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ovum HOLWAY

SYSTEMHOUSE

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

WHEN MARKET CONDITIONS IMPROVE...

What a difference six months makes!

When we published our *Market Trends 2002* report in April we had forecast that the UK software and IT services (S/ITS) market would grow by 5.7% in 2002 and that growth would gently accelerate to around 9.5% in 2005.

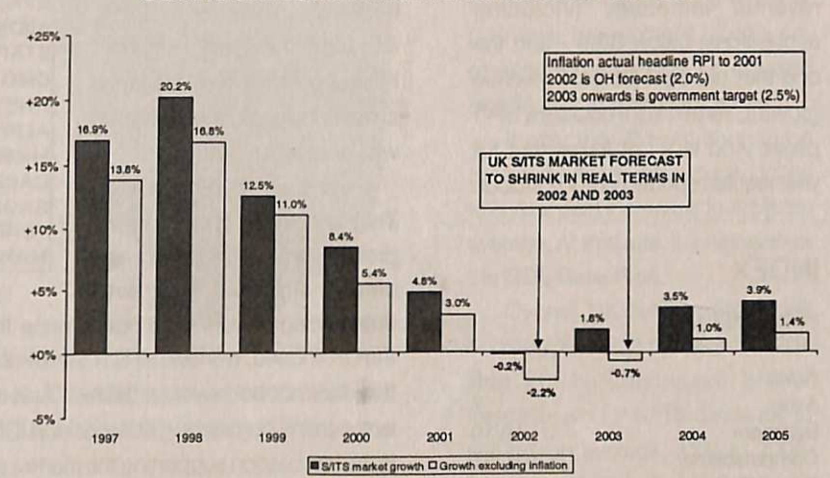
Well, we have just completed our six monthly forecast update and all bets are off! There's no gentle way of putting it. ***The UK S/ITS market has stalled!*** In fact, we now believe that the UK S/ITS market will contract slightly this year and that growth in 2005 will be more like 4%. If any apology is due, *it is that we were not pessimistic enough*! We got the trend dead right (did anyone else?) – it's just that the severity is deeper than even we had expected.

The situation is more acute in real terms, that is, after removing the effect of inflation. Based on our own estimates of inflation this year, and government targets for subsequent years, ***the UK S/ITS market will be 'under water' in 2002 and 2003***. This is even worse than the market downturn in 1991 and 1992, when market growth (excluding hardware maintenance and operating system software) was zero. In fact, this recession is deeper than anything we have seen in the UK since we started working in the IT industry – worse than the 1972-74 (post decimalisation and severe UK recession/3 day week etc.) period that everyone previously thought was the worst. Anyway, our industry was a fraction of the size/strategic importance then.

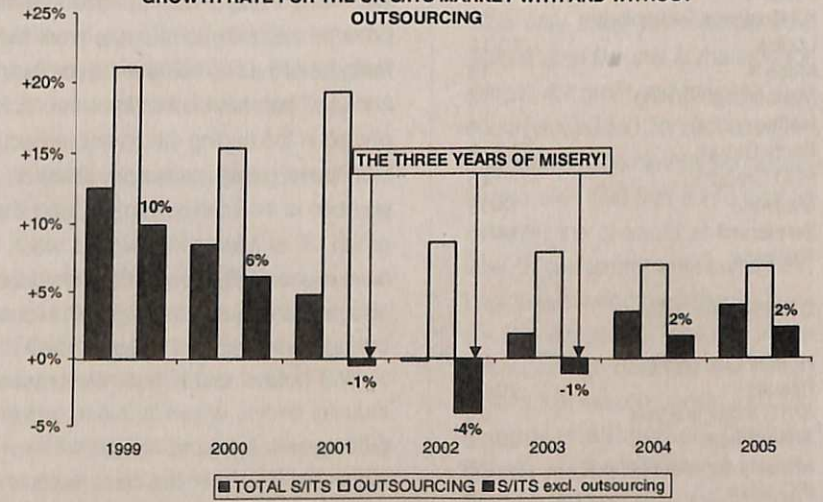
But there's more.

Back in April, we had reported that

GROWTH RATE FOR THE UK S/ITS MARKET 1997-2005 IN ACTUAL AND 'REAL' TERMS



GROWTH RATE FOR THE UK S/ITS MARKET WITH AND WITHOUT OUTSOURCING



without outsourcing (the primary driver of the UK S/ITS market since the 1970s) the UK S/ITS market would have been in recession. Our current forecast shows that ***2001 was just the first of three years of misery*** as, without outsourcing, we expect that the UK S/ITS market will shrink by 4% this year and by another 1% next. And if you exclude inflation, ***that's a 6% decline this year and a 4% decline in 2003.***

So why the dramatic change in our forecasts?

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Well, you only have to look at the slew of company results and 'trading statements' (read 'profits warnings') since the beginning of 2002 to realise that last year's 'spring cleaning' of profit and loss accounts and balance sheets was far from complete. Indeed, of the 35 S/ITS companies reporting full year results so far during 2002, over half saw total revenues decline, in some cases up to 60% and more. In contrast, almost all of the other 16 companies showed revenue increases (including acquisitions) below 30% - and the one that did best (at 34% revenue growth), Vertex, is (of course) a BPO player. And let's not forget that full year results reported in 2002 include a substantial proportion (at least half, and often 75%) of business conducted in calendar 2001.

So what about interim results, arguably the better measure of 2002 performance? Well that tells an even sorrier tale. Of the 25 companies reporting interim results (typically for the six months ended 30th Jun.02), 19 saw revenues fall, in some cases by almost half. The remaining six mostly saw revenues rise between 10% and 20%, although the 'best in class', Marlborough Stirling, managed an 80% increase, most of which was acquisitive growth.

