36%	£0.31m	-£40.94m
AFA Systems	SP	£0.83	£19.2m	Loss	4.29	692	7.10%	-40.29%	£1.26m	-£12.94m
Affinity Internet Holdings	CS	£0.78	£20.9m	Loss	11.31	5962	25.00%	-84.02%	£4.21m	-£97.59m
AIT Group	CS	£5.25	£106.6m	32.3	33.88	3500	37.25%	-55.70%	£29.01m	-£133.99m
Alphameric	SP	£0.67	£67.9m	19.3	54.41	305	56.47%	-75.77%	£24.48m	-£212.12m
Alterian	SP	£0.64	£24.9m	Loss	2.08	318	-15.33%	-73.26%	-£4.50m	-£68.20m
Anite Group	CS	£1.03	£294.2m	19.3	192.42	599	22.02%	-39.17%	£53.11m	-£154.89m
Argonaut Games	SP	£0.65	£59.7m	Loss	4.40	677	71.05%	-1.52%	£24.78m	-£621.02m
Autonomy	SP	£2.94	£370.1m	36.8	49.14	90	26.45%	-84.75%	£77.42m	-£2,057.81m
Aveva Group	SP	£3.39	£57.4m	13.9	28.10	1695	13.57%	-38.42%	£6.92m	-£34.48m
Axon	CS	£1.49	£76.5m	13.1	42.74	851	22.13%	-80.33%	£13.86m	-£301.54m
Azlan Group	R	£1.11	£121.1m	9.6	591.60	483	68.18%	-38.50%	£49.10m	-£72.80m
Baltimore Technologies	SP	£0.19	£97.4m	Loss	74.22	1949	11.76%	-94.49%	£10.26m	-£1,651.64m
Bond International	SP	£0.71	£10.1m	10.5	9.38	1085	0.00%	20.51%	£0.00m	£1.73m
Business Systems	CS	£0.17	£13.4m	Loss	37.70	139	-15.38%	-79.38%	-£2.40m	-£51.40m
Capita Group	CS	£4.35	£2,866.2m	116.0	400.85	117589	17.89%	-13.00%	£435.21m	-£388.79m
Cedar Group	SP	£0.24	£18.2m	Loss	73.26	226	79.25%	-92.34%	£8.00m	-£219.90m
Charteris	CS	£0.74	£26.9m	Loss	13.30	817	15.75%	-41.90%	£3.67m	-£17.13m
Clarity Commerce	SP	£0.82	£11.3m	Loss	1.45	652	-5.78%	-40.07%	£3.17m	-£1.50m
Clinical Computing	SP	£0.30	£7.5m	Loss	2.26	242	-3.23%	13.21%	-£0.25m	£0.88m
CMG	CS	£2.15	£1,317.6m	23.2	810.40	5931	-10.23%	-75.98%	-£150.44m	-£4,169.44m
Comino	CS	£1.64	£22.6m	8.6	21.44	1262	20.59%	-68.00%	£3.82m	-£47.08m
Compass Software	SP	£0.92	£10.7m	30.1	2.38	613	-8.00%	-50.27%	-£0.90m	-£9.10m
Compel Group	R	£0.72	£22.2m	Loss	235.70	572	21.19%	-12.27%	£4.27m	-£3.14m
Computacenter	R	£2.35	£435.6m	7.5	1990.62	351	19.90%	-29.85%	£77.27m	-£176.83m
DCS Group	CS	£0.34	£8.5m	Loss	140.00	567	19.30%	-64.21%	£1.37m	-£14.49m
Delcam	SP	£1.43	£8.6m	7.4	17.01	548	-19.72%	-32.14%	-£2.11m	-£3.91m
Diagonal	CS	£0.68	£59.6m	8.7	82.74	981	-25.82%	-65.82%	-£20.71m	-£106.51m
Dicom Group	CS	£3.75	£78.1m	11.6	140.30	1150	33.93%	-18.12%	£19.80m	-£17.30m
DRS Data & Research	SP	£0.14	£4.9m	13.2	8.18	130	7.55%	11.76%	£0.35m	£0.52m
Earthport	SP	£0.29	£30.0m	Loss	1.47	208	0.00%	-79.20%	£0.00m	-£111.98m
Easynet	CS	£1.58	£98.0m	Loss	41.74	43	17.04%	-64.49%	£14.27m	-£27.13m
Easyscreen	SP	£0.21	£9.1m	Loss	1.93	121	20.59%	-65.55%	£1.55m	-£17.24m
ECSoft	CS	£4.48	£52.4m	48.8	64.91	248	-13.53%	-26.64%	-£8.11m	-£19.01m
Eidos	SP	£2.12	£293.9m	Loss	169.77	10595	41.33%	-1.40%	£88.32m	£72.92m
Electronic Data Proc	SP	£0.46	£11.4m	Loss	8.35	1393	35.82%	-34.06%	£2.81m	-£6.70m
Epic	CS	£0.84	£21.1m	14.6	8.04	795	54.63%	-75.90%	£7.42m	-£63.38m
Eurolink	CS	£0.05	£0.5m	1.9	8.30	48	-89.08%	-93.31%	-£4.03m	-£6.89m
Ffastfill	SP	£0.05	£2.2m	Loss	0.44	40	0.00%	-94.57%	£0.00m	-£37.92m
