September 2002

Volume 13 Number 11
Available by Subscription Only

ISSN 0967-2583

ovum HOLWAY

SYSTEMHOUSE

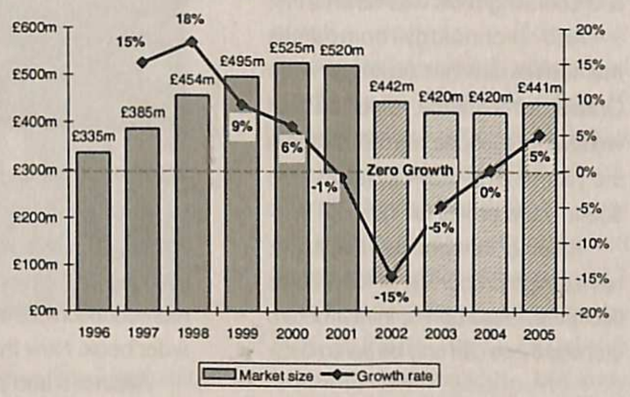
The monthly review of the financial performance of the UK software and IT services industry

LEARNING THE HARD WAY

About a year ago we published a report that looked at e-learning and its impact on the IT training market in the UK. At that time e-learning was being promoted by many training companies (and most analysts, it should be said) as a revolution in professional training. They claimed that it would irrevocably change the way training is delivered, improve the 'learning experience', *and* do it all at lower cost.

Indeed **Cisco Systems** CEO, John Chambers, announced back in Jun. 01 that he planned to improve revenue per employee from $457K to $850K – and then to $1m – by giving the sales team access to an e-learning system implemented just two months earlier. A year later, it's true that Cisco has improved revenue per head – but only to $531K on the back of decreasing revenues – but they have also laid off around 15% of their workforce. Was the net improvement due to e-learning? A hard case to prove.

The UK IT Training Market - Provisional Forecast



So here we are, a year on, and we thought it timely to revisit our findings, assess the impact of e-learning on the IT training market and review the performance of the major players.

Some things never change:

Despite claims to the contrary, most companies still view training as 'discretionary spend'. When times are tough the training budget is amongst the first to be cut. However there are some pockets of opportunity. For instance there seems to be a steady demand for training in project & programme management and service delivery & management - that's an area on which training providers should capitalise. It may seem strange, but in tough times there is a greater focus on how to do things properly! Compare that to the dotcom days when companies were prepared to throw money at IT projects, many of which had no business benefit and were poorly managed.

Then there are some industries that simply have to maintain their training commitment. Take the financial services sector, where increasing regulation is driving demand. In addition Government initiatives create a need for technology-enabled training. Both **Epic** and **AdVal** have carved out a niche for themselves, developing bespoke e-learning content aimed at training the people in the business.

'Blended' training is the name of the game:

With training budgets under close scrutiny, companies are looking for the most cost efficient ways of training their staff/customers/partners etc. E-learning offers a more flexible learning experience than traditional classroom-based training, but it's the cost savings that are compelling. And there are some big savings to be had. Indeed **IBM** was reported to have saved $354m last year by implementing e-learning programmes in-house (Source: FT 19th Aug. 02).

Most players have realised that a 'blended' solution is the way ahead, combining elements of pre-course assessment, self-study training (probably technology-based), instructor-led training (in the classroom or delivered over the web), bulletin boards, online labs etc. The dilemma for 'traditional' IT training companies is how to build an e-learning offering without incurring substantial costs. This problem is compounded by the fact that the customer expects to spend *less* per delegate/per course delivered online than in the classroom.

What effect is this having on our major IT training providers?

A quick round up of the results of some of the major players show how tough things are:

Learning Tree International, the NASDAQ-listed training company and a leading UK player, reported revenues in the three months to 30th Jun. 02 down 22% compared to the same quarter last year. PBT more than halved.

QA reported revenues from training down almost 40% in the six months to 31st May 02. At the group level, last year's £400K PBT turned into a £36m loss (including exceptionals).

In a trading update in Jul. 02, **Parity** reported that revenues in its Business Solutions & Training division had *"reached a plateau"*. Parity was able to boast a 300% increase in the order book for training, but the cost of winning outsourcing contracts in Solutions & Training led to £1.3m cost of sales during the period.

Fujitsu's training arm, **KnowledgePool** (born of **ICL Peritas**) announced in Jul. 02 that it had stopped all classroom training and in future would

[continued on page two]

[continued from page one]

focus on managed learning services and consultancy, large-scale training programmes and e-learning.

Spring's IT Training revenues for the six months to 30th Jun. 02 inched forward, but the operation is still loss-making although it is expected to break even in the second half.

In its results for the year to 31st March 02 **Azlan** reported that revenues from training were down 9% and operating profit was down 21%.

And technology companies themselves are not having it easy. **Oracle**, for instance, reported that worldwide revenues from education in the year to 31st May 02, fell 21% to $384m, and profits fell 19%.

Training companies, inevitably, have a high proportion of fixed costs (lecturers, classrooms, infrastructure etc) and these can only be pared back so far. The upside is that any improvement in classroom occupancy will have a dramatic effect on profitability. So keeping a tight grip on the fundamentals of a training business such as classroom occupancy, yield per delegate etc is even more important in the current climate.

In many ways, it's a bit like the airline industry – if the plane takes off with only a few seats occupied then it incurs big losses, but once the fixed costs are covered the revenue from every extra passenger carried has a huge impact on the bottom line. Even if the seat is sold at a discount! Just look at how some of the low cost, 'no frills' airlines have grown by undercutting the 'premium' operators, at a time when the established players are making huge losses.

Visibility, what visibility?

Flying conditions are pretty foggy right now for training businesses! Most depend heavily on revenue from public schedule courses, with additional revenue generated by single company events (like graduate training programmes), bespoke project solutions, managed/outsourced training services and training consultancy. The problem with the public schedule business is that most employers tend to book their staff on training courses at relatively short notice – typically six weeks in advance. This makes planning for the medium term very difficult. Even assuming that a training company has sound forecasting techniques, this gives at best a six-week view of the forward order book. Now that's scary!

Alliances and partnerships are the way forward

Some expensive mistakes have been made in the journey from instructor-led training to blended learning. Some players embarked on transforming instructor-led training material for the web, incurring huge costs. We think it would be better to partner with an established content provider (such as **NETg** or **SmartForce**). Similarly some IT training companies decided to develop proprietary learning management system (LMS). A LMS administers, manages and delivers training throughout the enterprise – a sort of ERP system for enterprise skills. QA, for instance, bought an LMS company (**DMT** in Jun. 00, for £5.3m). They have since announced an alliance with **Docent**, one of the major LMS vendors and have written off all the remaining goodwill from the DMT purchase. Incidentally leading LMS providers – Docent and **Saba** – are yet to make a profit (and both companies no longer refer to themselves as LMS vendors!). We do see a need for LMS in content delivery and course administration, but ultimately we expect such functionality to be bundled in by the training providers (or consultancies) as part of the training solution.

What about outsourcing?

We'd like to say that training outsourcing and managed services could save the day. However, unlike IT (or business process) outsourcing, training outsourcing does not typically involve the transfer of staff and assets. More crucially, it does *not* necessarily guarantee revenue. It *may* guarantee a minimum level of spend, but that is not always the case. Keith Burgess, Executive Chairman of QA, describes outsourcing agreements as "*hunting licences*" – you still have to go and hunt out the opportunities within the account.

So what does the future hold for UK IT training companies?

The pressure on prices, combined with the fact that the training market is hugely dependent on the rollout of new and updated technologies (and there is no Next Big Thing on the horizon that is likely to drive demand), leads us to significantly downgrade our forecasts for the UK IT training market for 2002 onwards. We now believe that the market will contract c15% this year, and a further 5% in 2003. Inevitably there will be consolidation amongst the players, as they look to fill the classrooms and lower the cost of delivery. Indeed, just last month AIM-listed **Xpertise** acquired **John Bryce Training UK Ltd** (formerly Aris Education), from the receivers. We fear there will be more casualties, and that's a very hard way to learn.

INDEX

IN THIS ISSUE

INDICES (changes in Aug. 02)

Holway SCS	-7.9%	2802
Holway Internet	-2.2%	2074
FTSE IT (SCS)	-17.5%	327
techMARK 100	+1.2%	783
FTSE 100	-0.45%	4227
Nasdaq Comp	-0.98%	1315

HOLWAY COMMENT

"STOCK OPTIONS PROVIDE A POTENTIALLY COSTLY AND MISALIGNED INCENTIVE, A TAX DEFERRAL AND AN ACCOUNTING FICTION"

Roberto Mendoza and Peter Hancock, ex vice chairman and CFO of JP Morgan, as quoted in the Financial Times 14th August 02

If Holway has one irritating trait (just one? I hear you ask!) it's launching a campaign, almost always to critical distain, but then doggedly sticking to it. Often for years, sometimes for decades. We won't bore you by listing everything from 'acquisition indigestion' to our love affair with *Boring* companies etc. In the accounting area, for example, we have campaigned *against* capitalising software development, *for* reducing CGT on business assets, *for* uniformity in accounting rules – in particular in goodwill amortisation. Being immodest, the campaigns have all been successful...*it's just the timescales which have been excruciatingly long.*

Readers will also know of our long held views and opposition to **stock options**. We know because, although our files bulge, they contain not one letter or e-mail supporting our view. They are all against.

Perhaps the tense should be changed to "*were all against*".

We had contended that stock options were a one-way-bet. Indeed a highly leveraged one-way-bet. An option granted at 100p could rise ten-fold if the option was exercised at 1000p. On the downside...*well, there is no downside*.

Because there is no pain for the option holder associated with the grant of an option, they tend to be devalued in the eyes of the recipient anyway.

They also create accounting

illusions. For a long time Microsoft and many others could get away with paying low salaries but offering options. The companies thus reported higher profits which in turn boosted the share price and thus the value of the options. Options were not an expense item so it appeared like free money as even the shareholders, who were really paying by diluting their equity base, didn't care as long as the share price was rising anyway.

The IT industry was the major user of stock options and used its clout to persuade governments around the world to introduce tax incentives. The major one being that you deferred paying tax until either the option was vested (in US) or exercised (in the UK). In a rising market this was wonderful. Exercise the option, hold the shares and by the time the tax was due the shares had gone up so much that the gain more than covered the tax bill too.

The last period has seen an almost complete reversal in the perception of stock options.

Firstly, the furore emanating from the Enron, Worldcom debacles has forced many companies to agree to expense stock options. Computer Associates has already announced it will do so. However, other IT companies are reluctant to follow suit. Intel has already said it will not. Merrill Lynch estimates that expensing stock options would have had the effect of reducing S&P 500 IT companies' earnings by 39% in 2001. The IT industry is currently holding out...but they won't succeed for long. In a stroke one of the main advantages to the company has been removed.

Secondly, as share prices decline, stock options granted become worthless. **Indeed, on average, any stock options granted in the UK in the last six years are currently worthless!**

Get around that one by cancelling the options and reissuing at today's price?

A real no-no. Most companies wouldn't even attempt the exercise as the institutional investors (whose own shares were bought with real money and are similarly devalued) would never agree.

OK, so just issue a load more options at today's price and forget about the old ones? Usually difficult as well, because all companies (usually bound by their Articles) have a strict limit to the % of shares available to be granted under option.

Then it gets even worse. We have heard many individual horror stories. This month we met with Adam Hale and Rae Sedel from **Russell Reynolds Associates** – one

[continued from page three]

of the largest global headhunters – who substantiated this.

US IT companies, in particular, have many examples of executives who exercised their options at the top but didn't sell enough shares to pay their tax bills. They hoped the shares would rise to pay for that. Instead share prices went into freefall. The lucky ones can at least still stay afloat by selling at highly depressed prices. The less fortunate face personal bankruptcy.

The situation in the UK is slightly less depressing. But only because, for some reason, UK executives, unlike their US colleagues, seem to have held on to their options in a charming but misguided display of long term company loyalty. They may look smugly at their US counterparts facing ruin. But they look with envy at those – often in the same companies – who exercised options and sold the shares. Those US executives now are the millionaires whereas their UK peers are…the poor relations again.

The *feel good* factor has certainly turned to *feel bad*. Just two years ago you had stock options worth, say, £10m, your company had set up an internet incubator and you had borrowed heavily to invest and your pension scheme promised an early retirement. Now the stock options are worthless, as is the incubator, and the pension scheme is heading that way too. But you still have the debt and the tax bill. *It only needs a house price slump and you are wiped out.* Indeed, Russell Reynolds reports on retired IT executives returning to work after putting the proceeds of the sale of their company sale into rash (often other technology) investments only to see them dive along with the value of their pension plan.

Alternatives?

Again, we have long campaigned for executives to actually BUY shares, at a discounted rate, in the company they work for. It is amazing how difficult this still is! We are NOT advocating people taking out vast loans to do this but the ability to convert parts of their remuneration package (salary or performance bonus) into shares at discounted prices.

Of course this should and will be fully expensed in the P&L. Executives would understand the pain of falling share prices – like the other shareholders. Because of the success of our CGT campaign, any gains get taxed at the low 10% rate after just two years. What an incentive and no tax risk either as the liability only arises when the shares are actually sold anyway.

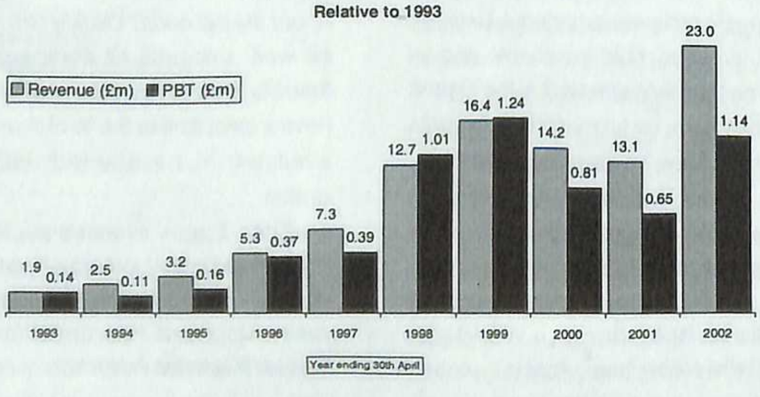
Given current press comment, we fully expect loads of letters of support this time.

But where were you all a few years ago when we needed you?

METHODS HOLDS ITS OWN DURING MADNESS

It is still possible to make a decent living in IT services even in these dreadful market conditions. We recently spoke to Tony Webb, Chairman of privately owned consultancy **Methods Application,** and they've turned in an excellent set of results. Turnover for the year ended 30th Apr. 02 rose 76% to £23m, and PBT followed suit to £1.14m. Gross margins increased from 15.1% to 16.7% and pre-tax margins held steady at just under 5%. The huge boost in business came mainly from government framework contracts.

Methods Application
10 year Revenue and PBT Record
Relative to 1993



Comment: Methods operates at the premium end of the IT staff agency (ITSA) market, placing project managers and senior consultants on long term assignments (typically 18 months) in the public sector and blue chip companies. They're not vertically specialised and take on the management of a broad range of projects. As a niche player they have been able to protect gross margins – which for 'body shops' can be as low as 7%-8% - and net margins (5% is at the high end for an ITSA). They are not expecting to see anything like the same sort of growth this year – but so far business is *"holding its own"*. Given the state of the industry in general – and for ITSAs in particular – this is actually a positive outlook!