Companies reporting interim results in calendar 2002	
Company	**Rev change**
QA	-47%
PSD GROUP	-46%
ECSOFT GROUP	-39%
DIAGONAL	-25%
PARITY GROUP	-24%
RM	-22%
QUANTICA	-20%
COMPUTACENTER	-17%
ROYALBLUE GROUP	-16%
SPRING GROUP	-14%
MMT COMPUTING	-14%
NSB RETAIL SYSTEMS	-11%
LORIEN	-10%
SHERWOOD INTERNATIONAL	-9%
SYNSTAR	-7%
AXON GROUP	-5%
STAFFWARE	-5%
CMG	-3%
ITNET	-2%
ALPHAMERIC	+11%
MICROGEN	+12%
CAPITA GROUP	+21%
SAGE GROUP	+22%
TOREX	+25%
MARLBOROUGH STIRLING	+80%

And then there was EDS! Their shocker of a revenue and profits warning a fortnight ago clearly signalled that even outsourcing players were not immune from the problems affecting the rest of the UK (indeed, worldwide) S/ITS market. And if the UK market leader is in strife, this does not bode well for the rest. And earlier this year, HBoS terminated major outsourcing contracts with Xansa and IBM. As we have said before, outsourcing is the last bastion supporting the market against the relentless decline in demand for consulting and systems integration services. If this 'dam' is seriously breached, where will it all end?

Yet we still believe many companies are living in denial. Even as recently as last week, Parity's interims results statement commented on the company's potential capability to return to profit ***"when market conditions improve"***. Now, Parity is not the only company to use this phrase. Indeed, *"when market conditions improve"* has taken over from the *"confidence"* word as the most (mis)used phrase in the trading statement vernacular.

Please, please, please pay attention. This is a WYSIWYG market. The market you see is the market you get, and that is how it will stay. Even Jeff Raikes, group VP at Microsoft, said last week that he expected *"demand for IT may have permanently slowed from the double-digit growth"* of late. Mind you, he is also projecting around 7% growth in desktop applications over the next decade, but we think even that's too optimistic.

We believe that IT has now crossed the rubicon and become a 'mature' industry sector, where its future growth will be much more closely aligned to GDP growth (currently around 1.7%) – rather than being the 5-times (or more) higher that has been the norm for much of the last 40 years. We strongly advise that you do **NOT** base your company's plans on any sort of substantial market upturn - either in the short or medium term. That will just mean a further justification for delay in taking cost cutting measures. ***In many companies, delay now could mean the difference between survival and failure next year.***

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INDICES (changes in Sep. 02)

Holway S/ITS	-15.2%	2376
Holway Internet	-17.3%	1715
FTSE IT (SCS)	-18.7%	267
techMARK 100	-18.8%	636
FTSE 100	-12.0%	3722
Nasdaq Comp	-10.9%	1172

HOLWAY COMMENT

PAYING DIVIDENDS

Dividend and yield might just be words unfamiliar to many SYSTEMHOUSE readers. Certainly amongst the younger ones. Simplistically, dividends are a sharing of a company's after tax profits amongst shareholders and are normally paid in cash. That means that a company paying dividends usually has to:

1 – be making operating profits

2 – have cash.

For three decades, we have rather liked these two attributes! But, as readers will know, these rather went out of fashion in the late 1990s/2000 when olde Holway was accused of being a Luddite for his insistence on continuing to use these measures.

"In 1978, 66.5% of companies listed on major stock exchanges paid dividends. By 1999, however, that % had fallen to 20.8%". Source – BusinessWeek 9th Sept 02 quoting a study in The Journal of Financial Economics.

In the UK, the position is complicated by various rules which can prohibit investment in companies that don't pay dividends. Companies "get around this" by maintaining a dividend come what may but at a minimal level.

For this reason, in our own sector, most companies that make a profit, pay a dividend of some kind. Of the companies in our S/ITS Index (see p16/17) around 35% pay a dividend – about the same as in 1999/2000. But the yield (that's the dividend paid per share as a % of the current share price) has risen dramatically.

Back in that euphoric month of March 2000, the average yield on a quoted S/ITS stock was a miserly 0.24%. At the end of Sept. 02 it was 2.13% - 9-times higher.

Of course, in chorus, our astute readers will exclaim *"that's because share prices have crashed"*. Indeed they have. Our S/ITS Index was just over 16000 at its high in March 2000 and is now 2376. But that's "only" 6.7-times lower.

The difference is because, even though both share prices and EPS have been falling, dividends have been retained or increased.

As the table shows, the Top Five quoted UK S/ITS companies boosted dividends by 29% in last year and 15% in the current year.

Dividend Record of Top Five UK S/ITS Companies

	FY-2	FY-1	Growth	Latest FY	Growth	Latest FYE
Capita	1.270p	1.650p	30%	2.250p	36%	31-Dec-01
CMG	2.200p	2.800p	27%	3.000p	7%	31-Dec-01
Logica	3.050p	5.000p	64%	5.400p	8%	30-Jun-02
Misys	3.730p	4.290p	15%	4.930p	15%	31-May-02
Sage	0.351p	0.386p	10%	0.425p	10%	30-Sep-01
Average			29%		15%	

But EPS only rose 8% last year and, in the current year, both CMG and Logica reported losses (see note) and EPS at Misys declined by 72%.

Note – The losses at CMG and Logica were largely as a result of goodwill impairment. Even so, operating profits reduced significantly at both companies.

If only the 35% of companies paying dividends are included in the analysis, yield increases to 4.5% on average. At that rate, it is higher than the BOE Base Rate.

Overall UK S/ITS companies boosted dividends by 7% in FYE 31st Dec 2001. Consensus broker forecasts are for S/ITS dividends to rise by, on average, 12% in 2002. Source – Multex Global Estimates Mid-August 2002.

Martin Read (Logica's CEO) said at their results briefing in Sept. 02, ***"The only thing you can do in a difficult time like this is manage for margin, for profit and for cash"***. He could have added ***"for dividends"*** as that seems to be his intention too as Logica also said that it intended to maintain the dividend at the same level *"in real terms"* in its current FY. Logica is currently yielding 4.3%.

But dividends, just like share prices, can go down as well as up. Indeed, just like companies, they can disappear altogether! The two highest yielding S/ITS stocks at the moment are Innovation Group (28%) and Parity (16%). We doubt if they will continue at that level. But CMG (6.9%) and Xansa (8.1%) are both profitable companies despite recent warnings.

You need cash to pay dividends. Some companies have loads of cash. *"Microsoft is sitting on tens of*

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billions of cash, but they don't pay a dividend as a matter of principle. ...shareholders are beginning to wonder whether it can truly find optimal uses for all that cash, either internally via R&D or through acquisitions. Wouldn't it be more efficient for Microsoft to disgorge some of those earnings to its owners as dividends?" Source – BusinessWeek 9th Sept 02.