Financial Objects	SP	£0.51	£19.8m	11.5	18.37	220	28.66%	-50.25%	£4.43m	-£18.77m
Flomerics Group	SP	£0.83	£12.0m	11.5	11.76	3173	-22.17%	-38.89%	-£3.45m	-£7.65m
Focus Solutions	SP	£0.86	£21.5m	Loss	2.27	438	3.01%	-57.88%	£0.70m	-£29.50m
Gresham Computing	CS	£0.24	£11.6m	Loss	23.33	258	10.34%	-3.03%	£1.64m	£0.30m
Guardian iT	CS	£3.53	£246.0m	27.7	86.40	1382	18.49%	-63.09%	£38.34m	-£420.56m
Harvey Nash Group	A	£1.25	£37.4m	5.1	226.25	714	13.64%	-85.59%	£4.46m	-£215.94m
Highams Systems Servs	A	£0.10	£2.0m	Loss	20.66	285	17.14%	-54.44%	£0.29m	-£2.40m
I S Solutions	CS	£0.35	£8.6m	25.4	11.24	1286	13.11%	-81.84%	£1.00m	-£38.88m
IBNet	SP	£0.13	£6.9m	Loss	0.40	227	-10.71%	-82.99%	-£0.82m	-£33.20m
ICM Computer	CS	£2.83	£55.9m	15.9	66.70	1569	36.14%	29.89%	£14.77m	£13.67m
I-Document Systems	SP	£0.16	£20.9m	Loss	0.80	21	0.00%	16.15%	£0.00m	£3.60m
IDS Group	SP	£0.49	£27.4m	Loss	12.51	539	-11.82%	-71.64%	-£3.75m	-£69.25m
Innovation Group	SP	£2.68	£466.6m	Loss	9.56	1168	13.83%	-66.56%	£56.76m	-£564.44m
Intelligent Environments	SP	£0.07	£4.0m	Loss	8.81	72	50.00%	-83.73%	£1.34m	-£13.58m
Intercede Group	SP	£0.53	£8.6m	Loss	2.01	875	12.90%	-12.50%	£0.98m	-£1.21m
Internet Business Group	CS	£0.00	£0.8m	Loss	1.83	3	-91.67%	-99.17%	£0.00m	-£6.94m
IQ-Ludorum	SP	£0.13	£10.0m	Loss	2.15	167	8.70%	-73.96%	£0.80m	-£28.00m
iSOFT Group	SP	£2.79	£328.3m	62.7	31.13	2536	28.28%	36.10%	£72.42m	£98.52m
ITNET	CS	£2.20	£157.2m	23.9	137.30	627	17.38%	66.92%	£23.27m	£64.77m
Izodia (was Infobank)	SP	£0.36	£21.0m	Loss	2.70	5715	35.85%	-86.91%	£5.55m	-£139.55m
Jasmin	SP	£1.92	£9.0m	Loss	3.98	1277	23.15%	50.20%	£1.69m	£3.01m
Kalamazoo Computer	CS	£0.07	£2.8m	Loss	48.28	186	-7.14%	-60.61%	-£0.21m	-£4.29m
Kewill Systems	SP	£0.50	£38.1m	11.1	68.74	988	31.58%	-84.38%	£9.14m	-£205.66m
Keystone	SP	£0.16	£18.6m	Loss	4.50	181	27.45%	-53.24%	£4.00m	£3.90m
Knowledge Management	SP	£0.14	£16.4m	Loss	6.05	110	54.05%	-82.35%	£5.81m	-£68.29m
Knowledge Support	SP	£0.17	£12.2m	Loss	2.19	75	17.86%	-95.53%	£1.91m	-£260.09m
Knowledge Technology	SP	£0.06	£4.5m	Loss	0.15	1200	1100.00%	20.00%	£1.13m	£0.72m
Logica	CS	£7.44	£3,325.0m	30.2	1133.20	10189	10.22%	-57.49%	£308.97m	-£4,410.03m
London Bridge Software	SP	£1.27	£214.7m	33.0	56.70	3163	27.14%	-61.67%	£45.75m	-£345.35m
Lorien	A	£0.57	£11.1m	Loss	111.59	565	9.71%	-26.14%	£1.00m	-£3.90m
Lynx Holdings	R	£0.80	£139.7m	18.0	250.48	2000	-4.19%	-9.60%	-£6.12m	£1.48m
Macro 4	SP	£2.90	£60.3m	11.0	47.10	1169	10.48%	-67.78%	£5.70m	-£126.90m
Manpower SoftWare	SP	£0.18	£4.2m	Loss	2.77	180	16.67%	-33.96%	£0.60m	£0.57m
Marlborough Stirling	CS	£1.56	£286.2m	28.9	50.08	1114	13.04%	11.43%	£32.97m	£37.67m
MERANT	SP	£0.86	£116.1m	7.5	215.43	415	29.32%	-9.47%	£26.37m	-£25.73m
Microgen Holdings	CS	£0.90	£45.8m	34.5	25.34	385	33.33%	-70.73%	£11.40m	-£110.70m
Mission Testing	CS	£1.50	£25.7m	23.4	4.99	549	0.67%	-45.05%	£0.10m	-£17.38m