-18%
2p
Orchestream®

THE (NEW) BAND PLAYS ON AT ORCHESTREAM

Business at LSE-listed (and, until recently, Nasdaq-listed) **Orchestream**, the *"provider of software platforms for automating the configuration, activation and assurance of next-generation services on communications networks"*, is going from bad to worse. Its interim results for the six months to 30th Jun. 02 revealed a 43% drop in turnover to £3.9m, deepening pre-tax losses from £9.8m to £20.9m, and a loss per share of 15.9p compared to 8.8p in the same six months a year earlier. The losses include £1.8m of goodwill amortisation, a goodwill impairment charge of £4.5m and restructuring costs of £3.4m. The goodwill impairment related to writing off the remaining net book value of **CrossKeys Systems,** which they acquired in Jan. 01 for £24.7m cash and shares. Meanwhile, Orchestream's net current asset value has halved compared to the end of Dec. 01, and cash at the bank has fallen by 52% from £21m to under £10m. 'New' Chief Executive (was FD) Anthony Finbow recognised *"that there are concerns about our longer-term financial position"* and has appointed new financial advisors. Finbow also admitted that there were *"inadequate controls in place to ensure compliance with the company's revenue recognition policy ... (but) employees have been counselled on the need for adherence (!)"*. Nonetheless, *"the Board continues to believe that the medium term prospects for the business are encouraging"*.

Comment: ... as in, *"encouraging investors to jump ship"* ,we assume, witness Orchestream's share price diving 25% to just 3p when these results were announced, and finishing the month at just 2p.

It's hard to know what to say about Orchestream. They were founded in 1996 and floated on the LSE in Jun. 00 at 185p, raising £49m and valuing the company at £214m. Shares peaked at 735p in Sep. 00. They have never made a profit.

In May 02, CEO Ashley Ward resigned when Q1 revenue came in 25% below the prior quarter. FD Anthony Finbow took over the reins pro tem, pending a review of Board structure. Finbow was confirmed in the post at the AGM in late May but at the same time Orchestream saw off Executive Chairman Alan Bates in favour of Greg Lock, a long-time IBM'er who is also NED at **SurfControl**, among others.

Then 'all of a sudden', in Jul. 02, Orchestream 'fessed up to overstating some £3.6m revenues in Q4 01 and Q1 02, issued a profits warning, and found itself de-listed from Nasdaq for failing to file its annual report with the SEC.

These latest interim results just add insult to injury.

Whether or not Orchestream has the *"market leading position"* it claims for its core Service Activator product is almost irrelevant now. Orchestream is a one trick pony – and unfortunately the 'pony' is the telecoms sector, on which it is primarily dependent. Even in May, Orchestream *"continued to believe that the long term prospects for the business are encouraging"*. This was on the back of increasing losses and a key client list that read like a who's who of telecoms casualties. Like, hallo!

0%
54p
nCIPHER™

NCIPHER CASH PILE POSES AN ENIGMA

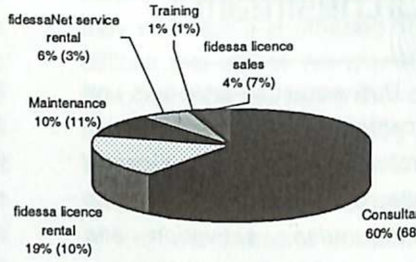
nCipher – provider of cryptographic IT security hardware and software – has announced results for the six months to 30th Jun. 02. Turnover is down 26% to £6.0m compared to H101, LBT has deepened from £1.4m to £2.8m, and loss per share has also deepened from 1.3p to 2.3p. CEO Alex van Someren reported that, *"the first half of 2002 has proved especially challenging and we expect this to continue over the next six months...We have taken action to re-size the business in view of the trading environment. We believe these actions are sufficient to enable us to execute our strategy of developing new products and exploiting new opportunities for our market-leading hardware security technologies whilst continuing to drive the business towards future profitability"*.

Comment: Whilst the headlines do not make comfortable reading, nCipher was able to give some reassurance: revenue from services increased 25% during the period to £1.6m and now account for just over a quarter of total revenues (up from c15% last year); gross margins increased from 74% to 77%; and the cash balance has been maintained at £101m (£102.9m as at end Dec. 01). The 'future profitability' looks just as distant, but they have buckets of cash to see them through – but to where? And what are they going to do with all that cash? With very low cash usage (c£2m for the period) they could easily acquire (but who?). Or return some cash to needy investors. Or just wait for someone to snap them up, now that their cash balance (and their net current asset value) is way ahead of their market value. nCipher completed its IPO on the LSE in Oct. 00 at 275p, valuing the company at approximately £330m. In Nov. 01 the European Technology Forum awarded nCipher the accolade of being the 'IPO with the Best Long Term Growth Prospects' but by Mar. 01, the company's market value had more than halved. At end of August, nCipher was valued at just £68.4m.

-23%
268p

FOCUS PAYS DIVIDENDS FOR ROYALBLUE

royalblue - H1 2002 Business mix
Continuing ops total = £29.3m



royalblue, provider of a global equities trading platform to the financial services industry, has bucked the trend and reported an increase in both turnover from continuing operations and pre-tax profits in the six months to 30th Jun. 02. Although total turnover decreased from £34.7m to £29.3m, this included £9.5m in 2001 for royalblue technologies, which was divested in Jul. 01. Turnover from continuing operations was up by 16%. PBT increased by an impressive 96% to £4.0m, and diluted EPS jumped from 3.1p to 8.5p. Chief Executive, Chris Aspinwall, commented, *"Looking ahead, we expect that the current difficulties in the financial markets will continue and could worsen further before starting to improve. It is clear that we cannot be immune from the effects of current market conditions and we expect that this will mean a period of slower growth"*.

Comment: Compared to H1 01, royalblue increased consultancy revenues by 4% (although as a proportion of *total* revenues consultancy slipped from 68% to 60%). However *fidessa* rental fees and *fidessaNet* service fees both managed growth in excess of 100%.

The *fidessa* product provides links to exchanges, ECNs and the buy-side institutions, and helps firms reduce the cost of handling order flow. *fidessaNet*, the ASP platform royalblue developed for delivering the *fidessa* software, has helped the company take the product one step further by making this high-ticket product more accessible to smaller investment banks and fund managers. Not only does this offer short-term cost benefits for customers, it also means that royalblue can generate recurring revenue from rental fees. Indeed, recurring revenues now represent 35% of total turnover, up from 26% in 2001.

Divestments over the past year or so have enabled royalblue to focus on its core offering and the business now looks in better shape, with the UK *fidessaNet* operation achieving break-even six months earlier than anticipated. In addition the cash balance has increased to £12.1m (up from £11.1m), and is expected to rise by a further £4.1m in H2 (£3.6m from the sale of its minority stake in **ICIS Technology** in Jul. 02, and £0.5m loan repayment by **Touchpaper Software**, the helpdesk business divested in Jul. 02).

With no debt, no goodwill on the books and no deferred consideration payable for previous acquisitions royalblue has a clean balance sheet – not many companies can boast that. Obviously royalblue will continue to feel the effect of tough conditions in the financial services marketplace but it is making all the right moves.

-11%
38p

LBS - LOOKING TO ESTABLISHED CUSTOMER BASE

London Bridge Software, supplier of software and services for credit risk management, CRM and core banking systems, has announced results for the six months to 30th Jun. 02. At the end of July the company warned that revenues and profits would be lower than last year, so the disappointing results come as no surprise: revenue is down 13%, compared with to H1 01, to £32.3m, last year's PBT of £2.4m is now a LBT of £2.8 and an EPS of 0.84p has become a loss per share of 1.70p. Commenting on the outlook, Chairman, Gordon Crawford, said, *"I do not expect the market environment to change significantly in the short term although our sales pipeline does look better for the second half of the year. As the retail finance market becomes ever more competitive, banks cannot defer investment indefinitely in the type of systems which we provide as they are so dependent on them for their cost reduction"*.

Comment: LBS' losses were the results of a combination of factors - whilst revenues were falling cost of sales actually increased by a couple of % points, and £3.3m amortisation of goodwill took the company into loss at the operating level. The workforce has already been cut by over 10% to reduce the cost base, five satellite offices have been closed and LBS has made a provision against an overdue debtor for a project totalling £5.1m that has subsequently been suspended. However there were some highlights. The group continued to generate cash during the period, and expects to continue to do so in H2. Recurring revenue from maintenance and e-commerce services enjoyed a 28% increase and now accounts for 47% of total revenues, compared to 32% this time last year. This went some way towards mitigating the 44% drop in licence fees and 22% drop in development/installation/training and consultancy in H1.

Quite rightly, LBS is not banking (excuse the pun!) on any great change in market conditions in the rest of 2002, but is looking instead to its large, established customer base for further revenue from software maintenance and upgrades.

-19%
73p

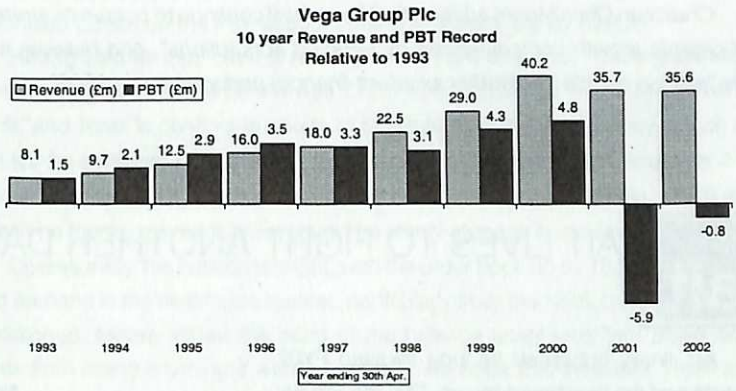
VEGA - 'RELATIONSHIP COUNSELLING' FOR BUSINESS UNITS

Vega Group has announced results for the year to 30th Apr. 02 revealing a small decrease in turnover to £35.6m, and an 'improvement' in pre-tax losses of £5.1m to £763K. The pre-tax loss included exceptional costs of £1.0m (2001: £1.0m) and goodwill amortisation of £0.8m (2001: £2.9m). Diluted loss per share was 3.53p compared to 26.87p in 2001. Andy Roberts, Chairman, commented on the outlook, "*The strong order book that we enjoy in Space and Government will underpin the performance of those businesses in the coming year. We are actively addressing the significant challenges, which still exist in parts of our Commercial Industries business. Overall, the Board believes that the Group can continue to build the recovery of last year*".

The defence and space divisions put in the best performances with the commercial business struggling:

- **Space**: Turnover increased by 3.4% to £14.4m. But while order intake remained strong, total orders signed during the year were down compared to 2001, which benefited from two multi-year extensions to existing contracts. The pipeline of opportunities for this business has doubled compared to the same time last year.
- **Government & Defence**: Turnover increased by 8% to £13.6m. Order intake increased to £13.6m from £10.6m, including the £6.5m Eurofighter contract. The intake from smaller orders was down slightly on 2001. The pipeline of opportunities is up 40%.
- **Commercial Industries**: Turnover declined by 16% to £7.6m. £0.9m of the reduction in turnover related to the aviation sector. Order intake was disappointing – down from £8.6m to £7.1m, but the pipeline of opportunities is up 10%.

Before central overhead costs of £2.1m, all of the business units returned a profit for the year.



Comment - During August, we met with Vega Group's Phil Cartmell, Chief Executive, Peter Young, Solutions Director and Richard Amos, Financial Director. Cartmell joined the company in May 01 and took on the job of turning Vega round. In the six months before his appointment, Vega had suffered the cancelling or delay of three major contracts in its defence division. It also blamed "*lower than planned utilisation rates*" for its decline in revenues and move from profit to loss.

Speaking to the Vega team, it seems the main problem was that the individual businesses (now Space, Government & Defence, and Commercial) were working as separate entities. Whilst they may have had, for example, consultants sitting on the bench in the commercial business, they were at the same time recruiting additional consultants for the government business. The businesses were also failing to capitalise on cross-selling opportunities. Cartmell and his team have spent the last year resolving this problem and developing a more integrated business, with a defined set of core competencies. Utilisation rates are up and the business units are talking to each other!

Vega has also decided to balance its portfolio of contracts so it is not relying on the winning of large deals such as the Eurofighter contract. Targets will now be based on smaller projects which they can be confident of winning, and any larger contracts will be seen as the "*cream on the cake*".

All in all, the business seems to be in much better shape than a year ago, and the management team have inspired our confidence. The Government, Defence and Space businesses are seeing revenue growth and they are expected to show a profit for the year. The only area of concern is the Commercial business where the market remains challenging, but Vega is now in better shape to face the challenge.

*There was an erratum in August's **SYSTEM**HOUSE write-up of Vega's full year results. The text related to the previous interim results. We have included the correct financial results above.*

-20%
450p

CAN TOREX PROVE ITS FINANCIALS ARE UNDER CONTROL?

Acquisitive health and retail solutions firm **Torex** has turned in a tasty set of interim results. Revenue for the six months ended 30th Jun. 02 rose 25% to £77.6m (organic growth 20% to £74.3m), operating profit (excluding goodwill & exceptionals) rose 39% to £12.7m (organic growth 35% to £12.3m) and pre-tax profit soared 81% to £7m. Margins are up at operating level (16.4% up from 14.7%) and pre-tax level (9% up from 6.2%). EPS is up 76% to 9.0p.

Chairman Chris Moore advised that Torex "*will continue to pursue its strategy of organic growth complemented by targeted acquisitions*", and believes they are "*well on course for another excellent financial performance in 2002*".

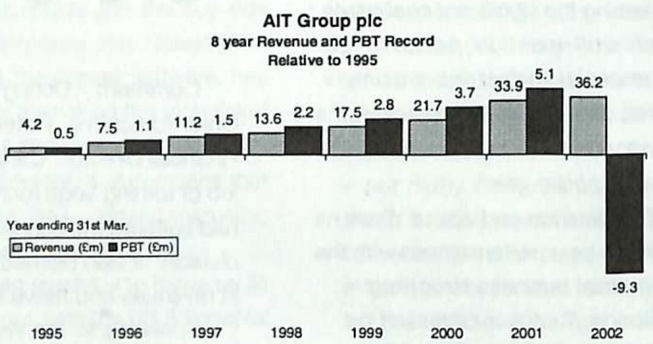
Sales in its Retail division rose 15% to £19.7m (25% of total turnover), but the UK/Ireland health division only managed a 7% rise to £31.6m - organically this equated to a slight decline. Organic growth for the UK/Ireland health division is expected to return in H2. The star was Health in Continental Europe, up

[continued on page nine]

-43%
4p

AIT LIVES TO FIGHT ANOTHER DAY

AIT finally published its long awaited FY02 results and the new board line up. First the results: for the year to 31st Mar. 02 AIT turned over £36.2m, up 7% on the previous year, boosted by the acquisition of IMA in Sep. 01. Continuing operations fell 6%. Last year's PBT of £5.1m turned into a LBT of £9.3m and EPS of 16.22p became a loss per share of 40.64p. Commenting on the results, founder and now Executive Chairman Richard Hicks said: "*Today's financing announcement from AIT represents what I hope is an important step in getting a fundamentally sound business back on its feet.... Despite the difficulties we have faced in 2001/2002 and the subsequent period, we believe that the combination of extensive plans for cost reduction, and the refinancing package proposed to Shareholders, provided that the fundamental components of the business remain in place, will enable the Company to complete a turnaround of the business in the current fiscal year*".



The 'old' board has paid the price, with all current directors, except Hicks, resigning if the resolutions are passed at the EGM. The new team that will (hopefully) lead AIT back to full recovery comprises Nick Randall (CEO), Geoffrey Probert (Software Development Director), Matthew White (CFO) and two non execs from Bessemer Venture Partners (part of the core investor group).