EPS Record of Top Five UK S/ITS Companies						
	FY-2	FY-1	Growth	Latest FY	Growth	Latest FYE
Capita	3.30p	3.75p	14%	4.67p	25%	31-Dec-01
CMG	10.70p	7.80p	-27%	-99.60p	n/a	31-Dec-01
Logica	16.70p	20.60p	23%	-58.40p	n/a	30-Jun-02
Misys	14.20p	13.00p	-8%	3.70p	-72%	31-May-02
Sage	4.17p	5.82p	40%	6.51p	12%	30-Sep-01
Average			**8%**		**n/a**	

Of course, what some companies do is to use that cash to buy back their own shares which has the "useful" effect of boosting EPS. Many CEOs get remuneration linked to EPS. They also have stock options based on share prices which can similarly be boosted by stock buy backs. *We are sure, though, that this hardly ever figures when deciding on dividend policy!*

Investors, in the past, chose IT as a growth sector and had little interest in dividend yield as long as stock prices rose. If they wanted dividends they would go to Utilities (current yield 5%) or Financials (4.6%).

In our lecture for the Princes Trust at Bloomberg on 18th Nov. 02 we are going to compare the IT industry to the automotive industry. The historic similarities are legend. Perhaps more importantly, we would contend that both sectors are now "mature", a vital part of the economy but unlikely to experience high growth ever again. Indeed, our own long range forecasts for the IT sector would put its growth similar to the automotive industry which, in turn, shows pretty similar growth rates and patterns to GDP.

Both here in the UK and, more relevantly in the US, yields on automotive stocks are consistently higher than Base rates (or their US equivalent). Even now, yields (on the same basis) in the S/ITS sector are half this.

Of course, one way in which S/ITS yields might increase would be if stock prices fall still further (whilst dividends are maintained). S/ITS (and IT) stocks are currently valued on ratios several times higher than automotive stocks (whether the companies are involved in manufacture or, in the majority of cases, servicing the sector)

Whatever, I **believe that dividends will become increasingly important in the S/ITS sector.**

Firstly because, as the industry matures, investors will start to invest for yield as the prospects for capital gain will be much more modest in the future.

But secondly because dividends, in a maturing market, are a very good way of determining which companies have the soundest operations. As we said, **you need both profits and cash to pay dividends. Two attributes that will mean the difference between success and failure in the difficult times which undoubtedly lie ahead.**

3%
8p
nettec

LITTLE LIGHT SHINING THROUGH NETTEC'S PORTAL

Portal developer Nettec's interim results for six months to 30th Jun. 02 revealed revenues down 75% to £2.4m, but operating losses had reduced by 87% to -£2.7m, pre-tax losses reduced by 87% to -£2.7m, and loss per share reduced by 88% to -2.2p.

Comment: Nettec is suffering like the rest of the industry, with customers preferring to 'make do and mend' rather than implement new systems. It has also been caught with property excess to requirements – it had bought its way out of one lease at a cost of £1.75m and is trying to sub-let the other. Once this has been sorted, *"the Board will review the cash resources of the Company with a view to considering how to maximise shareholder value"*. They are also trying to cut costs by using offshore development services. Although losses are down considerably, Nettec chairman Nick Butler advises *that "the Group will need to grow revenues if it is to achieve its target of reaching break-even at the EBITDA level on a monthly basis by the end of the year"*. He is *"cautiously optimistic"* but we fear the optimism is misplaced. Nettec floated at the height of the dotcom boom in Apr. 00 at 150p raising £44m net funds. They still have £14m in the bank (roughly their net asset value) – but this is well in excess of their market capitalisation of under £9m – which is probably why their share price actually inched up to (just) 8p when these results were announced. Nettec's shares ended the month at 8p, 32% down on the year.

-39%
76p

AMEY TO CHALLENGE BPO UNUSUAL SUSPECTS

Business services company and BPO 'unusual suspect' **Amey** has reported its results for the six months to 30th Jun. 02. Total revenues increased 15% to £453.7m, operating profit jumped x4 to £21.9m, PBT soared x8 to £11.3m and EPS reached 3.4p (was -0.1p).

Comment: At the analyst briefing, what most people wanted to hear about was Amey's 'hard core' PFI business (notably London Underground) and whether there were to be any more accounting changes (there were not!). But we wanted to hear what Amey were going to do with their IT services and BPO activities. Well, basically they want to ditch ITSA Amey Resource Management (nee World Systems – part of the Comax acquisition), **Vectra** (consultancy) and maybe **Datel** (rail information systems) and wrap the rest of its IT activities into its new BPO business unit, **Ameysis**. They hope to get £15m-£20m for the lot (sounds optimistic to us!). But the strategy makes sense, as Amey's Technology Services business was basically little more than a hotch-potch of acquisitions with little synergy. The new BPO unit will have some 900 staff and will be headed up by 'industry luminary' Derek Lewis. Amey claims that Ameysis has pro forma revenue of c£90m at kick-off, although about half of this is internal business. They will be looking for more third party business in local authorities. Aha, we hear you say. Surely that puts them head-to-head with the 'usual suspects' like **Capita**, **ITNET** and **CSL** et al? Well, if it were pure 'revenues & benefits' (R&B) business, yes it would, and Amey would have a hard time. But Amey's proposition is rather more 'wholesome', witness their recent (Jun. 02) £258m/10 year deal at Redcar & Cleveland Borough Council to provide a range of services including finance/ accounting, IT, HR, asset & facilities management, R&B, as well as providing public access to all Council services. This deal follows hot on the heels of a similar £168m PPP deal with West Berkshire Council. This type of deal is beyond the scope of the IT-based players like ITNET and CSL, though is well in range of Capita, so if Amey approaches the opportunities from the business services and facilities management standpoint (their strong suit) then the chances are they will pick up some good and profitable deals as Capita ain't going to win it all!

-3%
117p

AT THE MERCY OF FICKLE CONSUMER TASTES

Eidos has changed its year-end to 30th June, and has therefore reported its results for the fifteen months to 30th Jun. 02 compared with proforma results for the fifteen months to 30th Jun. 01. Previously, a significant proportion of sales had taken place in Q4 thus making revenues for the full year difficult to predict until a very late stage. Turnover, before exceptional items, was down 27% to £128.9m, and LBT 'improved' from £111.7m to £30.7m, after goodwill amortisation of £13.6m. Loss per share was 22.9p compared to 97.7p. Despite shipping 21 new titles (23 in the same 15 months in 2001), Eidos stated that whilst "*broadly satisfied with the performance of these particular titles, the balance of (its) portfolio of new releases did not meet expectations*".