Note: Main **SYSTEM**HOUSE SCS Index set at 1000 on 15th April 1989. Any new entrants to the Stock Exchange are allocated an index of 1000 based on the issue price. The 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-Oct-01	Capitalisation 31-Oct-01	Historic P/E	PSR Ratio Cap./Rev.	SCSI Index 31-Oct-01	Share price move since 28-Sep-01	Share price % move in 2001	Capitalisation move since 28-Sep-01	Capitalisation move (£m) in 2001
Misys	SP	£2.60	£1,497.2m	16.4	858.50	3235	27.76%	-60.61%	£325.16m	-£2,303.84m
MMT Computing	CS	£1.68	£20.3m	7.1	37.73	997	46.93%	-68.25%	£6.49m	-£43.51m
Mondas	SP	£0.22	£4.3m	Loss	2.70	287	26.47%	-46.25%	£0.90m	-£3.70m
Morse	R	£1.55	£198.5m	7.7	586.08	620	33.62%	-58.94%	£49.90m	-£278.30m
MSB International	A	£0.73	£14.9m	9.7	157.76	384	9.77%	-36.52%	£1.30m	-£8.60m
Myratech.net	CS	£0.08	£2.1m	Loss	1.71	58	0.00%	-70.00%	£0.00m	-£4.68m
Ncipher	SP	£0.78	£98.7m	Loss	13.46	312	9.86%	-71.43%	£8.80m	-£246.30m
NetBenefit	CS	£0.17	£2.7m	Loss	6.35	85	3.03%	-86.67%	£0.08m	-£17.68m
Netstore	CS	£0.15	£13.3m	Loss	3.56	100	9.09%	-81.60%	£1.10m	-£58.70m
Nettec	CS	£0.12	£14.4m	Loss	17.31	49	104.35%	-60.17%	£7.34m	-£17.33m
Northgate Information Solutions	CS	£0.30	£86.5m	22.7	107.19	116	23.47%	-56.00%	£16.39m	-£105.91m
NSB Retail Systems	SP	£0.23	£72.1m	11.0	40.93	1978	59.65%	-86.42%	£26.96m	-£321.44m
OneclickHR	SP	£0.43	£22.6m	Loss	4.07	1075	-4.44%	43.33%	-£1.10m	-£0.70m
Orbital Software	SP	£0.17	£7.6m	Loss	1.09	117	6.25%	-83.17%	£0.45m	-£37.67m
Orchestream	SP	£0.24	£30.7m	Loss	2.75	127	-11.32%	-91.45%	-£3.91m	-£305.11m
Parity	A	£0.69	£105.0m	22.0	269.23	11417	59.30%	-41.45%	£39.03m	-£74.47m
Patsystems	SP	£0.13	£16.9m	Loss	2.52	121	-23.53%	-87.38%	-£5.20m	-£114.00m
Planit	SP	£0.37	£30.3m	13.0	19.07	1521	32.73%	-64.90%	£7.54m	-£54.76m
Protogana (was Recognition)	SP	£0.06	£19.2m	Loss	8.62	79	83.33%	-98.03%	£8.71m	-£233.99m
PSD	A	£4.03	£101.1m	7.1	88.55	1830	24.81%	-57.85%	£20.16m	-£138.64m
QA (was Skillsgroup)	CS	£0.42	£36.6m	38.3	140.70	186	-5.68%	-69.82%	-£2.27m	-£84.77m