Comment: We commented on AIT's refinancing proposals last month, during August they were confirmed. Subject to shareholder approval, AIT will take up a £8.5m loan from a core investor group (which includes Hicks), on the basis that a further c£12.0m is secured through a combination of bank debt swap for equity, a placing and a 5 for 1 rights issue. Prior to the placing and rights issue the shares will be consolidated on a 1 for 25 basis. The placing comprises 10.2m shares at 87.5p (the rights issue is at the same price). Altogether these measures should raise c£20.5m, before expenses, and along with a committed facilities available from the bank, are expected to be "*sufficient to secure AIT's medium and long-term future*" and to preserve it "*as an independent company*".

The results included, in addition to previous announcements, a change in accounting policy for revenue recognition that has impacted turnover by £7.3m (no more 'stuffing the channel' - i.e. counting licence sales to channel partners before they are sold on to end customers). AIT has also reduced revenue expectations for the current FY, and will be writing down the carrying value of goodwill from the IMA acquisition to £2.5m and writing off investments in associates in the first half. Unsurprisingly, no final dividend is to be paid.

AIT may have sorted out its finances but the company still faces an uphill struggle as it seeks to regain customer and investor confidence. Indeed AIT acknowledges that sales and profitability have been impacted by the uncertainty surrounding its future. Hicks must achieve his target of turning the company around in the current financial year if AIT is going to have a long term future.

[continued from page eight]

Torex Plc Six months to 30th June	Turnover £k			Operating Profit £k			Margin	
	2002	2001	Change	2002	2001	Change	2002	2001
Retail	19,656	17,139	14.7%	3,504	2,651	32.2%	17.8%	15.5%
Health UK & Ireland	31,604	29,428	7.4%	7,163	6,975	2.7%	22.7%	23.7%
Health Continental Europe	26,348	15,387	71.2%	3,891	783	396.9%	14.8%	5.1%
Central Costs			n/a	- 1,866	- 1,289	44.8%	n/a	n/a
	77,608	*61,954*	*25.3%*	*12,692*	*9,120*	*39.2%*	*16.4%*	*14.7%*
Goodwill				-3769	- 2,482			
Exceptional Items					-1170			
TOTAL	77,608	61,954	25.3%	8,923	5,468	63.2%	11.5%	8.8%

71% to £26.3m.

Comment – On the surface, things look to be great for Torex. But we were unsurprised on the day of the results when its share price fell 6%. In the current climate, cash is king, and Torex's spending spree, as well as the fact debtors have risen faster than revenues (at 31% to £53m), was bound to give investors the jitters.

In the first half, Torex undertook three acquisitions (**Amersham Medical Systems** and **Berkeley Computer Systems** in the UK, and **GAP Management AG** in Germany) in order to boost its clinical and diagnostic solutions offering. Acquisitions cost Torex £16.1m over the six month period. This helped push net debt up from £55.3m to £63.7m, i.e. an increase of 15%. In addition, cash has decreased from £18.1m at the beginning of the year to just £1.4m. In the years until 2005, Torex must fund deferred consideration of £12.6m in a mixture of cash and shares.

Goodwill on the balance sheet at 30th Jun. 02 was up 66% to £152m. Torex amortised £3.8m on the P&L account this time around (up by 52%).

Having said all this, cash is moving in the right direction. Cash generated from operations over the period was £12.5m, equivalent to 140% of operating profit, and Torex is continuing efforts to increase operational efficiency. Much of this will be achieved by undertaking an internal integration programme over the next 18 months. Considering the number of acquisitions undertaken, which are said to be "*bedding in well*", there should be plenty of scope for achieving synergies.

Operationally, the outlook is bright, with the order book up by 18.6% to £105m, and demand in the healthcare market, particularly from the NHS, buoyant. When questioned, Moore stated the state of the balance sheet was "*not preventing Torex from doing anything it wanted to do*". We hope that investors' jitters are unfounded. If Torex can prove that its financials are under control, this will be a great success story of an ex-tool hire firm turned full blown S/ITS Company.

+3%
80p

COMPASS MUST FOCUS ON INCREASING PREDICTABLE REVENUE STREAM

Compass Software Group, which provides merchandise planning and design software and consultancy services to the retail and supply chain sectors, has announced results for the six months to 31st May 02 revealing an increase in turnover of 14.4% to £2.2m. In fact, turnover in H101 was artificially boosted by a one-off resale of third-party software relating to the company's House of Fraser contract. Discounting this contribution, turnover growth compared to the same period last year was 32%, of which 18% was organic - the remainder relating to two acquisitions made in 2001.

Studying the breakdown of turnover by activity, software revenues declined by 18.9%, again reflecting the contribution from third party software resale in H101. Turnover from consultancy increased by 32.6% to £1.2m, and support and maintenance revenues increased by 107% to £223K.

Geographically, the UK, Compass' biggest geography (contributing 89% of total revenues), increased turnover by 9.6% to c£2m, and turnover from the rest of Europe increased by 114% to £243K. Compass first made inroads into the European market in 2001 helped by a contract with Dutch retailer, Vroom and Dreesman. Turnover from other, albeit less significant geographies, plummeted in percentage terms. South Africa saw turnover drop 80% to £2.6K and North American turnover was down 97% to just a few hundred pounds. Compass' attempt to break the North American market has not run smoothly. In 2000, after failing to make the intended progress, Compass cancelled its distribution agreement with Compass Canada (a company that had been established by a former Compass Software director). It has instead entered into a number of agreements with strategic resellers, which it claims are now starting to bear fruit.

With regards to profitability, Compass made a pre-tax profit before goodwill amortisation of £217K (up 60% on H101), but goodwill amortisation of £232.8K pushed the company into losses. Profitability was boosted by the refocus on collaborative development projects, the most significant of which is with Marks & Spencer, and increased consultant utilisation. As well as ensuring product functionality is in line with client's demands; it also increased the chargeable utilisation of development resources.

Brian North commented on the outlook, "*the third quarter started well with new contracts providing a boost for software revenues*", and with six month's visibility of consultancy revenues, Compass is optimistic about the progress in this area. As usual, H2 revenues and profits are expected to be higher than for H1 due to the seasonality of the retail business.

Comment – Compass, like many S/ITS companies faces a tough few months, as confidence in the stability of the economy remains low and renders many clients unwilling to

[continued on page ten]

implement new software. Compass states that moving into other retail sectors and expanding overseas is key to the Group's growth over the next few years. This may be the case in the long-term, but in the immediate future, we believe Compass' efforts would be better spent focusing attention on its existing customer base, rather than getting distracted by ambitious growth plans. We would particularly like to see more concentration on increasing the proportion of turnover coming from more predictable revenue streams such as support and maintenance. It was good to see a 107% increase in this period but support revenues still account for just 10% of total turnover. With investors currently very nervous about trusting the accounts of software companies, regardless of how well they are doing, Compass did well for its share price to increase slightly this month.

+3%
77p

CMG
when IT really matters

REALISTIC ABOUT THE STATE OF THE MARKET

Anglo/Dutch **CMG** had a mixed first half, struggling under *"some of the most difficult trading conditions in ICT services markets"* in the company's 38-year history. Total turnover for the six months to 30th Jun. 02 fell 3% to £442.8m, "*against a relatively buoyant first half in 2001*", operating profit (before nasty bits) rose 7% to £27.1m and, pleasingly, they made a £9.3m pre-tax profit, after a £10.2m loss for the same period last year. This follows tightening control of CMG's costs, including 470 redundancies over the course of 2001. EPS was just 0.4p (compared to -2.6p last year).

CMG Plc	Turnover £m			Operating Profit £m*			Margin	
Six months to 30th June	2002	2001	Change	2002	2001	Change	2002	2001
Benelux	174.2	196.3	-11.3%	19.1	35.5	-46.2%	11.0%	18.1%
United Kingdom	128.5	135.9	-5.4%	9.3	13.6	-31.6%	7.2%	10.0%
Germany	25.2	30.2	-16.6%	0.1		n/a	0.4%	n/a
France	26.6	28.9	-8.0%	0.3	1.1	-72.7%	1.1%	3.8%
Rest of World	7.1	7.7	-7.8%	-0.5	-0.3	*Loss Both*	-7.0%	-3.9%
ICT Services	**361.6**	**399.0**	**-9.4%**	**28.3**	**49.9**	**-43.3%**	**7.8%**	**12.5%**
Wireless Data Solutions	**81.2**	**57.7**	**40.7%**	**0.7**	**-22.6**	**-103.1%**	**0.9%**	**-39.2%**
TOTAL	**442.8**	**456.7**	**-3.0%**	**29.0**	**27.3**	**6.2%**	**6.5%**	**6.0%**

**Operating profit before profit in employee trusts, common costs, and goodwill amortisation*

By country, Benelux revenue fell 11% to £174m, UK fell 5% to £129m, Germany (which operated *"around break-even"*) fell 17% to £25m and France fell 8% to £27m.

Wireless Data Solutions: For a change, Wireless Data Solutions (WDS) was the good news story, with revenue up 41% to £81.2m. This increase in revenue was "*significantly assisted by the first half shipments under (the) contract with Hutchinson 3G*", which made up the largest constituent of the £22m of MMS and Unified Communications turnover. CMG actually delivered c£10m more of the 2002 H3G revenues in H1 than expected, due to a contract milestone falling just within the period. If it had not been for this contribution, WDS would probably not have turned in a profit. Nonetheless, the business made a huge leap forward from the near £23m loss in the same period last year, and reported a £700K profit.

The contribution from the H3G contract is likely to be sequentially greater in H202 so a revisit to profitability seems likely. A slight increase in the cost base in H2 will arise as a result of CMG taking on subcontractors to help complete this phase of the H3G contract. Away from the Hutchinson deal, it was good to hear that CMG expects to make more announcements of MMS contract wins (including at least one Tier 1 client contract win in Europe) over the next few months, and is confident about its ability to compete effectively against the likes of Nokia and Ericsson. We can expect turnover of £170m for the full year "*given the pipeline available*" i.e. a 23% increase year on year.

ICT Services: Turnover from ICT services fell 9% to £361.6m and operating profit was slashed by 43% to £28.3m. No surprises here. As expected, managed services grew 23% and public sector business grew 8%, with these now representing 39% of CMG's ICT services business. But even the public sector business has not found it completely plain sailing, with increased competition resulting in greater pricing pressure, and the Benelux region seeing a slowdown in revenue growth as it witnesses a transition to a new government.

In managed services, CMG has benefited from its relationships with HR/personnel departments, developed from its c40 years experience in the payroll processing market, and has expanded this to a broader HR outsourcing offering.

The finance market, representing the largest proportion of turnover, was the main problem area, though retail banking remained "*relatively solid*". The growth in non-finance turnover is just managing to balance the decline in this area.

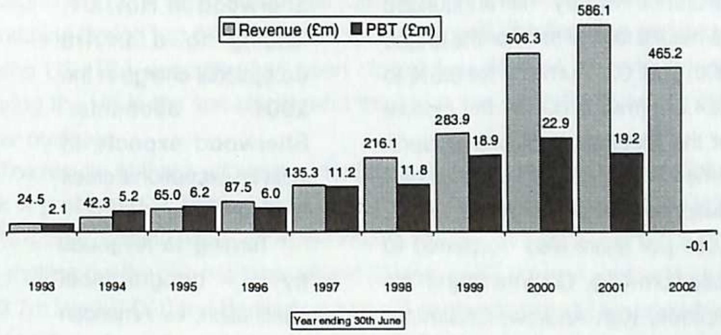
Outlook: The good news is that the sequential revenue decline has started to stabilise. H2 revenues and margins for ICT services will be flat on H1, and utilisation rates and pricing pressure have become more stable since March. Refreshingly, Chairman, Cor Stutterheim is under no illusion that the there will be a swift upturn in the S/ITS sector... in fact he stated that he does not expect to see a recovery, "*until permission from the 'Ivory Tower' arrives*!". So we can rest assured that CMG will be making its decisions based on a realistic view of the market, rather than 'living in denial'.

0%
150p

SERVICES PROVIDE CODE FOR GROWTH AT MORSE

Morse, Europe's largest reseller of Sun and HP systems, went into loss for the first time (at least, since we've been tracking them). Group turnover for the year ended 30th Jun. 02 fell 21% to £465.2m and last year's operating profit of £18.6m turned into an operating loss of £3m, mainly because of c£24m amortisation of goodwill. Even so, operating profit declined 39% to £21.4m. As a result, last year's pre-tax profits of £19.2m fell just below the line this year at -£124K, and last year's EPS of 7.7p is now a loss of 6.1p per share. Morse generated net cash of £51.6m and has net cash of £90.5m 'in the bank', with some £21m in deferred cash outstanding from acquisitions.

Morse plc
10 year Revenue and PBT Record
Relative to 1993



It was of course the core hardware resale business that was the main problem - turnover fell 28% to £358.4m. The good news was that Morse's' professional services activities grew revenues 22% to £106.8m (mainly by acquisition), gross profit rose by 36% to £27.4m and contribution was up by 20% to £10.6m. That raises gross margins from 22.9% to 25.7%. but leaves net margins about line ball at a shade under 10%. Services now represents 23% of group turnover but 28% of contribution.

UK sales were down 21% to £347m, with hardware down 28% but services up 16% (mainly due to the acquisition of **Delphis** in Apr.01). France fell into losses (£3m operating, £5.1m net) on the back of a 36% revenue drop to £52m. Germany stayed profitable (no mean feat) - just - but turnover fell 17% to £53m. Spain (**ISASA** acquisition Sep. 01) made an operating profit of £1m but a net loss of £1.6m. By sector, Financial Services revenue fell 9% to £206m, Telecoms down 27% to £138m and Commercial, Media and Energy were down 26%, 52% and 23% respectively.

Morse chairman Richard Lapthorne noted that *"the downturn has clearly impacted us and will continue to do so ... (but) I believe we will continue to have good prospects"*. However, CEO Duncan McIntyre somewhat dampened the outlook, reporting that *"the new financial year has begun slightly weaker than last year ... We will ... continue to reduce costs where possible"*.

Comment: Morse is pitching itself as 'technology integrator', and wants to create a 'space' for itself between value-added resellers and 'full on' systems integrators. Tough call, as we don't really see a separate market there, which is why Morse is being squeezed by both VARs (at the high end) and the SIs (at the low end). Morse's professional services turnover is spilt roughly equally between systems support (i.e. h/w & s/w break/fix), project services, and software resale (on the back of the project services). And that's the rub. Unlike **Computacenter**'s services business, which is more driven by annuity-based managed services, Morse has to catch its food quarter by quarter. Mind you, Morse is earning c£150K per head from its c700 services staff, whereas Computacenter gets under £90K per head from its c1,200 staff in managed services, so there is a balance to be struck! Morse does have a fledgling managed services business – some £4m last year – but it is on annual contracts. We'd really like them to look for more of this type of services business, as the competition for project-based 'technology integration' services is very fierce. Nonetheless, we are pleased to see that Morse's services business is growing, even if it is mainly on an opportunistic basis. Morse is looking for more 'bolt on' acquisitions to boost its service business in Continental Europe.

We applaud Morse's aggressive goodwill amortisation policy – they write off goodwill from 'external' acquisitions in three years. We have no issue with them amortising the goodwill from the 1995 'acquisition' of Morse Group Limited over ten years as this was purely an 'internal' transaction.

We are also particularly enamoured of CEO Duncan McIntyre's wholly pragmatic approach to 'deferred projects'. As far as he's concerned, if a customer 'defers' a project into the next quarter, Morse considers it lost business, as even if it does re-emerge down the line (which it often does), it is always with much reduced scope. Why can't other players face reality like Morse does?