Eidos 15 months: 30th Jun	Turnover £m**		
	2002	2001*	Change
North America	43.2	46.3	-6.8%
UK/Europe	78.3	100.7	-22.2%
Rest of World	7.5	12.7	-41.2%
TOTAL	128.9	159.7	-19.3%

* After deduction of exceptional items
** Less share of joint venture turnover

CEO, Michael McGarvey, commented on the outlook, "*All of the next generation consoles have successfully been launched...As a result, we believe that the outlook for the entertainment software industry remains strong... We believe that this (exciting release schedule), combined with a sustained focus on our business processes and operating fundamentals will enable Eidos to take full advantage of the opportunities that this growing market presents*".

Comment – Well, the next generation games consoles have now been launched. Now it's time for Eidos to prove itself. It has made a lot of progress in the last couple of years in getting its financials in order. In particular, it has made savings of £22.7m in its fixed cost base. But Eidos must now ensure the timely delivery of its new titles, something that it has failed to achieve in the past. And once they are released, Eidos is still strongly affected by general patterns in consumer spending, as well as fickle consumer tastes. Unfortunately, in this industry, nothing is certain. As we head towards the end of the year, we enter Eidos' busiest period. It is scheduled to release a number of new titles over the next couple of months, including the new Tomb Raider title. With its portfolio approach, the chances are that at least one title will 'hit the spot' – the key will be to ensure Eidos' games are at the top of this year's Christmas lists!

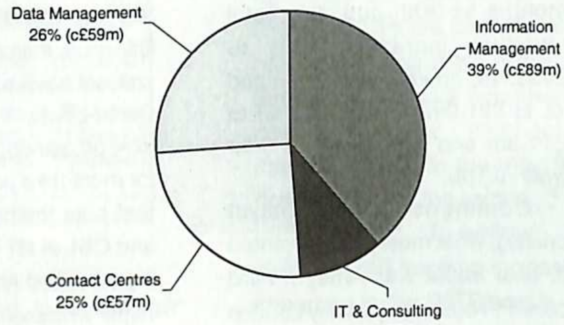
-18%
115p

Hays THE BUSINESS SERVICES GROUP

HAYS - KEEPS ON TRUCKING

FTSE100 business services juggernaut Hays has delivered a pretty robust set of figures for the year to 30th Jun. 02. Total revenue was down 7% to £2454.7m, but continuing ops held steady at £2434.7m. PBT fell 11% to £147.6m, not helped by £59.4m of 'exceptional items' including £53.0m goodwill impairment and provision for reorganisation within the IT solutions operation. EPS, previously 5.35p, slipped to 4.79p, but Hays has increased its dividend per share by 15% to 4.68p. Commenting on the outlook, Bob Lawson, Executive Chairman, said: "*Service excellence, combined with our strong cash flow, will ensure that Hays is well positioned for the upturn when it happens. We continue to see good potential for our specialist activities and will vigorously pursue the opportunities when they arise*".

Hays Commercial: FY02 Revenue Mix
Total Revenue = £227.5m



Comment Underpinning Hays' resilient performance in a year that Lawson described as *"the most volatile and uncertain economic conditions of the last ten years"* is a firm grip on the business fundamentals. Neil McLachlan (Group FD) pointed to their success in managing the cash (net cash inflow was £143.0m compared to £79.2m in FY01) and reducing net debt (down from £320.9m to £232m). When asked whether the company planned to buy back shares the answer was no – they have other, better, plans for what to do with the cash!

The plan is to continue "*aggressive*" revenue investment and expansion in selected operations and markets where there is growth potential. This will be supplemented by targeted acquisitions. This past year Hays has cleared the decks and got rid of some 14 operations that did not fit or were simply not worth the management time and attention. All told these businesses generated only c£20m during the year – a drop in the ocean for a company the size of Hays.

Turning to the lines of business of interest to us, **Logistics**, which includes outsourced supply-chain management based on Hays' own software, contributed £880.2m - virtually unchanged from FY01.

Personnel Services (the division that includes leading UK IT staff agency Hays IT and the HR outsourcing operation) held steady at £1,076.9m. HPS operates across many sectors, and provides temporary and permanent staff, managed services and HR o/s, and it was this mix that saved the day. Sales in continental Europe currently only account for 5% of net fee income, but Dennis Waxman, Executive Director of Personnel is expecting significant growth in Europe over the next few years. The shift in revenue more in favour of temps meant that the division's operating profit fell 15% to £122.5m, but on a like-for-like basis we were told that margins were maintained. A poorer performance in some areas (like IT) was to some extent offset by growth in revenue from the supply of staff to the public sector. Meanwhile investment in new offices and HR solutions absorbed £3m.

The **Commercial Division** did not have it so good. Revenue inched forward 2% to £227.5m, but operating profit fell by 25%. Hays has serious ambitions in the back and front office BPO space but the division's results as a whole in 2002 were dogged by a number of issues: "*significantly reduced demand*" for IT consulting and solutions and the slower than anticipated uptake of the key National Management Information System for police forces led to the £53m write off of goodwill and other assets. But make no mistake, Hays has established outsourcing capabilities in billing, data input and processing and database management (backed by c1400 staff in offshore facilities in India, Sri Lanka and Poland). Hays has appointed Les Cassells as Executive Director to lead the Commercial Division, replacing Keith Charlton who left back in May. Cassells, an internal candidate, brings strong financial and contractual experience to the role (essential for those BPO negotiations!).

The results were always going to be overshadowed by the issue of the vacant CEO post (after all it has been more than a year since the last one fell on his sword!!). Lawson promised that the search is drawing to a close and details of the candidate are likely to be revealed at the AGM in Nov. Going forward, the biggest decision facing Hays is whether its three lines of business really benefit from being under one roof. With the incoming CEO promised a free rein, we expect this issue to be top of his agenda.

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In the meantime, the Hays juggernaut trundles on, largely on cruise control.

Stop Press!Hays has at last confirmed the appointment of its new CEO. Colin Matthews, who will be taking up the post in November. He brings *"international and service industry experience"* from Bain, GE, British Airways and most recently Transco.