QSP	SP	£0.07	£7.0m	Loss	40.96	92	0.00%	-76.86%	£0.00m	-£20.18m
Quantica	A	£0.48	£18.9m	7.1	23.75	387	6.67%	-12.73%	£1.20m	-£2.70m
Raft International	SP	£0.07	£4.3m	35.1	9.17	103	-31.58%	-89.68%	-£1.97m	-£37.74m
Rage Software	SP	£0.11	£39.8m	Loss	5.73	433	125.00%	4.65%	£22.37m	£5.47m
RDL	A	£0.81	£12.4m	7.0	16.25	900	5.19%	-53.71%	£0.60m	-£14.40m
Retail Decisions	SP	£0.19	£27.1m	Loss	17.67	257	33.33%	-84.62%	£6.82m	-£142.08m
RexOnline	A	£0.40	£5.3m	12.4	2.01	476	2.56%	-58.55%	£0.14m	-£1.10m
Riversoft	SP	£0.14	£32.7m	Loss	5.17	144	-25.00%	-85.64%	-£10.81m	-£191.31m
RM Group	SP	£2.40	£225.3m	25.2	207.56	6857	28.00%	-57.89%	£49.35m	-£307.15m
Rolfe & Nolan	SP	£0.98	£13.7m	Loss	25.59	1161	42.34%	-75.06%	£4.06m	-£41.38m
Royalblue Group	SP	£5.50	£165.6m	41.0	57.38	3235	14.58%	-47.62%	£21.09m	-£150.51m
Sage Group	SP	£2.11	£2,672.7m	34.5	412.15	81154	29.05%	-31.21%	£601.67m	-£1,213.33m
SBS Group	A	£0.26	£2.3m	19.7	46.44	255	13.33%	-74.50%	£0.27m	-£6.78m
Science Systems	CS	£4.63	£116.5m	26.4	49.62	3585	8.19%	-6.57%	£8.80m	-£8.20m
SDL	CS	£0.70	£29.5m	75.3	29.73	467	18.64%	-81.16%	£4.61m	-£117.59m
ServicePower	SP	£0.25	£12.5m	Loss	3.29	245	113.04%	-64.75%	£6.66m	-£22.96m
Sherwood International	SP	£1.18	£52.8m	Loss	54.28	3931	24.21%	-62.78%	£10.27m	-£82.43m
Sirius (was Policymaster)	SP	£0.73	£11.6m	7.6	17.14	483	-21.62%	-78.03%	-£3.20m	-£40.20m
Smartlogik	SP	£0.03	£8.1m	Loss	57.64	25	37.50%	-88.30%	£2.20m	-£32.62m
Sopheon	SP	£0.28	£12.1m	Loss	7.76	403	-5.08%	-82.50%	-£0.57m	-£51.37m
Spring Group	A	£0.69	£102.9m	Loss	374.45	761	9.60%	-22.60%	£9.00m	-£30.00m
Staffware	SP	£3.33	£47.2m	Loss	37.86	1478	95.59%	-76.25%	£23.04m	-£149.76m
StatPro	SP	£0.49	£15.8m	Loss	3.17	613	-2.00%	-29.50%	-£0.31m	-£4.61m
Stilo International	SP	£0.12	£5.3m	Loss	0.09	240	-22.58%	-80.65%	-£1.56m	-£22.25m
Superscape VR	SP	£0.24	£8.7m	Loss	2.15	121	-4.00%	-90.36%	-£0.37m	-£81.87m
SurfControl (was JSB)	SP	£3.84	£115.6m	Loss	42.20	1918	22.72%	-67.01%	£21.41m	-£230.29m
Synigence	CS	£0.18	£7.8m	Loss	1.98	337	-10.26%	-66.35%	-£0.88m	-£14.26m