Morse plc FYE: 30th June	Turnover £m			Profit before int. & tax £m			Margin	
	2002	2001	Change	2002	2001	Change	2002	2001
UK	347.0	441.8	-21.5%	3.1	19.0	-83.9%	0.9%	4.3%
Germany	52.5	63.3	-17.2%	0.6	1.3	-51.9%	1.2%	2.1%
France	51.8	81.0	-36.1%	-5.1	-1.8	192.5%	-9.9%	-2.2%
Spain	13.9	n/a	n/a	-1.6	n/a	n/a	-11.5%	n/a
TOTAL	465.2	586.1	-20.6%	-3.0	18.6	-116.3%	-0.7%	3.2%

-11%
75p

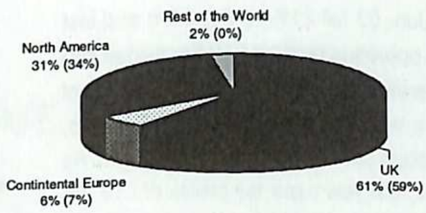
Sherwood INTERNATIONAL

NEW LICENCE SALES = MORE SERVICE OPPORTUNITIES

Sherwood International – provider of solutions to the global insurance industry - has announced its results for the six months ended 30th Jun. 02. Turnover fell 8.5% to £24.6m (mainly due to the closure of the Mattioda business in North America during the period) and LBT deepened to £2.1m from £1.4m. Loss per share also deepened to 5.6p from 4.1p. Commenting on the outlook, Ken Andrew, Chairman, said: "*Although market conditions remain difficult and unpredictable, Sherwood is cautiously optimistic in its outlook. The Group enters the second half of 2002 with a solid management team focused on sales, a strong global pipeline, and a broad product portfolio*".

Comment: The results were a real mixture of good news/bad news. On the good news front the company generated £1.8m of new licence revenues (compared to £0.8m in H1 01), which it believes should provide "*promising service opportunities for the group*". However total licence revenue fell 12.5% to £3.5m, as orders were deferred/delayed. In Jul. 02 Sherwood reached a negotiated settlement with several parties, which will result in a £2m payment to the company in Aug. 02. This relates to a court judgement against Sherwood in Nov. 01, leading to a £4.1m exceptional charge in the 2001 accounts. Sherwood expects to post an exceptional credit of around £1.7m in H2.

Sherwood International
H1 2002 geographical mix by destination
Total = £24.6m



Turning to revenues by geographical destination, N. American revenues fell by 15% to £7.7m, and now accounts for 31% of sales. This was a disappointment as the US is obviously a crucial market for Sherwood.

In the UK revenues slipped 6% to £14.9m, and Sherwood commented that its Life & Pensions business is experiencing "*strong competition for the limited opportunities that exist*" and the Reinsurance sector remains "*subdued*". But it was Continental Europe that produced the poorest performance, with revenues down 25% to £1.4m.

Meanwhile sales in the rest of the world generated £581K (up from virtually nothing in H1 01) mainly from sales into China and Asia Pac.

In addition to its commercial business, Sherwood has a Government division. This reported growth of 8% to £7.8m during the period and now represents 32% of total Group turnover.

The cost reduction exercise that the company undertook earlier in the year (which resulted in £3m redundancy costs) has left Sherwood in better financial shape than many software companies, with zero debt and a positive cash flow. But despite these measures, and "*given the uncertainty in the market*" Sherwood is not going to pay an interim dividend (last year the interim dividend was 0.85p per share). Ken Andrew says they will review their position at the year-end in light of "*cash position, market conditions and best practice in our industry*".

We have reported on Sherwood's tango like progress in the past (two steps forward, one step back) but if it can continue to deliver new licence growth and get the pull through from the services business then it may have turned the corner sooner than others.

-48%
7p

LISA

WEALTH MANAGEMENT SOFTWARE – EYES UP EUROPE

Wealth Management Software – a developer of integrated software products to the financial services markets - announced its interim results for the six months ended 30th Jun. 02. Turnover fell 4% to £6.1m, an LBT of £3.3m was converted to a very modest PBT of £1K and a loss per share of 7.85p in the comparative period in 2001 became an EPS of 0.04p. Commenting on the outlook, Paul Newton, Chairman said, "*The general outlook for software sales to the financial services sector has not improved since the start of the year and we expect it to remain uncertain for the rest of 2002*".

Comment: On the good news front the company managed to secure six LISA contracts with a total value of £3.5m including total licence value of £1.6m, compared to only one in the whole of 2001. WMS attributes this to the increased functionality of its LISA solutions, which has enabled it to tackle new areas of the financial services industry such as offshore banking and

[continued on page thirteen]

11%
45p
Spring

PUTTING ITS HOUSE IN ORDER

Spring Group has announced results for the six months to 30th Jun. 02 showing total revenue down 14% to £148.4m (acquisitions added just short of £1m during the period). A LBT of £0.7m for the comparable period last year has deepened to £9.5m (including £3.7m 'exceptional' costs from redundancies/property reorganisation etc and a £1.6m loss on discontinued operations), and an EPS of 0.47p is now a loss per share of 6.39p. Commenting on the results Richard Barfield, Spring's CEO, said: "*Spring has now substantially completed its restructuring and cost reduction programme. We have right-sized our central and IT infrastructure and support costs, closed our unprofitable US start-up operation, and taken measures to position each of our businesses to return to profitability*".

Spring Group Interims: 30th June	Operating Profit pre-exceptionals £m		
	2002	2001	Change
UK IT Staffing	**-0.7**	**0.1**	**Profit to loss**
Spring IT Personnel	1.0	1.2	-16.7%
SpringConnect	-1.0	-0.9	Loss both
hy-phen	-0.8	-0.2	Loss both
Spring IT Solutions	0.1	0.0	Breakeven to profit
IT Training	-0.8	-3.7	Loss both
Spring Personnel	1.1	2.3	-52.2%
Head Office Costs	-2.8	-4.0	-30.0%
Discontinued US IT Staffing	-1.1	-1.1	Loss both
TOTAL	**-4.3**	**-6.4**	**Loss both**

Comment: Since taking up the reins at the end of April, Barfield has been busy trying to put Spring back on the path to profitability - something Spring's investors have not enjoyed since FY99. Central costs have been much reduced (something Spring has been criticised for in the past), the fledgling and loss-making US ITSA operation has been closed (we doubted the wisdom of entering the US in the first place), and the focus has been firmly on signing *better* business.

The results of these efforts are starting to flow through, with IT Solutions back in profit, and IT Training revenues slightly ahead (compare that to QA's c40% drop in training revenues at the interim stage). Admittedly training is still loss-making but the gap has been closed (£0.8m on £8.5m revenue compared to £3.7m loss H1 01), and Barfield says he will be disappointed if the operation is not trading at breakeven in the second half. Recent contract wins in training (a three year deal with the NHS worth "*several millions*", and managed training service wins with **Computacenter** and **Getronics**) have improved revenue visibility.

hy-phen, Spring's proprietary workforce management software and service offering, has scored wins with a number of new clients (National Grid, **Accenture** and Consignia), and revenue has started to flow through. hy-phen's real value, however, is as a 'pump-priming' tool for Spring, creating opportunities for the ITSA operation to place greater numbers of contractors.

Meanwhile the core IT staffing operation, IT Personnel, reported a 12% decline in revenues to £105m – that's a pretty robust performance in today's climate - and remained profitable at the operating level. Spring's 'spot' and vertical market recruitment operation (SpringConnect), boosted by the acquisition of **Triage** in May, is expected to substantially increase revenue in H2 and achieve breakeven.

With only a modest amount of goodwill on the books (£2.4m all relating to Triage), net cash at £53.2m (just ahead of the position at the end of 2001), and costs more in line with revenues, Spring is now in better shape than it has been for a long time. Barfield says he is considering further acquisitions that will improve the balance of the IT staffing operation in favour of more vertical market focus – debt-laden businesses need not apply!

[continued from page twelve]

regional stockbroking. However, the fact that turnover has fallen in spite of the rise in contracts highlights that other areas of its business are still very much under strain. In the meantime WMS reports that it is seeking new areas of growth, including continental Europe. This has been an ongoing project for WMS. The company opened its first European office in Germany in Aug. 00 and despite reporting a "*strong*" prospect list and "*interest from neighbouring countries*", its European business has really never really taken off. In its FY 01 results WMS generated just 2% (£247K) of total revenues from Europe. Given its track record maybe WMS should look closer to home for growth in the short term, rather than allow itself to be distracted by European plans. Indeed, it would be a shame if WMS undid its good work in controlling costs and ended up joining the ranks of software companies that have been caught out by over ambitious expansion strategies.

-18%
40p

PRODUCT LICENCE REVENUE DROPS BY 66% AT FINANCIAL OBJECTS

With a reliance on the banking industry, **Financial Objects** has announced a 22% fall in revenues to £6.8m for the six months to 30th Jun. 02. In addition, a pre-tax profit for the comparable period in 2001 of £937K has been converted to a loss of £1.1m. This loss was after amortisation of goodwill of £582K and an exceptional operating credit of £352K. Diluted loss per share was 2.35p compared to an EPS of 1.22p.

Revenues from both its software products declined compared to the same six months in 2001:

- Revenues relating to the ActiveBank products fell from £4.3m to £3.2m, "*primarily due to the way the income arises on a large contract won during the first quarter*". Investment in the ongoing development of ActiveBank continued throughout the year. David Carruthers, CE, stated, "*We are confident that ActiveBank will provide a solid foundation for the long-term success of the Group*".

- IBIS revenues were also lower than expected due in the main to the continued slow roll out of the new IBIS/S2 software. Revenues fell to £3.6m compared to £4.4m in the same period in 2001.

Roger Foster, Chairman, commented on the results, "*The difficult market conditions in our sector are likely to continue throughout the second half of this year and there is no indication yet of when the banking software market will improve. Despite the ongoing pressures of the market environment, we believe that from a financial and product viewpoint, the Company will be in a sound position to take advantage of opportunities when our market recovers*".

Comment – If it hadn't been for the increase in revenues from product support, Financial Objects would have seen revenues fall even further. Support revenues increased by 3.1% to £3.5m, whilst product licence revenues decreased significantly from £1.6m to just £535K. Product support and professional services revenues now account for 92% of total revenues, but with a decline in product licence sales, it is difficult to see where the support revenues will come from in the future. With that in mind, the good news is that the company won four new licence deals for its ActiveBank product in the period compared to just two in the whole of 2001. Most of the revenue on these contracts is yet to be recognised.

Financial Objects continued to be cash generative over the period with a positive cash flow of £1.2m. It now has cash in the bank of £16.6m, and has reiterated that it has cash resources that are "*surplus to its requirements for the foreseeable future*". Therefore, in order to return £6m of surplus cash to shareholders, it is proposing a buyback of shares. This will be welcome news for shareholders who really haven't got a lot else to be cheery about at the moment. The share price fell 17.5% to 40p during the month, and is standing at an 83% discount to its float price of 230p back in Dec. 98.

Financial Objects plc Six months to 30th June	Turnover £m		
	2002	2001	Change
Product Licences	0.54	1.58	-66.1%
Product Support	3.51	3.40	3.2%
Product Services	2.74	3.73	-26.7%
TOTAL	6.78	8.71	-22.17%

-31%
37p

RUN RATE AT LOWEST LEVEL FOR THREE YEARS

Quantica, a multi-discipline staff agency with an IT activity, has reported interim results for the six months to 1st Jun. 02 showing turnover down 20% to £13.4m, compared to H1 01. Profits have been hit harder, with PBT down 69% to £504K, and fully diluted EPS down from 2.74p to 0.74p. Chairman Tony Gartland commented: "*In the light of the continued difficult market conditions, and the cost incurred in reducing our cost base still further, your Board proposes that no interim dividend be paid*".

Comment: Interesting to see the company dispensing with the dividend in light of "*uncertain market conditions*" - we expect others to do likewise (well those that were paying dividends in the first place!). Quantica remarked that although it expected trading in H1 to be difficult, especially compared to H1 last year, all businesses showed rising sales and profits during the period. However, trading conditions have deteriorated significantly since early June. Run rates, in the technology division, "*suggest a difficult second half*". Indeed, across the company, run rates are at their lowest level for three years. At least Quantica reports that its technology recruitment operation remains profitable - not something all ITSA businesses can claim right now.

Buyer	Seller	Seller Description	Acquiring	Price	Comment
Amshold Ltd	Learning Technology plc (formerly Viglen)	Hardware, s/w & services for education market	remaining 30.8%	c£11m	Amshold (an investment company owned by Alan Sugar), acquired the remaining shares in LT (valuing the company at £35.6m) and plans to de-list it. LT turned over £105.2m in the 15 mnths to 30th Sep. 01 and made PBT of £2.6m.
Argonaut Games	Morpheme Ltd	Games developer	100%	max £1.8m	Argonaut acquired the loss-making games publisher for £0.3m up front (and the assumption of £65K of debt) with a further £0.7m cash and £0.8m in shares payable over 3 years.
Baltic Exchange	Strategic Software	Comms s/w & apps for the shipping industry	100%	c£1m	The deal is thought to be c£1m, and is part of the exchange's plan to upgrade its broking system.
ICM Computer Group	Assurity Holdings Ltd	London-based business continuity provider	100%	£2.7m	ICM paid £2.7m and assumed debt of £0.9m which will be repaid on completion. Assurity turned over £1.4m in the year to 31st Mar. 01 but made an OP of £0.8m.
Protogona	Swetenhams Marketing Services	Value added list broking, list management & customer data integration services	100%	max £4.9m	Protogona paid an initial consideration of £2.5m cash and 97.0m new Protogona shares, with the balance payable in loan notes subject to performance. The company undertook a capital reorganisation to facilitate the deal: each existing ordinary 5p share will be subdivided and converted into one reduced ordinary share of 1p and one deferred share of 4p.
ROCC Computers Ltd	Marcmoor Computer Systems	Solutions for LAs and SME's	100%	n/a	ROCC acquired Marcmoor to boost its public sector business.
Tikit Group	Granite & Comfrey Ltd	Systems and services for law firms and legal organisations	100%	£296K	Iinitial consideration of £196K (127,070 shares in Tikit and £60K in cash). A further consideration of £100K is payable dependent Granite & Comfrey achieving budgeted sales to 31st Dec. 04. In the year to 31st Mar. 02, Granite & Comfrey made a pre-tax profit of £6.9K on turnover of £289K.
Torex	ARCIRIS Holding Ltd	EPOS & back office systems for petrol retailers and convenience stores	100%	£3.25m	Initial consideration of ££2.25m in shares. Additional revenue of £1m payable dependent on profitability of ARCIRIS to end 2003. Will be a "net contributor to Group's profitability in its first full year".
Tornado Virtue	Viewpoint Media Pty Ltd	Corporate streaming solutions	100%	n/a	Virtue Broadcasting, the Australian subsidiary of digital content distribution & service provider Tornado Virtue, acquired Viewpoint with shares (Viewpoint shareholders will own 20% of the enlarged issued share capital of Virtue).
Tribal Group	Yale Data Management Consultants Ltd	IT and management consultancy for the public sector	100%	max £9.6m	Founded in 1983, Yale is one of just 8 companies contracted to supply services in all 13 categories covered by S-CAT. Tribal paid an initial £5.7m with the deferred consideration based on growth in OP through to 2006. The deal was done at a PSR of 1.39, based on Yale's results to 31st Mar. 02.