-45%
49p

AXON

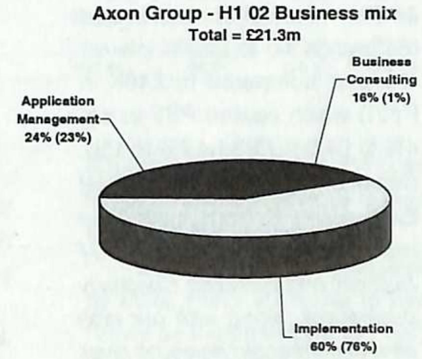
CONFIDENT OF THE FUTURE

Axon Grouphas announced its interims results for the six months ended 30th Jun. 02. Turnover fell 5.5% to £21.3m, PBT more than halved to £1.2m (£3.6m for the comparative period in 2001), and EPS fell 70% to 1.4p. Commenting on the outlook, Mark Hunter, CEO, said: "*Given the challenging market conditions in which we are working, 2002 is unlikely to be a year of revenue growth and profits will be below 2001. However, our recent contract wins, the management actions that have been taken and the positioning of Axon in the market as a full services provider gives me confidence for the future*".

Axon's acquisition of Bywater (Nov. 01) proved helpful, boosting revenues from business consulting to £3.5m, from just £0.3m last year. Axon reports that it is now performing "*business consultancy assignments in over 40% of (its) clients*".

Comment Axon is a company not afraid of change. We have commented before on how, under the charismatic leadership of founder and CEO, Mark Hunter, Axon has successfully ducked and dived, and worked hard to reposition itself as an end-to-end SAP solutions provider, with a credible business consulting capability. The results showed just how far Axon has travelled.

Hunter's ambition for the company, back at the FY01 results announcement, was to penetrate new geographies and new sectors with a "*full service*" (i.e. design, build and run) offering. Looking at the recent contract wins the execution is going pretty well. Both the wins announced in June and July (worth £45m over five years) are design, build and run, and one is in the public sector (exact identity of the client will be revealed next month apparently). Axon also notched up another four public sector wins during the period.



The other big win (worth £20m) is going to improve Axon's overseas revenue as Hunter reckons c50% will be performed outside of the UK. Even without that, Axon trebled overseas revenue to £6.4m during the period. Indeed overseas activities now account for 30% of total revenues, compared to 8% this time last year.

Understandably these wins meant increased cost of sales, but Axon is confident that a lot of the effort put into the bid process can be drawn on in future to support other major bids. The bid costs, pressure on day rates (down c10% compared to H1 01), "*reorganisation costs*" of £417K, and £366K goodwill amortisation associated with the acquisition of Bywater (Nov. 01) impacted Axon's profits for the period. Interestingly, Axon has decided to take a more prudent approach to its amortisation policy, writing off the Bywater acquisition over 10 years, rather the 15 originally planned. This is not because the board has changed its view of the value of the acquisition; indeed Axon believes it would not have won the recent £25m public sector deal without Bywater's business consulting capability.

Hunter admitted to being "*disappointed*" by the performance of the applications management operation during the period (revenue was static as £5.2m). But with delays in contracts signings now resolved and the new contract wins under its belt, Axon now has the best forward order book it has ever had.

Axon also reported that consultant chargeability had improved to more than 70%, the best it has been in a year. In contrast to many in our sector, Axon is planning to increase headcount during H2, by some 50 to 60 staff to "*service demand*". But we notice that headcount was down 3% at the end of H1, compared to H1 01, and in the intervening period Axon picked up 55 staff when it bought Bywater. Axon reorganised the business during H1 in order "*to continue to match more closely the skills in the group with the demand in the market*". £400K costs were incurred in the process, and similar costs are expected in the second half. Looking at it that way, Axon is not actually growing its headcount, just changing the mix of skills in the business.

Despite the recent successes, Axon is not expecting to show *any* revenue growth in FY02 and profits will be lower than 2001. This did not please investors - Axon's share price fell 24.8% to 65p on the day, and ended the month down yet further at 49p.

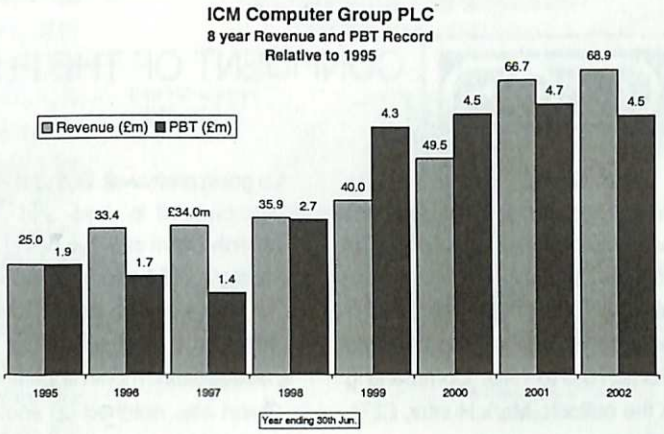
-1%
144p

SMALL (AND MEDIUM) IS BEAUTIFUL!

Support services and solutions company ICM has announced its preliminary results for the year ended 30th Jun. 02. Revenue grew marginally (3%) to £68.9m, and operating profit remained steady at £4.7m. However increased borrowings led to £258K interest charges (compared to £46K in FY01) which caused PBT to slip 4% to £4.5m. EPS fell 7% to 15p. Commenting on the outlook, Chief Exec, Barry Roberts said: "*The robust performance of our IT Support and Business Continuity businesses, along with our high level of contracted revenues gives us good visibility and stability going forward. We will remain alert to changing market conditions and committed to delivering further sound results in future*".

Comment Barry Roberts, Chief Exec and co-founder of ICM, described today's announcement as a "*creditable set of results*". Against a backdrop of "*challenging market conditions*" ICM delivered a solid performance, in fact a performance many S/ITS Chief Execs would be happy to present.

The modest revenue growth was organic, with the 10% decline in Solutions revenue (to £37.4m) offset by superb growth in Support (up 23% to £24.8m) and Business Continuity (up 34% to £6.7m). Support benefited from a five year/£10m contract that kicked in back in Jan. 02 (ICM's largest ever win), but even excluding this deal support revenues were up 19%.