Synstar	CS	£0.48	£78.0m	Loss	233.44	291	10.34%	1.05%	£7.31m	£0.81m
Systems Integrated	SP	£0.32	£4.2m	17.1	1.65	274	-16.00%	1.61%	-£0.81m	£0.07m
Systems International	CS	£0.20	£6.5m	50.7	26.30	348	2.56%	-46.67%	£0.16m	-£6.33m
Systems Union (was Freecom)	SP	£0.71	£73.3m	8.4	0.60	546	30.28%	1.43%	£17.05m	£1.05m
Telecity	CS	£0.17	£36.2m	Loss	14.05	21	32.00%	-96.97%	£8.80m	-£349.66m
Telework Systems	SP	£0.33	£59.6m	13.8	21.95	0	10.00%	-82.59%	£5.50m	-£282.40m
Telme.com	CS	£0.08	£6.2m	Loss	18.09	50	-6.06%	-75.40%	-£0.40m	-£18.93m
Terence Chapman	CS	£0.42	£29.3m	6.5	30.64	307	23.88%	-74.06%	£5.69m	-£79.31m
Tikit Group	CS	£1.09	£12.3m	18.4	9.31	943	0.00%	-5.65%	£0.00m	-£0.70m
Torex Group	CS	£6.63	£287.3m	31.8	88.43	12864	11.81%	13.25%	£30.32m	£38.12m
Totalise	CS	£0.04	£2.6m	Loss	4.28	202	30.77%	-69.64%	£0.61m	-£4.86m
Total Systems	CS	£1.03	£10.7m	23.0	3.85	1934	5.67%	15.17%	£0.55m	£1.39m
Touchstone	SP	£1.05	£10.5m	8.0	11.81	1000	2.94%	-10.64%	£0.30m	-£1.00m
Trace Computers	CS	£0.84	£12.7m	7.0	17.07	668	16.78%	3.09%	£1.80m	£0.80m
Transeda	SP	£0.25	£17.1m	22.2	6.50	500	72.41%	-49.75%	£7.14m	-£16.34m
Triad Group	CS	£0.85	£21.7m	8.1	52.78	630	-33.33%	-60.47%	£9.95m	-£33.15m
Tribal Group	CS	£2.80	£96.9m	28.7	24.09	1697	11.55%	18.14%	£10.08m	£16.00m
Ultima	R	£0.02	£3.9m	Loss	6.95	55	0.00%	-52.63%	-£0.43m	-£5.24m
Ultrasis	CS	£0.04	£20.6m	Loss	0.99	71	16.67%	-68.89%	£2.70m	-£5.20m
Vega Group	CS	£1.83	£33.6m	Loss	35.66	1496	8.96%	-52.90%	£2.82m	-£37.68m
VI group	SP	£0.19	£4.8m	Loss	6.53	271	15.15%	-43.28%	£0.64m	-£2.02m
Virtual Internet	CS	£0.26	£5.5m	14.7	5.64	510	-3.77%	-79.27%	£0.04m	-£24.45m
Vocalis	SP	£0.12	£5.4m	Loss	2.70	124	104.35%	-91.52%	£2.77m	-£58.57m
Warthog	SP	£0.45	£18.6m	75.4	3.78	1035	23.61%	3.49%	£3.60m	-£0.40m
Wealth Management	SP	£0.11	£4.4m	Loss	15.53	81	-26.32%	-90.45%	-£1.58m	-£41.79m
Xansa (was F.I. Group)	CS	£3.04	£991.4m	32.0	391.24	7795	35.11%	13.01%	£257.43m	£133.63m
XKO	CS	£0.32	£8.6m	Loss	38.21	213	12.28%	-88.67%	£0.94m	-£67.30m
Xpertise	CS	£0.03	£1.0m	Loss	5.76	130	0.00%	-81.94%	£0.00m	-£4.61m