Forthcoming IPOs

Name	Activity	S/ITS or Dotcom Index	Index Class	Market	Est Issue Price	Est Mkt Cap.	IPO Date
Profectus	Consultancy to 3G Maintenance	S/ITS	CS	TBA	tbc	£100.0m	2002
System-C Healthcare	Healthcare IT Solutions	S/ITS	SP	TBA	tbc	£36.0m	2002
theoilsite.com	e-procurement exchange	Dotcom	B2B	AIM	tbc	£5.0m	2002
Vecta Corporation	e-business sales softw are developer	S/ITS	SP	AIM	tbc	£14.0m	2002
Xchanging	Support Services	S/ITS	CS	MAIN	tbc	£1.0bn	2002

-33%
138p
ecsoft

ECSOFT LOOKS TO THE ORACLE FOR DIVINE GUIDANCE

ECsoft Six months to 30th June	Turnover £m			Operating Profit £K*			Margin	
	2002	2001	Change	2002	2001	Change	2002	2001
UK	4.5	10.7	-57.6%	-2033	328	Profit->Loss	-44.7%	3.1%
Scandinavia	13.5	17.2	-21.5%	-1155	961	Profit->Loss	-8.5%	5.6%
Rest of Europe	2.6	6.2	-57.1%	-556	51	Profit->Loss	-21.0%	0.8%
TOTAL	20.7	34.1	-39.3%	-3744	1340	Profit->Loss	-18.1%	3.9%

* before goodwill amortisation & exceptionals

ECsoft has reported its results for the six months to 30th Jun. 02, and they make pretty grim reading. Total revenue is down 39% to £20.7m with revenue from ongoing operations down 42% to £18.9m. They recorded an operating loss (pre-exceptionals etc) of £3.74m compared to an operating profit of £1.34m same time last year. As a result, last year's pre-tax profit of £2.76m turned into a pre-tax loss of £5.75m, with a loss per share of 51p (cf EPS of 8.4p last year). Revenues were down in all of ECsoft's operating regions. UK revenue dropped 58% to £4.55m (continuing operations were 33% down - they sold their managed services activities to **PinkRoccade** last year), Scandinavia – their core market – dropped 22% to £13.52m and the rest of Europe dropped 57% to £2.64m. All regions were loss-making. Cash flowed out to the tune of almost £5m but they still have substantial cash on hand (and net current assets) of over £31m.On the bright side, their public sector business *"has developed well"* and represented 30% of total revenue in H1 compared to 19% same time last year. CEO Jerry Ellis confirmed that *"market conditions remain difficult and we expect this to continue in the second half of the year"*. Nonetheless, they are expecting a reduced trading loss in H2 and will continue to look for *"accretive acquisitions in support of our core strategy/territories"*.

Comment: It's very tough for everyone out there but even tougher for consultancies without a recognised niche expertise like ECsoft. They are trying to establish themselves as a specialist Oracle shop though many will say this is a contradiction in terms. To that end they recently (Jul. 02) acquired Dutch Oracle consultancy **BTS Consulting** and earlier in the year (Apr. 02) they bought CMG's Danish business, **CMG Danmark A/S**. As part of their downsizing they also sold their own German operations to an MBO (why is it that few UK companies seem to be able to run profitable IT services operations in Germany?). But it's hard for us to see what they can do to make themselves really look different. ECsoft listed on Nasdaq back in 1996 at $10 and then in London in Jul. 98 at £18.07 (!). They have all but delisted from Nasdaq (now 'over the counter') and their shares in London finished the month at 138p, 73% down since the beginning of the year.

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

AFA Systems plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£4,077,000	£8,136,000	£3,137,000	-23.1%
PBT	-£1,417,000	-£14,619,000	-£2,163,000	Loss both
EPS	-5.60p	-56.90p	-8.50p	Loss both

Affinity Internet Holdings Plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£11,312,000	£52,765,000	+366.5%
PBT	-£26,050,000	-£30,090,000	Loss both
EPS	-25.80p	-109.81p	Loss both

AIT Group plc

	Final Mar 01	Final - Mar 02	Comparison
REV	£33,882,000	£36,224,000	+6.9%
PBT	£5,109,000	-£9,272,000	Profit to loss
EPS	16.22p	-40.64p	Profit to loss

Alphameric plc

	Interim - May 01	Final - Nov 01	Interim - May 02	Comparison
REV	£24,743,000	£56,848,000	£27,373,000	+10.6%
PBT	-£2,245,000	-£1,677,000	£187,000	Profit to loss
EPS	-2.20p	-2.39p	0.20p	Profit to loss

Alterian plc

	Final - Mar 01	Final - Mar 02	Comparison
REV	£2,078,000	£4,267,000	+105.3%
PBT	-£3,592,000	-£9,247,000	Loss both
EPS	-10.71p	-23.90p	Loss both

Anite Group plc

	Final - Apr 01	Final - Apr 02	Comparison
REV	£192,418,000	£202,510,000	+5.2%
PBT	£7,096,000	£5,764,000	-18.8%
EPS	0.40p	-0.60p	Profit to loss

Argonaut Games

	Interim - Jan 01	Final - Jul 01	Interim - Jan 02	Comparison
REV	£1,451,000	£4,396,000	£9,271,000	+538.9%
PBT	-£1,634,000	-£3,131,000	£4,027,000	Loss to Profit
EPS	-1.75p	-3.35p	3.82p	Loss to Profit

Autonomy Corporation plc

	Interim - Jun 01	Final - Dec 01	Interim - Ju 02	Comparison
REV	£19,975,000	£36,271,000	£18,172,000	-9.0%
PBT	£7,635,500	£9,146,896	£3,045,000	-60.1%
EPS	0.03p	5.00p	0.03p	+0.0%

Aveva Group Plc

	Final - Mar 01	Final - Mar 02	Comparison
REV	£28,100,000	£31,818,000	+13.2%
PBT	£5,225,000	£4,938,000	-5.5%
EPS	20.26p	19.48p	-3.8%

Axon Group plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£42,737,000	£42,762,000	+0.1%
PBT	£7,174,000	£5,464,000	-23.8%
EPS	8.60p	6.70p	-22.1%

Azlan Group plc

	Final - Mar 01	Final - Mar 02	Comparison
REV	£591,608,000	£610,100,000	+3.1%
PBT	£16,132,000	£18,400,000	+14.1%
EPS	10.20p	11.90p	+16.7%

Baltimore Technologies plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£69,371,000	£70,421,000	+1.5%
PBT	-£99,038,000	-£659,711,000	Loss both
EPS	-24.20p	-131.80p	Loss both

Bond International Software plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£5,698,000	£11,365,995	£3,175,000	-44.3%
PBT	£443,000	£1,256,609	-£2,085,000	Profit to loss
EPS	2.17p	6.11p	-13.80p	Profit to loss

Business Systems Group Holdings plc

	Final - Mar 01	Final - Mar 02	Comparison
REV	£37,707,000	£24,224,000	-35.8%
PBT	-£148,000	-£10,510,000	Loss both
EPS	-0.37p	-12.84p	Loss both

Capita Group plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£323,000,000	£641,940,000	£391,222,000	+21.1%
PBT	£20,984,000	£53,026,000	£29,043,000	+38.4%
EPS	1.85p	4.67p	2.50p	+35.1%

Charteris Plc

	Interim - Jan 01	Final - Jul 01	Interim - Jan 02	Comparison
REV	£4,829,000	£13,276,000	£8,725,000	+80.7%
PBT	£61,000	£828,000	£591,000	+868.9%
EPS	0.14p	1.52p	0.90p	+542.9%

Clarity Commerce plc

	Final - Mar 01	Final - Mar 02	Comparison
REV	£3,518,000	£7,620,000	+116.6%
PBT	-£1,145,000	-£221,000	Loss both
EPS	15.82p	-2.51p	Loss both

Clinical Computing plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£2,259,201	£2,179,894	-3.5%
PBT	-£328,673	-£1,369,934	Loss both
EPS	-1.30p	-5.50p	Loss both

CMG plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£456,700,000	£920,400,000	£442,800,000	-3.0%
PBT	-£10,200,000	-£588,800,000	£9,300,000	Loss to Profit
EPS	-2.60p	-99.60p	0.40p	Loss to Profit

CODASciSys plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£49,624,000	£64,820,000	+30.6%
PBT	£2,732,000	£5,054,000	+85.0%
EPS	6.50p	11.70p	+80.0%

Comino Group plc

	Final - Mar 01	Final - Mar 02	Comparison
REV	£21,436,000	£20,560,000	-4.1%
PBT	£3,233,000	-£576,000	Profit to loss
EPS	16.30p	-3.80p	Profit to loss

Compass Software Group plc

	Interim - May 01	Final - Nov 01	Interim - May 02	Comparison
REV	£1,961,614	£4,266,677	£2,244,772	+14.4%
PBT	£91,481	£356,253	-£15,004	Profit to loss
EPS	0.47p	1.61p	-0.68p	Profit to loss

Compel Group plc

	Interim - Dec 00	Final - Jun 01	Interim - Dec 01	Comparison
REV	£162,688,000	£235,731,000	£32,003,000	-80.3%
PBT	-£1,866,000	-£13,367,000	-£258,000	Loss both
EPS	-4.70p	-47.00p	-0.90p	Loss both

Computacenter plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£1,990,620,000	£2,093,423,000	+5.2%
PBT	£55,571,000	£34,900,000	-37.2%
EPS	20.80p	9.90p	-52.4%

DCS Group plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£140,010,000	£104,900,000	-25.1%
PBT	-£14,451,000	-£4,600,000	Loss both
EPS	-55.46p	-22.58p	Loss both

Delcam plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£9,004,000	£18,248,122	£9,518,000	+5.7%
PBT	£734,000	£853,565	£519,000	-29.3%
EPS	8.90p	9.70p	6.10p	-31.5%

Detica Group Plc

	Final - Mar 01	Final Mar 02	Comparison
REV	£26,602,000	£32,841,000	+23.5%
PBT	£4,684,000	£5,928,000	+26.6%
EPS	16.50p	20.80p	+26.1%

Diagonal plc

	Interim - May 01	Final - Nov. 01	Interim - May 02	Comparison
REV	£44,955,000	£82,182,000	£33,902,000	-24.6%
PBT	£2,920,000	£4,256,000	£1,607,000	-45.0%
EPS	1.71p	2.26p	0.77p	-55.0%

Dicom Group Plc

	Interim - Dec 00	Final - Jun 01	Interim - Dec 01	Comparison
REV	£67,530,000	£140,290,000	£75,622,000	+12.0%
PBT	£3,735,000	£7,471,000	£4,216,000	+12.9%
EPS	11.10p	22.80p	12.30p	+10.8%

Dimension Data Plc

	Interim - Mar 01	Final - Sep 01	Interim - Mar 02	Comparison
REV	£765,283,000	£1,474,501,000	£808,178,000	+5.6%
PBT	-£26,427,000	-£1,152,888,000	-£481,439,000	Loss both
EPS	-5.20p	-11.15p	-37.20p	Loss both

DRS Data & Research Services plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£11,653,000	£10,054,000	-13.7%
PBT	£563,000	£665,000	+18.1%
EPS	1.12p	1.36p	+21.4%

Easynet Plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£41,742,000	£71,276,000	+70.8%
PBT	-£12,113,000	-£292,667,000	Loss both
EPS	-44.98p	-440.50p	Loss both

ECsoft Group plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£34,119,000	£59,327,000	£20,710,000	-39.3%
PBT	£2,763,000	-£18,345,000	-£5,754,000	Profit to loss
EPS	8.40p	-169.70p	-51.00p	Profit to loss

Eidos plc

	Final - Mar 01	Final - Mar 02	Comparison
REV	£156,628,000	£173,528,000	+10.8%
PBT	-£96,358,000	-£14,171,000	Loss both
EPS	-84.50p	-10.70p	Loss both

Electronic Data Processing plc

	Interim - Mar 01	Final - Sep 01	Interim - Mar 02	Comparison
REV	£5,107,000	£10,408,000	£4,323,000	-15.4%
PBT	-£360,000	-£306,000	-£414,000	Loss both
EPS	-1.38p	-1.14p	-1.66p	Loss both

Epic Group plc

	Final - May 01	Final - May 02	Comparison
REV	£8,041,000	£7,227,000	-10.1%
PBT	£1,569,000	£835,000	-46.8%
EPS	6.05p	3.10p	-48.8%

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%

Eyretel Plc

	Final - Mar 01	Final - Mar 02	Comparison
REV	£39,362,000	£50,017,000	+27.1%
PBT	-£2,325,000	£648,000	Loss to Profit
EPS	-2.19p	0.49p	Loss to Profit

Financial Objects plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£8,711,000	£17,526,000	£6,780,000	-22.2%
PBT	£937,000	£1,046,000	-£1,103,000	Profit to loss
EPS	1.22p	0.84p	-2.35p	Profit to loss

Flomerics Group plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£6,455,000	£12,875,000	£5,966,000	+99.5%
PBT	£110,000	£308,000	£147,000	+180.0%
EPS	0.55p	1.72p	0.75p	+212.7%

Focus Solutions Group plc

	Final - Mar 01	Final - Mar 02	Comparison
REV	£2,273,000	£5,073,000	+123.2%
PBT	-£2,437,000	-£2,590,000	Loss both
EPS	-9.70p	-10.30p	Loss both

Gladstone Plc

	Interim - Dec 00	Final - Jun 01	Interim - Feb 02	Comparison
REV	£6,418,033	£6,022,092	£4,020,569	-37.4%
PBT	-£4,541,865	-£16,336,496	-£3,380,671	Loss both
EPS	-14.90p	-47.45p	-9.74p	Loss both

Glotel Plc

	Final - Mar 01	Final - Mar 02	Comparison
REV	£165,367,000	£98,352,000	-40.5%
PBT	£757,000	-£4,445,000	Profit to loss
EPS	1.40p	-8.60p	Profit to loss

Gresham Computing plc

	Final - Oct 00	Final - Dec 01	Comparison
REV	£23,325,000	£24,761,000	+6.2%
PBT	-£4,273,000	-£973,000	Loss both
EPS	-9.38p	-3.32p	Loss both

Harrier Group Plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£11,163,749	£17,052,456	+52.7%
PBT	-£1,325,523	-£1,144,750	Loss both
EPS	-4.76p	-3.59p	Loss both

Harvey Nash Group plc

	Final - Jan 01	Final - Jan 02	Comparison
REV	£226,249,000	£235,720,000	+4.2%
PBT	£12,971,000	-£11,346,000	Profit to loss
EPS	24.63p	-39.38p	Profit to loss

Highams Systems Services Group plc

	Final - Mar 01	Final - Mar 02	Comparison
REV	£20,662,000	£16,777,000	-18.8%
PBT	-£2,032,000	-£298,000	Loss both
EPS	-10.43p	-1.45p	Loss both

Horizon Technology Group Plc

	Final - Jun 00	Final - Jun 01	Comparison
REV	£180,417,000	£249,091,000	+38.1%
PBT	£6,915,000	-£10,037,000	Profit to loss
EPS	7.86p	-15.30p	Profit to loss

Host Europe Plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£4,160,000	£9,529,000	+129.1%
PBT	-£14,364,000	-£34,419,000	Loss both
EPS	-1.78p	-3.38p	Loss both

Hotgroup plc (was Rexonline)

	Interim - Oct 00	Final - Apr 01	Interim - Oct 01	Comparison
REV	£923,000	£2,006,000	£1,338,000	+45.0%
PBT	-£70,000	£216,000	-£674,000	Loss both
EPS	1.10p	2.80p	-7.00p	Profit to loss

iRevolution Plc

	Interim - Mar 01	17 mths Sep 01	Interim - Mar 02	Comparison
REV	£2,524,000	£6,433,000	£2,858,000	+13.2%
PBT	-£647,000	-£4,153,000	-£1,779,000	Loss both
EPS	-2.50p	-14.50p	-3.90p	Loss both

I S Solutions plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£11,237,000	£10,873,000	-3.2%
PBT	£547,000	-£222,000	Profit to loss
EPS	1.17p	-1.06p	Profit to loss