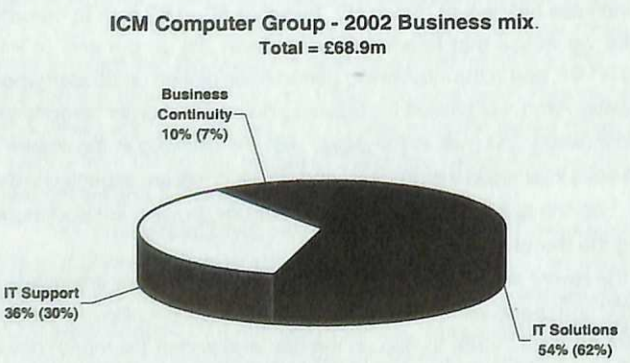


This shift in business mix means that ICM generated 46% of its revenues from support and BC activities in FY02, compared to 37% last year. Of course, the more it does in these areas the better the forward order book will get.

ICM puts its resilient performance down to a number of factors: broad sector spread, a large customer base (with no one customer accounting for more than 5% of turnover), and a stable, experienced management team that know their market. Indeed ICM's 'core' market – UK SME's – has proved to be a good hunting ground for them over the years. Contract renewals are running at over 90% in support and 86% in BC. Added to this ICM has been winning new customers, in some cases displacing break-fix suppliers with its 'IT Assurance' message (i.e. from initial consultancy, hardware & software selection, and integration through to 24x7 support and disaster recovery).

ICM has benefited by cross-selling its three service lines, and now reckons around a quarter of customers buy all three services, and about two thirds buy two. However ICM is realistic about the opportunity to sell BC into small enterprises, acknowledging that not many have a plan, let alone a budget for it!

Roberts said going forward the emphasis is increasingly on medium size enterprises. However we can also expect to see progress being made in the public sector in 2003, a sector ICM has not focused on before, following recent BECTA and UCISA accreditation (which will allow ICM to sell to schools & colleges, and universities).



With over £15m of contracted revenues in H1, and the integration of BC-firm Assurity (acquired August) going well, ICM is quietly confident of producing another year of profitable growth. Admittedly supporting UK SME's may not be everyone's idea of excitement, but how many companies in our sector are in a position to employ *more* people now than a year ago?

-54% 12p

PARITY thebusinessenabler

"WHEN MARKET CONDITIONS IMPROVE"

Parity Group's results for the six months to 30th Jun. 02 revealed a decrease in turnover of 24% to £99.0m and an improvement in pre-tax losses from £1.5m to £820K. However, PBT before goodwill amortisation and exceptional items of £1.4m in H1 01 moved to a loss of £128K. Loss per share, previously 0.48p, is now 0.63p. Headlines from the four divisions were:

- *Business Solutions*: Turnover down 15% to £17.3m, profit of £1.03m (compared to breakeven in H101)
- *Training*: Turnover down 0.7% to £13.5m, profit down 83% to £210K
- *Resourcing*: Turnover down 27% to £55.1m, profit down 99% to £10K
- *Parity US*: Turnover down 39% to £13.1m, profit down 71% to £420K.

Parity Group Six months to 30th June	Turnover £m		
	H1 02	H1 01	Change
Business Solutions	17.3	20.3	-14.7%
UK	14.3	17.4	-17.9%
Europe	3.0	2.9	4.4%
Training	13.5	13.6	-0.9%
Resourcing Solutions	55.1	75.3	-26.7%
UK	38.0	51.4	-26.1%
Europe	17.1	23.8	-28.2%
Parity US	13.0	21.2	-38.6%
TOTAL	99.0	130.4	-24.1%

Ian Miller, Chief Executive, commented on the results, "*... in the absence of clients giving the go-ahead to projects currently on hold and no improvement in market conditions, the Board's view is that the second half results before restructuring costs will be below those of the first half*".

Comment These results should not have surprised investors as they were preceded by a warning at the end of July that revenues would be "*significantly*" below H1 01, and that the company would only breakeven (pre-goodwill etc). So why did the share price fall 37.5% on the day? It was the outlook that gave cause for concern. In common with everyone else Parity is finding clients delaying expenditure (Ed: delaying, or cancelling?). It also reported further deterioration in revenues from public schedule courses and "*more aggressive pressure*" on prices for contract staff across all geographies.

Further restructuring is in hand, which will create an "*exceptional*" charge of £2.5m in the H2 (none in H1), and whilst some actions are expected to reduce the cost base permanently, other costs will "*need to be replaced as revenues increase*". Parity says its strategy is "*valid*" and it has the capability and customer relationships to "*restore sustainable profitability when market conditions improve*".

Well, we will keep on saying it for as long as it takes...for those readers out there that are *still* banking on market conditions improving – don't!

We agree that Parity's strategy is "*valid*", indeed we have agreed with pretty much all of Miller's actions since he joined in March last year. For instance:

- We applauded Parity for focusing on larger, longer term contracts in Solutions (without which UK revenues would surely have fallen more than 18%). These deals are typically worth £4-6m over three years, and have led to a 45% increase in the order book at the end of H1, compared to the year end. BUT "*bread and butter*" projects (worth c£200K) are proving much harder to secure.
- We gave Parity credit for having one of the best-run training businesses (and it is still profitable, despite £0.5m cost of sales incurred during H1 as a result of bidding for larger, longer term contracts). It performed much better than many of its rivals for two key reasons: the decline in classroom bookings in H1 was offset by increased revenue from training projects and outsourcing, and management and end-user training held up (unlike technical training). With c£10m of training outsourcing revenues p.a. under framework agreements, the order book here is also much improved. BUT running public schedule courses means having a network of classrooms and Parity now has to tread a fine line, cutting costs whilst maintaining its geographical footprint.
- We have acknowledged Parity's success in cross-selling its three lines of business across the customer base. We also liked the fact that Parity does a fair amount of business with government (they say they are the number one supplier of IT contractors via S-Cat, and close to half of Solutions revenue comes from the public sector).
- Despite the changes instigated by Miller, Parity continues to rely heavily on ITSA revenues. In FY01, they accounted for more than two thirds of turnover. Now with ITSA revenues in the UK down 26%, Europe down 28% and the US (predominantly resourcing) down 39%, the pain is really being felt.