Note: Main **SYSTEM**HOUSE SCS Index set at 1000 on 15th April 1989. Any new entrants to the Stock Exchange are allocated an index of 1000 based on the issue price. The 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

A GLIMMER OF LIGHT

Something we were beginning to think we would never again see! This month all the indices, including our Holway SCS Index, saw an increase. The SCS Index increased by 23.3% to end the month at 4277, the FTSE IT SCS Index increased 16.6% to 771. Across the pond, the Nasdaq also increased - also by an impressive 16% to 1690.

The top increases in our SCS Index were from smaller companies like Knowledge Technology Solutions (up 110% - all be it from a low base) and Rage Software (up 125%). But we also saw rises from the likes of Xansa (up 35% to 304p), Sage (up 29% to 211p) and Misys (up 28% to 260p).

There were however some companies still stuck in the mire. Not least Baron Corporation which stopped trading on AIM (and hence leaves our SCS Index) following its liquidation. Also continuing to suffer was the top faller, Internet Business Group, which saw its share price fall 92% to less than 1p and is now worth just £790K. Of the bigger companies in our index, CMG (see Page 11) suffered following its profits warning - its shares ended the month down 10% at 215p.

All our SCS categories saw average share price increases in October - performing the best were software products companies - up 33%.

31-Oct-01		
	SC$I Index	4276.61
	FTSE IT (SCS) Index	770.97
	techMARK 100	1363.80
	FTSE 100	5039.70
	FTSE AIM	850.20
	FTSE SmallCap	2317.51

Changes in Indices	SCSI Index	FTSE 100	techMARK 100	FTSE IT SCS Index	FTSE AIM Index	FTSE Small Cap
Month (01/10/01 to 31/10/01)	+23.31%	+2.78%	+18.28%	+16.63%	+3.62%	+6.74%
From 15th Apr 89	+327.66%	+145.41%				
From 1st Jan 90	+364.80%	+113.37%				
From 1st Jan 91	+504.15%	+133.28%				
From 1st Jan 92	+309.30%	+102.15%				
From 1st Jan 93	+168.36%	+77.05%				+67.05%
From 1st Jan 94	+156.15%	+47.43%				+24.02%
From 1st Jan 95	+185.26%	+64.40%				+32.70%
From 1st Jan 96	+89.36%	+36.60%	+72.80%		-10.83%	+19.36%
From 1st Jan 97	+59.73%	+22.37%	+49.10%		-12.90%	+6.16%
From 1st Jan 98	+40.91%	-1.87%	+42.95%	-22.90%	-14.29%	+0.18%
From 1st Jan 99	+8.50%	-14.33%	-6.33%	-46.68%	+6.06%	+11.91%
From 1st Jan 00	-62.72%	-27.28%	-63.91%	-79.26%	-56.01%	-25.19%
From 1st Jan 01	-48.92%	-19.01%	-46.84%	-60.44%	-40.87%	-27.20%

End Oct 01	Move since 1st Jan 98	Move since 1st Jan 99	Move since 1st Jan 00	Move since 1st Jan 01	Move in Oct 01
System Houses	23.1%	-20.4%	-69.0%	-58.3%	10.2%
IT Staff Agencies	-67.4%	-61.0%	-66.0%	-45.9%	15.6%
Resellers	5.2%	11.8%	-46.1%	-28.7%	23.1%
Software Products	94.0%	65.8%	-60.1%	-71.1%	33.4%
Holway Internet Index		183.7%	-65.5%	-49.3%	26.1%
Holway SCS Index	40.9%	8.5%	-62.7%	-51.7%	23.3%

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