ICM Computer Group plc

	Interim - Dec 00	Final - Jun 01	Interim - Dec 01	Comparison
REV	£31,520,000	£66,678,000	£32,384,000	+2.7%
PBT	£1,773,000	£4,668,000	£1,923,000	+8.5%
EPS	6.10p	16.00p	6.60p	+8.2%

IDS Group plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£12,855,000	£35,355,000	+175.0%
PBT	-£28,250,000	-£18,138,000	Loss both
EPS	-107.42p	-31.96p	Loss both

Innovation Group plc (The)

	Interim - Mar 01	Final - Sep 01	Interim - Mar 02	Comparison
REV	£13,122,000	£43,695,000	£62,426,000	+375.7%
PBT	£1,359,000	-£10,806,000	-£3,474,000	Profit to loss
EPS	-0.21p	-0.21p	-3.88p	Loss both

Intelligent Environments Group plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£8,810,556	£3,111,584	-64.7%
PBT	-£2,523,413	-£6,979,561	Loss both
EPS	-5.97p	-13.53p	Loss both

Intercede Group plc

	Final - Mar 01	Final - Mar 02	Comparison
REV	£2,014,000	£1,193,000	-40.8%
PBT	-£1,125,000	-£2,188,000	Loss both
EPS	-8.80p	-11.70p	Loss both

IQ-Ludorum Plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£2,146,000	£4,192,000	+95.3%
PBT	-£1,859,333	-£5,308,000	Loss both
EPS	-3.85p	-6.66	Loss both

ISOFT Group plc

	Final - Apr 01	Final - Apr 02	Comparison
REV	£31,131,000	£60,102,000	+93.1%
PBT	£5,310,000	£12,178,000	+129.3%
EPS	3.06p	7.61p	+148.7%

ITNET plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£158,873,000	£176,446,000	+11.1%
PBT	-£1,423,000	£10,467,000	Loss to profit
EPS	-0.18p	9.12p	Loss to profit

Izodia Plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£2,697,000	£3,828,000	+41.9%
PBT	-£35,997,000	-£73,555,000	Loss both
EPS	-66.15	-156.33	Loss both

Jasmin plc

	Final - Mar 01	Final - Mar 02	Comparison
REV	£3,786,000	£7,099,000	+87.5%
PBT	-£645,000	£716,000	Loss to profit
EPS	-10.47p	16.67p	Loss to profit

K3 Business Technology Group Plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£14,250,000	£7,972,000	-44.1%
PBT	-£5,191,000	-£1,373,000	Loss both
EPS	-29.20p	-3.60p	Loss both

Kewill Systems plc

	Final - Mar 01	Final - Mar 02	Comparison
REV	£68,737,000	£48,144,000	-30.0%
PBT	£3,279,000	-£57,638,000	Profit to loss
EPS	0.50p	-75.20p	Profit to loss

Knowledge Management Software plc

	Interim - Dec 00	Final - Jun 01	Interim - Dec 01	Comparison
REV	£2,947,556	£6,054,760	£4,110,971	+39.5%
PBT	-£5,773,764	-£12,771,898	-£6,200,776	Loss both
EPS	-5.51p	-12.20p	-5.39p	Loss both

Knowledge Support Systems Group plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£2,803,736	£1,020,520	-63.6%
PBT	-£2,116,580	-£9,768,556	Loss both
EPS	-3.00p	-12.17p	Loss both

Logica plc

	Interim - Dec 00	Final - Jun 01	Interim - Dec 01	Comparison
REV	£505,000,000	£1,133,200,000	£600,200,000	+18.9%
PBT	£57,900,000	£136,200,000	£61,600,000	+6.4%
EPS	9.10p	20.60p	9.00p	-1.1%

London Bridge Software Holdings plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£36,935,000	£74,070,000	£32,262,000	-12.7%
PBT	£2,362,000	£4,725,000	-£2,799,000	Profit to loss
EPS	0.84p	1.73p	-1.70p	Profit to loss

Lorien plc

	Interim - May 01	Final - Nov 01	Interim - May 02	Comparison
REV	£67,090,000	£139,028,000	£60,449,000	-9.9%
PBT	£537,000	£1,997,000	-£6,346,000	Profit to loss
EPS	2.00p	8.10p	-36.80p	Profit to loss

Macro 4 plc

	Interim - Dec 00	Final - Jun 01	Interim - Dec 01	Comparison
REV	£21,952,000	£47,100,000	£19,393,000	-11.7%
PBT	£1,554,000	£5,034,000	-£3,505,000	Profit to loss
EPS	1.00p	9.40p	-15.60p	Profit to loss

Manpower SoftWare plc

	Final - May 01	Final - May 02	Comparison
REV	£2,769,667	£3,299,320	+19.1%
PBT	-£740,126	-£1,252,691	Loss both
EPS	-5.10p	-5.10p	Loss both

Marlborough Stirling Plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£50,080,000	£73,369,000	+46.5%
PBT	£8,337,000	£9,277,000	+11.3%
EPS	2.80p	2.90p	+3.6%

Note: The companies listed on pages 16-19 are those companies in our S/ITS index with revenue of >£2m. Also included in our index are: **Actinic, Atlantic Global, BSoftB, Earthport, Easyscreen, Ffastfil, I-Document Systems, Internet Business Group, Knowledge Technology Solutions, Myratech.net, Netcall, PC Medics Group, Software for Sport, Stilo International, Superscape, Systems Integrated, Ultrasis Group**

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

MERANT plc

	Final - Apr 01		Final Apr 02	Comparison
REV	£215,433,000		£87,068,000	-59.6%
PBT	-£50,046,000		-£55,442,000	Loss both
EPS	-37.90p		-46.80p	Loss both

Microgen plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£11,020,000	£21,009,000	£12,271,000	+11.4%
PBT	£59,000	£251,000	£103,000	+74.6%
EPS	0.10p	2.80p	-0.50p	Profit to loss

Minorplanet Systems Plc

	Interim - Feb 01	Final - Aug 01	Interim - Feb 02	Comparison
REV	£16,400,000	£52,900,000	£58,400,000	+256.1%
PBT	-£400,000	£5,300,000	-£6,800,000	Loss both
EPS	0.12p	7.89p	-5.47p	Profit to loss

Mission Testing Plc

	Final - Jun 01		Final - Jun 02	Comparison
REV	£10,515,000		£16,549,000	+57.4%
PBT	£967,000		£332,000	-65.7%
EPS	4.43p		-0.75p	Profit to loss

Misys plc

	Final - May 01		Final - May 02	Comparison
REV	£858,500,000		£1,036,300,000	+20.7%
PBT	£97,100,000		£34,700,000	-64.3%
EPS	13.00p		3.70p	-71.5%

MMT Computing plc

	Interim - Feb 01	Final - Aug 01	Interim - Feb 02	Comparison
REV	£16,858,000	£31,112,000	£14,575,000	-13.5%
PBT	£1,106,000	-£2,792,000	£93,000	-91.6%
EPS	4.80p	-19.40p	-0.30p	Profit to loss

Mondas plc

	Final - Apr 01		Final - Apr 02	Comparison
REV	£2,702,141		£3,741,673	+38.5%
PBT	-£1,504,042		-£2,177,858	Loss both
EPS	-9.50p		-10.10p	Loss both

Morse Holdings plc

	Final - Jun 01		Final - Jun 02	Comparison
REV	£586,076,000		£465,180,000	-20.6%
PBT	£19,194,000		-£124,000	Profit to loss
EPS	7.70p		-6.10p	Profit to loss

MSB International plc

	Final - Jan 01		Final - Jan 02	Comparison
REV	£157,760,000		£145,987,000	-7.5%
PBT	£2,584,000		£1,889,000	-26.9%
EPS	7.50p		6.40p	-14.7%

Ncipher Plc

	Inerim - Ju 01	Final Dec 01	Interim - Jun 02	Comparison
REV	£8,118,000	£14,367,000	£6,037,000	+77.0%
PBT	-£1,449,000	-£3,237,000	-£2,809,000	Loss both
EPS	-1.30p	-2.80p	-2.27p	Loss both

NetBenefit plc

	Interim - Dec 00	Final - Jun 01	Interim - Dec 01	Comparison
REV	£2,656,000	£6,353,000	£3,004,000	+13.1%
PBT	-£15,103,000	-£21,663,000	-£633,000	Loss both
EPS	-93.40p	-134.40p	-3.40p	Loss both

Netstore plc

	Final - Jun 01		Final - Jun 02	Comparison
REV	£3,563,923		£6,643,961	+86.4%
PBT	-£11,829,902		-£6,944,415	Loss both
EPS	-13.32p		-7.51p	Loss both

Nettec plc

	Final - Dec 00		Final - Dec 01	Comparison
REV	£17,311,000		£16,416,000	-5.2%
PBT	-£8,582,000		-£36,066,000	Loss both
EPS	-8.00p		-30.90p	Loss both

Northgate Information Solutions plc

	Final - Apr 01		Final - Apr 02	Comparison
REV	£107,194,000		£92,564,000	-13.6%
PBT	£2,200,000		£8,658,000	+293.5%
EPS	0.55p		2.91p	+429.1%

NSB Retail Systems plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£44,308,000	£93,818,000	£39,524,000	-10.8%
PBT	-£44,125,000	-£89,319,000	-£43,949,000	Loss both
EPS	-11.09p	-22.63p	-11.04p	Loss both

OneclickHR Plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£2,721,780	£5,818,605	£2,792,765	+2.6%
PBT	-£1,180,617	-£2,114,778	-£875,776	Loss both
EPS	-2.30p	-4.10p	-1.60p	Loss both

Orchestream Holdings plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£6,949,000	£14,784,000	£3,936,000	-43.4%
PBT	-£9,768,000	-£35,017,000	-£20,936,000	Loss both
EPS	-8.80p	-30.70p	-15.90p	Loss both

Parity plc

	Final - Dec 00		Final - Dec 01	Comparison
REV	£269,228,000		£246,930,000	-8.3%
PBT	£12,810,000		-£3,265,000	Profit to loss
EPS	5.53p		-2.03p	Profit to loss

Patsystems plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£2,207,000	£5,811,000	£3,568,000	+61.7%
PBT	-£5,502,000	-£15,161,000	-£5,133,000	Loss both
EPS	-4.30p	-11.40p	-3.90p	Loss both

Planit Holdings plc

	Final - Apr 01		Final - Apr 02	Comparison
REV	£19,070,000		£22,347,000	+17.2%
PBT	£2,720,000		£3,550,000	+30.5%
EPS	2.00p		2.70p	+35.0%

Protogana plc

	Interim - Mar 01	Final - Sep 01	Interim - Mar 02	Comparison
REV	£4,895,000	£8,766,000	£2,629,000	-46.3%
PBT	-£2,667,000	-£10,238,000	-£2,312,000	Loss both
EPS	-2.90p	-9.00p	-0.70p	Loss both

PSD Group plc

	Final - Dec 00		Final - Dec 01	Comparison
REV	£88,549,000		£71,672,000	-19.1%
PBT	£21,385,000		£4,815,000	-77.5%
EPS	57.00p		10.20p	-82.1%

QA plc (was Skillsgroup)

	Interim May 01	Final - Nov 01	Interim - May 02	Comparison
REV	£30,200,000	£55,300,000	£16,100,000	-46.7%
PBT	£400,000	£1,200,000	-£36,000,000	Profit to loss
EPS	-0.20p	-0.80p	-39.30p	Loss both

Quantica plc

	Interim - Jun 01	Final - Nov 01	Interim - Jun 02	Comparison
REV	£16,717,000	£33,418,000	£13,421,000	-19.7%
PBT	£1,596,000	£2,860,000	£504,000	-68.4%
EPS	2.74p	4.93p	0.74p	-73.0%

Raft International Plc

	Interim - Apr 01	Final - Oct 01	Interim - Apr 02	Comparison
REV	£5,027,000	£9,468,000	£3,394,000	-32.5%
PBT	-£5,000	-£826,000	-£1,148,000	Loss both
EPS	-0.12p	-1.32p	-1.75p	Loss both

Rage Software plc

	Interim - Dec 00	Final - Jun 01	Interim - Dec 01	Comparison
REV	£2,696,000	£5,731,000	£5,807,000	+115.4%
PBT	-£7,995,000	-£17,054,000	-£8,485,000	Loss both
EPS	-2.53p	-5.28p	-2.38p	Loss both

RDL Group Plc

	Interim - Mar 01	Final - Sep 01	Interim - Mar 02	Comparison
REV	£21,226,000	£43,618,000	£28,352,000	+33.6%
PBT	£1,093,000	£1,990,000	-£455,000	Profit to loss
EPS	4.51p	7.93p	-1.28p	Profit to loss

Retail Decisions plc

	Final - Dec 00		Final - Dec 01	Comparison
REV	£17,674,000		£22,195,000	+25.6%
PBT	-£2,292,000		-£2,895,000	Loss both
EPS	-1.78p		-2.15p	Loss both

RM plc

	Interim - Mar 01	Final - Sep 01	Interim - Mar 02	Comparison
REV	£113,716,000	£241,916,000	£89,133,000	-21.6%
PBT	£1,536,000	£15,207,000	-£14,131,000	Profit to loss
EPS	1.20p	11.20p	-11.20p	Profit to loss

Rolfe & Nolan plc

	Final - Feb 01		Final - Feb 02	Comparison
REV	£25,592,000		£25,584,000	-.0%
PBT	-£1,013,000		-£5,267,000	Loss both
EPS	-8.40p		-36.40p	Loss both

Royalblue Group plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£34,693,000	£66,253,000	£29,315,000	-15.5%
PBT	£2,025,000	£4,197,000	£3,984,000	+96.7%
EPS	3.10p	6.00p	8.50p	+174.2%

Sage Group plc

	Interim - Mar 01	Final - Sep 01	Interim - Mar 02	Comparison
REV	£229,649,000	£484,137,000	£279,821,000	+21.8%
PBT	£59,156,000	£121,317,000	£65,146,000	+10.1%
EPS	3.18p	6.59p	3.50p	+10.1%

SBS Group plc

	Interim - Feb 01	Final - Aug 01	Interim - Feb 02	Comparison
REV	£23,106,000	£45,402,000	£16,996,000	-26.4%
PBT	-£388,000	-£3,621,000	-£606,000	Loss both
EPS	-3.20p	-39.50p	-6.60p	Loss both

SDL plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£16,747,000	£33,659,000	£28,131,000	+68.0%
PBT	-£2,770,000	-£5,098,000	-£2,002,000	Loss both
EPS	-6.50p	-11.56p	-4.02p	Loss both

ServicePower Technologies plc

	Final - Dec 00		Final - Dec 01	Comparison
REV	£3,292,000		£3,150,000	-4.3%
PBT	-£3,928,000		-£2,700,000	Loss both
EPS	-8.10p		-4.90p	Loss both

Sherwood International plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£26,847,000	£56,513,000	£24,563,000	-8.5%
PBT	-£1,445,000	-£11,012,000	-£2,136,000	Loss both
EPS	-4.10p	-25.60p	-5.60p	Loss both

Sirius Financial Solutions Plc

	Final - Dec 00		Final - Dec 01	Comparison
REV	£17,135,457		£17,373,850	+1.4%
PBT	£727,215		-£281,000	Profit to loss
EPS	4.40p		-2.60p	Profit to loss

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 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£6,068,000	£13,963,000	£6,511,000	+7.3%
PBT	-£12,565,000	-£34,631,000	-£8,961,000	Loss both
EPS	-32.50p	-76.20p	-10.90p	Loss both

Spring Group plc

	Interim - Jun 01	8 months to Dec 01	Interim - Jun 02	Comparison
REV	£172,126,000	£220,916,000	£148,378,000	-13.8%
PBT	£677,000	-£15,021,000	-£9,491,000	Profit to loss
EPS	0.47p	-9.15p	-6.39p	Profit to loss