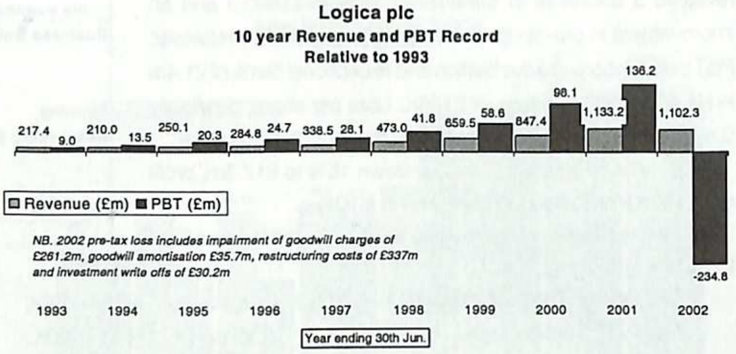
We have often said that ITSAs are a bellwether for the sector; first to suffer when things are tough and first to benefit when conditions improve. True. But Parity's predicament is that growth in the S/ITS industry is *not* going to return to double digits. It is much more likely to mirror growth in GDP. So, even presuming that Parity outperforms the market, it could take a very long time to build revenue back to the level seen in 01/02. Meanwhile, we hope the cost base has been cut enough to ensure a return to profitability. Ultimately, we are more interested in seeing Parity back in profits than pursuing market share.

Incidentally, back in July, Parity was talking of a potential JV (involving its UK and European ITSA operations) and acquisitions (of solutions/training businesses in Europe (from the same party)). The impetus was economies of scale in staffing. Well we were relieved to hear that Parity has abandoned these discussions, and will concentrate all efforts on its own operations.

-29%
120p

MANAGING FOR MARGIN, FOR PROFIT AND FOR CASH!

Logica has announced its preliminary results for the year ended 30th Jun. 02. Turnover fell 3% to £1.1bn (organically, turnover declined by 7%), PBT of £136.2m was converted to LBT of £234.8m (brought down by impairment of goodwill charges of £261.2m, goodwill amortisation £35.7m, restructuring costs of £337m and investment write offs of £30.2m). The goodwill impairment related to Logica's acquisitions of pdv in Germany in Nov. 00, and Carnegie, a US business acquired in Nov. 98. Diluted EPS of 20.6p in 2001 became a loss per share of 58.4p. Highlights are:



Outsourcing revenues grew by 43% to £176m and now account for 16% of Logica's revenues

Public sector grew by 44% to £126m

Energy and utilities up 9% (although organic growth was flat) to £250.6m

Telecoms down 20% to £386.9m

Financial services down 9% to £146.9m - a 19% organic decline was offset by acquisitions

Systems integration revenues down 11% to £365.2m, consultancy and professional services revenues up 3% to £310.7m.

Geographically, all regions with the exception of Asia Pacific saw revenues decline organically. The Americas were the worst performing with all industries suffering and an organic revenue decline of 22%. In the UK, telecoms declined, but financial services bucked the trend on the back of outsourcing services revenues. Public sector growth in the UK was 69% but all other regions saw government revenues decline.

Commenting on the outlook, MD and CE, Dr Martin Read said, "*The market for IT services remains difficult. There are areas of real strength such as public sector and outsourcing but telecoms and financial services remain extremely weak...Our largest businesses in continental Europe continue to suffer from spending restrictions and price softness in the telecoms and financial services sectors.... In this difficult environment, overall IT services revenues for the first half is unlikely to exceed the last six months*".

Comment– It would have been very easy to substitute 'Logica' for 'CMG' in this results announcement. It was the same story... public sector and outsourcing the strength areas, whilst finance and telecoms are particularly weak. Overall, Logica saw a 2% increase in its IT services revenues including the effect of acquisitions.

We were however more at ease with CMG's performance in its Wireless Data Solutions business, which was boosted by its Hutchinson 3G contract but also more positive overall. In light of delays to 3G service launches and the slowdown in SMS traffic growth, Logica's Mobile Networks division saw revenues decline by 16%. This business accounts for almost a quarter of Logica's total revenues.

In Logica's words, "*the market remains depressed*". With just three MMS contracts under its belt, the company does not seem to have made the same impression on the MMS/3G market as CMG. Indeed, Logica has suffered a disappointing loss at Orange, where it was carrying out MMS trials. Orange has recently signed an MMS deal with Nokia. However, Logica does feel it will have an advantage over the equipment vendors, as solutions become more IT driven, i.e. in relation to message/data storage, as opposed to just providing MMS switches. Only time will tell.

Logica has now restructured the Mobile Networks business to break even at £150m and *"will continue to align the cost base to the market"*. The division increased its employees by 610 in 2001, but will have reduced the headcount by 473 in 2002 after the current redundancy round is complete. Logica will also be increasing the use of its offshore development facility in the Czech Republic to drive down costs. We wholeheartedly agree with Martin Read when he said, *"The only thing you can do in a difficult time like this is manage for margin, for profit and for cash"*.Three cheers!

Overall, Logica's broad geographic and vertical industry coverage served it well and prevented revenues from declining further. However, like CMG it is now finding that the 'good' areas are

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struggling to compensate for the 'bad'. This is the market that Logica will have to work with for the foreseeable future, so it will continue to find it hard to 'fire on all cylinders'. But to finish on a positive note, Logica was profitable before goodwill write-down and amortisation, and it has a strong balance sheet to see it through the tough times.

Also in September - Logica acquired Australian SAP consulting firm, **eGlobal Pacific**, for c£2.3m cash. eGlobal employs 65 people, and turned over c£4.8m in the year to 30th Jun. 02 - so Logica paid a PSR of c0.5. The acquisition is expected to be accretive to EPS (pre goodwill amortisation) in this FY. Logica said the move will *"increase the scope for business continuity and hosted services"* in Australia, and reinforces its determination to build a global SAP capability.

+11%
162p

ITNET

PASSION AND MOTIVATION A MUST FOR THE BOARD

ITNET's headline results for the six months to 30th Jun. 02 show a decrease in revenues of 2% to £85.5m, a decrease in PBT of 31% to £2.8m, and a fall of 86% in EPS to 0.47p. However, pre-tax profit before goodwill amortisation and exceptionals increased by 35% to £7.1m. The amortisation and impairment of goodwill totalled £5.1m, of which £4m was a write down relating to the acquisition of **Technosys**, the specialist *"e-commerce, knowledge management and solutions provider in the commercial market"* acquired in May 99.