Staffware plc

	Final - Dec 00		Final - Dec 01	Comparison
REV	£37,857,000		£38,230,000	+1.0%
PBT	£3,042,000		-£3,250,000	Profit to loss
EPS	10.60p		-26.00p	Profit to loss

StatPro Group plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£3,172,000	£6,174,000	£3,031,000	-4.4%
PBT	-£4,879,000	-£4,742,000	£2,326,000	Loss both
EPS	-18.40p	-15.30p	-7.80p	Loss both

SurfControl plc

	Interim Nov 00	Final - Jun 01	Interim - Dec 01	Comparison
REV	£10,682,000	£27,839,000	£16,725,000	+56.6%
PBT	-£25,234,000	-£60,940,000	-£27,067,000	Loss both
EPS	-88.78p	-207.78p	-89.31p	Loss both

Synstar plc

	Interim - Mar 01	Final - Sep 01	Interim - Mar 02	Comparison
REV	£120,254,000	£238,198,000	£111,590,000	-7.2%
PBT	-£18,818,000	-£21,296,000	£1,570,000	Loss to profit
EPS	-11.80p	-13.80p	0.30p	Loss to profit

Systems Union plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£36,756,000	£78,385,000	£37,459,000	+1.9%
PBT	£679,000	£2,189,000	£1,616,000	+138.0%
EPS	0.60p	1.90p	1.60p	+166.7%

Telecity Plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£15,914,000	£32,628,000	£12,170,000	+105.0%
PBT	-£23,322,000	-£35,392,000	-£16,918,000	Loss both
EPS	-19.00p	-25.20p	-8.40p	Loss both

Telework Systems plc

	Final - Mar 01		Final - Mar 02	Comparison
REV	£21,947,000		£17,713,000	-19.3%
PBT	£4,173,000		-£5,068,000	Profit to loss
EPS	1.36p		-2.20p	Profit to loss

Terence Chapman Group plc

	Interim - Feb 01	Final - Aug 01	Interim - Feb 02	Comparison
REV	£21,830,000	£32,020,000	£6,021,000	-72.4%
PBT	£2,247,000	£8,124,000	-£2,748,000	Profit to loss
EPS	2.32p	6.30p	-3.59p	Profit to loss

Tikit Group plc

	Final - Dec 00		Final - Dec 01	Comparison
REV	£9,310,000		£9,123,000	-2.0%
PBT	£876,000		£1,006,000	+14.8%
EPS	5.48p		6.10p	+11.3%

Torex plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£61,954,000	£132,206,000	£77,608,000	+25.3%
PBT	£3,860,000	£8,915,000	£7,001,000	+81.4%
EPS	5.10p	9.90p	9.00p	+76.5%

Total Systems plc

	Final - Mar 01		Final - Mar 02	Comparison
REV	£3,849,292		£5,384,299	+39.9%
PBT	£717,337		£1,415,606	+97.3%
EPS	4.90p		9.44p	+92.7%

Touchstone Group plc

	Final - Mar 01		Final - Mar 02	Comparison
REV	£11,807,000		£14,187,000	+20.2%
PBT	£1,481,000		£1,770,000	+19.5%
EPS	9.80p		10.90p	+11.2%

Trace Group plc

	Interim - Nov 00	Final - May 01	Interim - Nov 01	Comparison
REV	£8,328,000	£15,656,000	£10,475,000	+25.8%
PBT	£1,085,000	£3,183,000	£771,000	-28.9%
EPS	5.25p	17.12p	3.12p	-40.6%

Transeda Plc

	Interim - Dec 00	Final - Jun 01	Interim - Dec 01	Comparison
REV	£2,413,000	£6,510,000	£3,528,000	+46.2%
PBT	£46,000	£592,000	-£259,000	Profit to loss
EPS	0.08p	0.66p	-0.43p	Profit to loss

Transware Plc

	Interim - Dec 00	Final - Jun 01	Interim - Dec 01	Comparison
REV	£4,313,635	£10,417,322	£6,284,764	+45.7%
PBT	£452,647	£1,550,188	£622,147	+37.4%
EPS	1.11p	3.59p	1.40p	+26.1%

Triad Group plc

	Final - Mar 01		Final - Mar 02	Comparison
REV	£52,783,000		£41,567	-99.9%
PBT	£4,511,000		-£470,000	Loss both
EPS	12.14p		-1.36p	Loss both

Tribal Group Plc

	Final - Mar 01		Final - Mar 02	Comparison
REV	£17,465,000		£45,651,000	+161.4%
PBT	£699,000		£4,680,000	+569.5%
EPS	0.30p		6.60p	+2100.0%

Ultima Networks plc

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£3,889,000	£6,952,000	£2,768,000	-28.8%
PBT	-£496,000	-£865,000	-£599,000	Loss both
EPS	-0.26p	-0.45p	-0.31p	Loss both

Universe Group Plc

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£21,963,000	£48,477,000	£27,281,000	+24.2%
PBT	£111,000	£577,000	£431,000	+288.3%
EPS	-0.60p	-0.4	0.10p	Loss to Profit

Vega Group plc

	Final - Apr 01		Final - Apr 02	Comparison
REV	£35,661,000		£35,572,000	-.2%
PBT	-£5,882,000		-£763,000	Loss both
EPS	-26.87p		-3.53p	Loss both

VI Group plc

	Final - Dec 00		Final - Dec 01	Comparison
REV	£5,642,000		£6,456,000	+14.4%
PBT	£465,000		£726,000	+56.1%
EPS	1.05p		2.12p	+101.9%

Vocalis Group plc

	Final - Mar 01		Final - Mar 02	Comparison
REV	£2,701,000		£1,735,000	-35.8%
PBT	-£7,144,000		-£4,185,000	Loss both
EPS	-15.82p		-5.41p	Loss both

Warthog Plc

	Final - Mar 01		Final - Mar 02	Comparison
REV	£3,782,386		£8,858,117	+134.2%
PBT	£314,150		£487,791	+55.3%
EPS	0.65p		0.64p	-1.5%

Wealth Management Software plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£6,356,000	£12,009,000	£6,074,000	-4.4%
PBT	-£3,246,000	-£6,346,000	£1,000	Loss to Profit
EPS	-7.85p	-15.24p	0.04p	Loss to Profit

Xansa plc

	Final - Apr 01		Final - Apr 02	Comparison
REV	£437,700,000		£515,100,000	+17.7%
PBT	£3,500,000		-£507,800,000	Profit to loss
EPS	-3.68p		-184.66p	Loss both

XKO Group plc

	Final - Mar 01		Final - Mar 02	Comparison
REV	£38,211,000		£38,880,000	+1.8%
PBT	-£19,611,000		-£14,938,000	Loss both
EPS	-73.80p		-56.40p	Loss both

Xpertise Group plc

	Final - Dec 00		Final - Dec 01	Comparison
REV	£5,758,000		£5,276,000	-8.4%
PBT	-£4,000,000		-£1,571,000	Loss both
EPS	-0.08p		-4.83p	Loss both

Note: The companies listed on pages 16-19 are those companies in our S/ITS index with revenue of >£2m. Also included in our index are: **Actinic, Atlantic Global, BSoftB, Earthport, Easyscreen, Ffastfil, I-Document Systems, Internet Business Group, Knowledge Technology Solutions, Myratech.net, Netcall, PC Medics Group, Software for Sport, Stilo International, Superscape, Systems Integrated, Ultrasis Group**

Holway/SYSTEMHOUSE S/ITS Share Prices and Capitalisation

	SCS Cat.	Share Price 31-Aug-02	Capitalisation 31-Aug-02	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 31-Aug-02	Share price move since 31-Jul-02	Share price % move in 2002	Capitalisation move since 31-Jul-02	Capitalisation move (£m) in 2002
AFA Systems	SP	£0.27	£6.3m	Loss	0.77	221	-27.40%	-71.04%	£5.57m	-£15.44m
Affinity Internet Holdings	CS	£0.57	£17.1m	Loss	0.32	4346	-30.25%	-81.32%	-£7.48m	-£64.62m
AIT Group	CS	£0.04	£0.9m	Loss	0.02	28	-42.67%	-99.37%	-£0.82m	-£137.63m
Alphameric	SP	£0.67	£67.8m	Loss	1.19	305	-2.92%	-38.99%	-£2.03m	-£43.36m
Alterian	SP	£0.36	£13.9m	Loss	3.26	178	-5.33%	-51.70%	-£0.79m	-£14.90m
Anite Group	CS	£0.24	£78.1m	Loss	0.39	137	-35.62%	-86.22%	-£33.31m	-£411.22m
Argonaut Games	SP	£0.28	£27.1m	Loss	6.15	292	7.69%	-55.20%	£1.99m	-£30.31m
Autonomy Corporation	SP	£1.40	£178.5m	0.6	4.92	43	6.06%	-57.19%	£10.18m	-£233.20m
Aveva Group	SP	£3.39	£57.3m	15.8	1.80	1693	-5.58%	-23.33%	-£3.40m	-£17.40m
Axon Group	CS	£0.88	£45.5m	10.8	1.06	500	-7.41%	-50.00%	-£3.66m	-£44.32m
Azlan Group	R	£1.19	£132.4m	9.6	0.22	517	3.03%	-10.86%	£3.85m	-£13.16m
Baltimore Technologies	SP	£0.06	£29.5m	Loss	0.42	590	0.00%	-62.30%	£0.04m	-£48.68m
Bond International	SP	£0.15	£2.1m	2.7	0.19	231	-28.57%	-80.00%	-£0.85m	-£8.55m
Business Systems	CS	£0.04	£3.2m	Loss	0.09	34	-5.88%	-70.37%	-£0.20m	-£7.66m
Capita Group	CS	£2.90	£1,929.8m	32.2	2.79	78393	-1.02%	-40.85%	-£20.18m	-£1,300.42m
Charteris	CS	£0.82	£33.6m	27.7	2.53	906	-7.91%	-7.91%	-£2.81m	£1.29m
Clarity Commerce	SP	£0.76	£10.5m	Loss	1.38	608	-2.56%	-16.94%	-£0.30m	-£2.14m
Clinical Computing	SP	£0.33	£8.2m	Loss	3.74	262	-10.96%	8.33%	-£1.00m	£0.63m
CMG	CS	£0.77	£477.8m	Loss	0.52	2124	3.36%	-68.31%	£15.49m	-£1,011.46m
CODASciSys (was Science Systems)	CS	£2.65	£66.8m	14.0	1.35	2054	-10.17%	-49.04%	-£7.56m	-£64.20m
Comino	SP	£1.54	£21.2m	Loss	1.03	1181	-4.95%	-9.71%	-£1.08m	-£2.28m
Compass Software	SP	£0.80	£9.3m	19.7	2.16	533	3.23%	-13.04%	£0.29m	-£1.42m
Compel Group	R	£0.45	£14.0m	Loss	0.06	360	-28.00%	-46.75%	-£5.39m	-£12.22m
Computacenter	R	£2.45	£454.1m	12.8	0.22	366	-7.02%	-28.99%	-£34.25m	-£185.37m
DCS Group	CS	£0.19	£4.6m	Loss	0.04	308	0.00%	-35.09%	-£0.00m	-£2.51m
Delcam	SP	£1.40	£8.4m	19.6	0.46	537	11.60%	-2.45%	£0.88m	-£0.28m
Detica	CS	£3.25	£72.7m	15.6	2.22	813	-6.47%	-18.75%	-£5.02m	-£15.34m
Diagonal	CS	£0.55	£48.7m	11.7	0.59	792	-11.38%	-46.83%	-£6.28m	-£41.70m
Dicom Group	R	£4.05	£84.3m	42.8	0.60	1242	-6.36%	-4.48%	-£5.72m	-£3.96m
Dimension Data	R	£0.24	£309.1m	Loss	0.21	43	-14.29%	-71.60%	-£51.57m	-£778.93m
DRS Data & Research	SP	£0.24	£8.4m	17.7	0.83	220	14.12%	59.02%	£1.04m	£3.12m
Easynet	CS	£0.67	£41.2m	Loss	0.99	18	-13.64%	-74.81%	-£6.49m	-£122.47m
ECSoft Group	CS	£1.38	£15.5m	Loss	0.26	76	-32.93%	-72.91%	-£7.57m	-£43.84m
Eidos	SP	£1.20	£1.7m	Loss	0.01	5997	1.69%	-33.33%	-£161.93m	-£247.94m
Electronic Data Processing	SP	£0.45	£11.1m	Loss	1.07	1378	23.29%	-10.00%	£2.10m	-£1.50m
Epic Group	CS	£0.80	£20.3m	25.0	2.80	762	9.59%	-8.57%	£1.74m	-£1.84m
Eurolink Managed Services	CS	£0.38	£3.9m	14.8	0.47	375	-1.32%	-16.67%	-£0.05m	-£0.78m
Eyretel	SP	£0.14	£21.4m	27.5	0.43	140	16.67%	-80.82%	£3.03m	-£90.29m
Financial Objects	SP	£0.40	£15.7m	5.3	0.90	174	-17.53%	-51.81%	-£3.30m	-£16.90m
Flomerics Group	SP	£0.48	£7.0m	20.1	0.54	1846	-9.43%	-40.00%	-£0.73m	-£4.64m
Focus Solutions Group	SP	£0.49	£12.6m	Loss	2.49	251	0.00%	-52.20%	£0.04m	-£13.10m
Gladstone	SP	£0.07	£2.8m	Loss	0.46	169	12.50%	-50.91%	£0.31m	-£1.95m
Glotel	A	£0.54	£20.3m	Loss	0.21	278	-4.46%	30.49%	-£0.88m	£4.80m
Gresham Computing	CS	£0.70	£33.8m	Loss	1.37	753	1.45%	171.84%	£0.48m	£21.34m
Harrier Group	CS	£0.13	£3.6m	Loss	0.21	97	-5.66%	-75.49%	-£0.21m	-£10.62m
Harvey Nash Group	A	£0.30	£16.1m	Loss	0.07	171	-29.41%	-75.00%	-£6.73m	-£19.80m
Highams Systems Services	A	£0.08	£1.6m	Loss	0.09	222	0.00%	-45.76%	£0.01m	-£1.32m
Horizon Technology	R	£0.14	£7.9m	Loss	0.03	50	0.00%	-57.14%	£0.00m	-£10.53m
Host Europe	CS	£0.01	£14.2m	Loss	1.49	442	0.00%	-35.57%	-£1.40m	-£5.90m
Hot Group (was RexOnline)	A	£0.21	£5.2m	43.3	2.60	244	-14.58%	-48.75%	-£0.89m	-£0.04m
I S Solutions	CS	£0.14	£3.5m	Loss	0.32	522	3.70%	-56.92%	£0.13m	-£4.62m
ICM Computer Group	CS	£1.45	£28.7m	8.3	0.43	806	-3.33%	-51.67%	-£0.98m	-£30.61m
IDS Group	SP	£0.37	£21.2m	Loss	0.60	411	4.23%	-22.92%	£0.88m	-£6.32m
Innovation Group	SP	£0.14	£26.9m	Loss	0.47	61	-81.58%	-96.11%	-£119.23m	-£640.89m
Intelligent Environments	SP	£0.04	£5.6m	Loss	1.79	45	0.00%	-19.05%	-£0.00m	£2.44m
Intercede Group	SP	£0.36	£5.8m	Loss	4.87	592	0.00%	-36.04%	£0.00m	-£3.27m
IQ-Ludorum	SP	£0.03	£2.0m	Loss	0.33	33	-41.18%	-79.59%	-£1.40m	-£7.80m
iRevolution	CS	£0.04	£1.8m	Loss	0.29	90	-11.11%	-80.49%	-£0.22m	-£7.52m
iSOFT Group	SP	£2.03	£238.2m	19.2	3.96	1841	-7.74%	-21.36%	-£20.02m	-£64.75m
ITNET	CS	£1.46	£106.7m	11.7	0.60	417	-2.34%	-41.25%	-£2.62m	-£71.25m
Izodia (was Infobank)	SP	£0.39	£22.5m	Loss	5.96	6112	4.05%	22.22%	£0.91m	£4.12m
Jasmin	SP	£1.94	£9.1m	11.5	1.28	1290	-1.28%	-23.21%	-£0.12m	-£2.79m
K3 Business Technology	SP	£0.14	£6.9m	Loss	0.86	103	0.00%	0.00%	£0.01m	£0.00m
Kewill	SP	£0.15	£11.5m	Loss	0.24	296	-34.78%	-65.12%	-£6.01m	-£21.55m
Knowledge Management Software	SP	£0.01	£1.2m	Loss	0.19	8	-33.33%	-91.49%	-£0.58m	-£12.40m
Knowledge Support Systems Group	SP	£0.16	£11.4m	Loss	11.40	70	-1.59%	-12.68%	-£0.20m	-£1.72m
Logica	CS	£1.69	£756.4m	6.8	0.67	2318	-17.03%	-73.55%	-£155.36m	-£2,103.77m
London Bridge Software	SP	£0.38	£64.5m	12.3	0.87	950	-10.59%	-78.71%	-£7.65m	-£238.45m
Lorien	A	£0.79	£15.4m	6.1	0.11	785	0.00%	24.60%	£0.00m	£3.10m
Macro 4	SP	£0.94	£19.6m	9.5	0.42	379	-2.59%	-62.77%	-£0.51m	-£32.90m

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 S/ITS Share Prices and Capitalisation

	SCS Cat.	Share Price 31-Aug-02	Capitalisation 31-Aug-02	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 31-Aug-02	Share price move since 31-Jul-02	Share price % move in 2002	Capitalisation move since 31-Jul-02	Capitalisation move (£m) in 2002
Manpower SoftWare	SP	£0.12	£5.2m	Loss	1.58	121	23.68%	-53.00%	£1.00m	-£0.79m
Marlborough Stirling	SP	£0.59	£132.0m	10.9	1.80	418	-40.61%	-71.46%	-£90.19m	-£334.74m
MERANT	SP	£0.85	£89.3m	Loss	1.03	411	0.00%	-23.08%	-£8.35m	-£59.80m
Microgen	CS	£0.42	£27.0m	8.8	1.29	179	-10.64%	-59.02%	-£3.20m	-£25.13m
Minorplanet Systems	SP	£1.17	£85.2m	24.8	1.61	2379	12.56%	-60.97%	£9.46m	-£120.46m
Mission Testing	CS	£0.79	£13.7m	Loss	0.83	288	10.56%	-51.69%	£1.35m	-£14.17m
Misys	SP	£2.26	£1,301.7m	15.9	1.26	2812	-4.24%	-30.46%	-£57.46m	-£569.93m
MMT Computing	CS	£0.90	£10.9m	Loss	0.35	536	4.05%	-18.18%	£0.42m	-£2.40m
Mondas	SP	£0.33	£6.6m	Loss	1.76	440	8.20%	20.00%	£0.50m	£1.10m
Morse	R	£1.50	£192.1m	Loss	0.41	600	0.00%	-21.05%	-£0.03m	-£51.22m
MSB International	A	£0.39	£7.9m	5.9	0.05	203	-13.48%	-54.44%	-£1.23m	-£9.35m
Ncipher	SP	£0.54	£68.4m	Loss	4.76	216	0.00%	-32.08%	-£0.03m	-£32.23m
NetBenefit	CS	£0.08	£1.3m	Loss	0.20	40	-5.88%	-38.46%	-£0.08m	-£0.80m
Netstore	CS	£0.15	£14.3m	Loss	2.15	100	5.26%	-25.00%	£0.69m	-£3.39m
Nettec	CS	£0.07	£8.9m	Loss	0.54	30	0.00%	-34.09%	£0.00m	-£4.62m
Northgate Information Solutions	CS	£0.34	£97.2m	11.2	1.05	131	7.94%	1.49%	£7.10m	£1.41m
NSB Retail Systems	SP	£0.14	£44.3m	Loss	0.47	1196	-1.79%	-43.88%	-£0.02m	-£33.30m
OneclickHR	SP	£0.11	£5.9m	Loss	1.02	275	-48.84%	-73.81%	-£5.67m	-£16.17m
Orchestream	SP	£0.02	£2.9m	Loss	0.20	12	-18.18%	-89.02%	-£0.65m	-£23.87m
Parity	A	£0.25	£38.4m	Loss	0.16	4167	-5.66%	-48.98%	-£2.23m	-£36.77m
Patsystems	SP	£0.08	£10.1m	Loss	1.73	72	-3.13%	-26.19%	-£0.33m	-£3.58m
Planit Holdings	SP	£0.45	£37.4m	16.7	1.68	1875	-3.23%	-18.18%	-£1.20m	-£8.30m
Protagona (was Recognition)	SP	£0.01	£4.6m	Loss	0.52	18	-28.57%	-68.75%	-£1.52m	-£9.41m
PSD Group	A	£2.25	£56.5m	16.5	0.79	1023	-36.17%	-50.82%	-£32.01m	-£58.31m
QA (was Skillsgroup)	CS	£0.27	£24.8m	Loss	0.45	121	-3.57%	-41.30%	-£0.90m	-£15.80m
Quantica	A	£0.37	£14.9m	10.3	0.45	298	-31.48%	-32.73%	-£6.61m	-£6.70m
Raft International	SP	£0.04	£2.3m	Loss	0.24	56	-12.50%	-65.85%	-£0.32m	-£4.42m
Rage Software	SP	£0.01	£10.1m	Loss	1.76	48	-16.67%	-84.38%	-£2.10m	-£20.97m
RDL Group	A	£0.19	£3.7m	3.7	0.08	206	-24.49%	-65.74%	-£1.18m	-£6.79m
Retail Decisions	SP	£0.04	£12.0m	Loss	0.54	57	-15.00%	-77.63%	-£2.10m	-£17.25m
RM	SP	£0.79	£73.3m	7.1	0.30	2257	1.94%	-66.74%	£0.59m	-£149.61m
Rolfe & Nolan	SP	£0.59	£8.6m	Loss	0.34	696	-2.50%	-29.09%	-£0.23m	-£2.98m
Royalblue Group	SP	£2.68	£81.5m	12.1	1.23	1574	-23.02%	-56.33%	-£24.32m	-£102.92m
Sage Group	SP	£1.29	£1,634.3m	18.7	3.38	49615	-3.37%	-43.54%	-£56.53m	-£1,260.20m
SBS Group	A	£0.11	£1.4m	Loss	0.03	110	-4.35%	-48.84%	-£0.07m	-£0.57m
SDL	CS	£0.56	£30.0m	Loss	0.89	373	-4.27%	-17.65%	-£1.31m	£1.29m
ServicePower	SP	£0.11	£5.4m	Loss	1.68	105	-8.70%	-53.33%	-£0.51m	-£6.14m
Sherwood International	SP	£0.75	£34.2m	Loss	0.61	2499	-10.71%	-43.18%	-£4.1[illegible]m	-£24.84m
Sirius Financial (was Policymaster)	SP	£1.28	£22.7m	Loss	1.30	850	-7.27%	30.77%	-£1.74m	£7.06m
Smartlogik	SP	£0.00	£0.7m	Loss	0.01	1	-60.00%	-95.00%	£0.00m	-£5.23m
Sopheon	SP	£0.08	£6.4m	Loss	0.46	108	-9.09%	-74.14%	-£0.64m	-£18.34m
Spring Group	A	£0.45	£67.6m	Loss	0.31	500	11.11%	-41.94%	£6.72m	-£48.85m
Staffware	SP	£3.20	£46.1m	Loss	1.21	1422	-5.88%	-4.48%	-£2.84m	-£2.08m
StatPro Group	SP	£0.22	£7.1m	Loss	1.15	275	25.71%	-48.84%	£1.45m	-£6.81m
SurfControl (was JSB)	SP	£3.10	£93.4m	Loss	5.59	1550	-26.19%	-37.06%	-£33.23m	-£55.07m
Synstar	CS	£0.50	£80.5m	Loss	0.34	300	-1.98%	-28.26%	-£1.54m	-£31.63m
Systems Union (was Freecom)	SP	£0.60	£61.9m	9.5	0.79	462	-0.83%	-28.14%	-£0.57m	-£24.22m
Telecity	CS	£0.05	£9.0m	Loss	0.64	6	-25.00%	-65.38%	-£2.98m	-£17.08m
Telework Systems	SP	£0.08	£14.4m	Loss	0.92	0	-5.88%	-80.25%	-£0.95m	-£58.70m
Terence Chapman Group	CS	£0.16	£11.0m	2.5	0.34	115	10.71%	-62.20%	£1.08m	-£17.99m
Tikit Group	CS	£1.08	£12.5m	15.5	1.37	935	-1.38%	-6.11%	-£0.18m	-£0.80m
Torex Group	CS	£4.50	£209.9m	15.0	1.59	8738	-19.64%	-38.14%	-£51.33m	-£110.37m
Total Systems	SP	£0.66	£6.8m	7.3	1.26	1236	-25.14%	-49.81%	-£238.59m	-£6.79m
Touchstone Group	SP	£1.24	£13.0m	8.3	0.92	1181	-7.46%	-7.46%	-£1.01m	-£0.50m
Trace Group	SP	£0.62	£9.4m	5.2	0.55	492	-1.60%	-34.92%	-£0.16m	-£5.04m
Transeda	SP	£0.03	£2.1m	2.9	0.32	60	20.00%	-87.76%	£0.34m	-£14.66m
Transware	CS	£0.08	£2.7m	1.8	0.26	97	-25.00%	-83.33%	-£0.89m	-£12.82m
Triad Group	CS	£0.37	£7.9m	Loss	0.19	270	-7.59%	-60.96%	-£0.65m	-£15.86m
Tribal Group	CS	£2.64	£126.2m	17.5	2.76	1600	4.97%	-18.77%	£6.03m	£7.85m
Ultima Networks	R	£0.01	£1.5m	Loss	0.21	195	-60.00%	-64.44%	-£2.40m	-£2.89m
Universe Group	SP	£0.24	£8.6m	Loss	0.18	1067	-4.00%	-37.66%	-£0.35m	-£2.84m
Vega Group	CS	£0.73	£13.3m	Loss	0.37	594	-18.54%	-48.21%	-£3.09m	-£12.48m
VI group	SP	£0.20	£7.0m	7.4	1.08	390	-2.50%	-35.00%	-£0.18m	-£0.57m
Vocalis Group	SP	£0.04	£5.2m	Loss	3.00	39	-16.67%	-46.43%	-£1.05m	£1.98m
Warthog	SP	£0.22	£10.2m	29.9	1.15	500	-14.00%	-49.41%	-£1.64m	-£7.64m
Wealth Management Software	SP	£0.07	£2.9m	Loss	0.24	54	-48.15%	-54.84%	-£2.73m	-£3.57m
Xansa (was F.I. Group)	CS	£0.94	£312.4m	Loss	0.61	2410	3.30%	-73.45%	£9.93m	-£842.21m
XKO Group	SP	£0.45	£11.9m	Loss	0.31	297	-4.30%	-12.75%	-£0.58m	-£1.77m
Xpertise Group	CS	£0.04	£2.5m	Loss	0.48	140	0.00%	-30.00%	£0.00m	£0.96m

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

S/ITS INDEX FALLS FOR FIFTH MONTH

Our Holway S/ITS index decreased by 7.9% this month to 2802; the fifth month in a row that it has experienced a fall. Indeed, since, the end of April to the end of August, the index has fallen from above 4000 to under 3000.

This month the resellers and IT staff agencies suffered the largest average falls of 14.1% and 12.8% respectively. The smallest decrease came from our internet index (down 'just' 2.2%). With the 68 companies in this index now worth only a little more than £1m, there is little room for share prices to fall any further! This month alone, we said 'goodbye; to three of the companies in this index following distressed sales.

On an individual company basis, **The Innovation Group** saw the biggest share price fall - down 82% to 14p, following a confusing set of results brimming with bad news (see Hotnews). Other companies suffering after releasing financial results were **OneClickHR** (see Hotnews) and **Wealth Management Software** (see page 12) . Both companies saw their share prices fall almost 50%. **Anite Group** continued to witness its share price slide - down another 36% this month.

One of the better performances of the month came from **Spring Group** (see page 13) after the company's focus on returning to profit started to bear fruit. Its share price increased by 11.1% to 45p. All in all there were few risers, with just 22% of the companies in our S/ITS index managing a share price improvement. Other risers included**Northgate Information Solutions** up 7.9% to 34p, **CMG** up 3.4% to 77p (see page 10), and **Autonomy** up 6% to 140p.

31-Aug-02		
	SCSI Index	**2802.34**
	FTSE IT (SCS) Index	**326.77**
	techMARK 100	**783.00**
	FTSE 100	4227.30
	FTSE AIM	666.20
SCSI Index =1000 on 15th April 1989	FTSE SmallCap	2041.84

Changes in Indices	SCSI Index	FTSE 100	techMARK 100	FTSE IT SCS Index	FTSE AIM Index	FTSE Small Cap
Month (01/08/02 to 31/08/02)	-7.86%	-0.45%	+1.20%	-17.49%	-2.57%	-1.04%
From 15th Apr 89	+180.23%	+105.85%				
From 1st Jan 90	+204.57%	+78.97%				
From 1st Jan 91	+295.88%	+95.67%				
From 1st Jan 92	+168.20%	+69.56%				
From 1st Jan 93	+75.85%	+48.51%				+47.18%
From 1st Jan 94	+67.85%	+23.66%				+9.27%
From 1st Jan 95	+86.92%	+37.90%				+16.92%
From 1st Jan 96	+24.08%	+14.58%	-0.79%		-30.13%	+5.17%
From 1st Jan 97	+4.66%	+2.64%	-14.40%		-31.75%	-6.47%
From 1st Jan 98	-7.67%	-17.68%	-17.93%	-67.32%	-32.84%	-11.73%
From 1st Jan 99	-28.90%	-28.14%	-46.22%	-77.40%	-16.89%	-1.40%
From 1st Jan 00	-75.57%	-39.00%	-79.28%	-91.21%	-65.53%	-34.09%
From 1st Jan 01	-66.53%	-32.06%	-69.48%	-83.23%	-53.67%	-35.86%
From 1st Jan 02	-41.60%	-18.98%	-46.83%	-61.30%	-25.80%	-20.83%

End Aug 02	Move since 1st Jan 99	Move since 1st Jan 00	Move since 1st Jan 01	Move since 1st Jan 02	Move in Aug 02
System Houses	-40.3%	-76.7%	-68.7%	-43.7%	-7.4%
IT Staff Agencies	-74.6%	-77.9%	-64.8%	-36.5%	-12.8%
Resellers	-17.8%	-60.4%	-47.6%	-41.7%	-14.1%
Software Products	10.1%	-73.5%	-80.8%	-38.0%	-6.4%
Holway Internet Index	107.4%	-74.8%	-62.9%	-32.9%	-2.2%
Holway SCS Index	-28.9%	-75.6%	-66.5%	-41.6%	-7.9%

SYSTEMHOUSE® is published monthly by Ovum Holway, 2, St. George's Yard, Farnham, Surrey, GU9 7LW. Telephone 01252 740900; Fax: 01252 740919; E-mail: mail@ovumholway.com which also publishes the annual "Holway Report". Ovum Holway analysts might hold stock in the companies featured.