The public sector business far outshone the commercial business. Revenues from government increased by 16%, and the order book was up 45% on the same time last year. In particular, the **French Thornton** management consultancy business, acquired two and half years ago increased turnover by 17% to £5.9m. 80% of French Thornton's business is in the public sector. Interestingly, the business process services (BPS) offering is not prospering in the public sector with, as Blow explained, local authorities currently focusing on reviewing their existing processes, rather than farming out their processes to be run by a third-party. BPS revenues were down 11%.

On the whole, the commercial market is in the doldrums with revenues over the period declining 17% to £39.7m, and the retail finance market giving ITNET the most problems. On the other hand, turnover from the transportation sector increased by 15% and turnover from the utilities and services sector increased by 13%. Slowdown in discretionary spend in the commercial sector impacted application services revenues, which were flat at £19.8m, and infrastructure services revenues which fell 3% to £49.5m.

Chief Executive, Bridget Blow, commented, *"Overall, current trading continues to be good and in line with management's expectations and, despite the current market environment which is likely to continue for the foreseeable future, we remain confident in our strategy and long-term positioning of the Group"*.

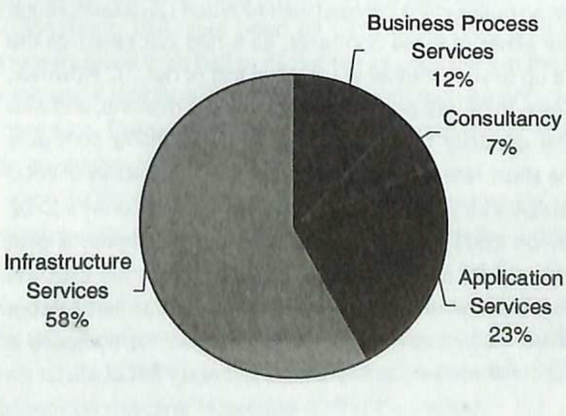
Comment – ITNET set about cutting its cloth to fit the market much sooner than most, and it has benefited over the last 18 months with margins (before all the 'nasty' bits) steadily increasing. As a result, the company is now in a position to invest in increasing competitive advantage in its chosen markets. Its effort might be best spent by taking greater advantage of cross-selling opportunities with French Thornton. It is the one area of the business that has stood up to the downturn, and could open up the doors for bigger outsourcing opportunities.

In the commercial sector, ITNET should continue to invest in its chosen markets of retail finance, transportation and utility services, where it has already made impressive inroads over the past year.

However overall ITNET's challenge now and over the next few years is to compete for market share with the current and 'new' BPO/ITO players, or risk being squeezed from all sides.

Indeed, the next year or so will require a great deal of passion and motivation from the Board if ITNET is to retain its position as a Top 20 supplier of outsourcing to the UK commercial and public sectors.

ITNET turnover by activity H102



-59%
24p
Marlborough Stirling

EMINENTLY SENSIBLE!

Marlborough Stirlingprovider of software and services to the mortgage, life, pensions and investment sectors, has announced results for the six months to 30th Jun. 02. Total turnover (including share of JV) is up 80% to £60.7m, with continuing operations delivering a commendable c30% growth. But PBT has declined 45% to £2.8m due to the combined impact of goodwill amortisation (£4.9m compared to £895K in H1 01), integration costs (£538K) and write off of investments (£100K). EPS previously 1.92p is now 0.15p.

Commenting on the results, Graham Coxall, Chief Executive said: "*Although the overall business climate is undoubtedly difficult and significantly increasing turnover will be challenging in the near term, our current pipeline gives us confidence that we will continue to make satisfactory progress in the forthcoming period.*"

Marlborough Stirling Six months to 30th June	Turnover £m		
	2002	2001	Change
Life, Pensions & Investments (LPI)	*21.7*	*27.5*	*-20.8%*
Software & consultancy	17.1	22.5	-23.8%
Outsourcing	4.6	5.0	-7.3%
Mortgage	*7.2*	*5.7*	*24.5%*
Software & consultancy	5.0	4.2	18.7%
Outsourcing	2.1	1.5	40.8%
Distribution	*15.3*	*0.5*	*3063.7%*
Software & consultancy	6.7	0.5	1282.9%
Portal Services	8.6		-
	44.2	*33.7*	*31.3%*
Acquisitions - LPI outsourcing	14.6		
- LPI S/W & consultancy	1.7		
TOTAL	**60.6**	**33.7**	**79.9%**

Comment – Marlborough Stirling's share price fell 59% this month to 24p valuing the company at £54.7m. The nosedive came after news of a delay in one of the company's largest contracts, which led onlookers to describe Marlborough as a company in distress. Having attended Marlborough's results briefing, we stick by our view that this is nonsense! And once again, we were impressed with the openness of CE, Graham Coxell, and FD, David Gales.

The contract in question was with Sun Life Financial of Canada (SLFOC), and incorporated a software implementation/migration contract worth £22m from Q401 to conclusion, an £80m/5 year outsourcing contract from Q102, and a £20m/2 year administrative services contract from Q102. The problem is that progress on the migration has slipped by 20% as customisation is taking longer than anticipated, and the data migration is proving more complex than anticipated. Consequently, costs have increased and cost efficiencies from outsourcing have been delayed. The effect on the financials will be that £3m of turnover will be deferred from 2002 to 2003, and profits will be reduced by £3m in both 2003 and 2004.

This is not the first time that a S/ITS company has seen a delay in a contract, and looking beyond this contract, Marlborough Stirling has made great strides in all its chosen markets. For a start, in an incredibly tough market place, it continues to be both profitable and cash generative.

In the life & pensions outsourcing market, the SLFOC contract, despite the delays, has increased Marlborough's scale and presence in the market, and has helped the company win new customers such as GE Life and Edinburgh Fund Managers. The life & pensions software business has suffered in the current climate, but the Lamda software is now being implemented increasingly as part of outsourcing contracts. The Exchange Portal has seen the number of subscribers increase by 2100 in the past year.

In a tough climate, Marlborough has benefited from the diversity of its revenue stream. For the year as a whole, although software turnover will be down on a like-for-like basis, outsourcing is expected to contribute c40% of total turnover – up from 19% in 2002. That is not to say the outsourcing market will be an easy one for Marlborough. Recently, Capitahas entered the life and pensions outsourcing market and won a large contract with Lincoln Life, and Liberatawon an outsourcing contract with AXA Sun Life (Marlborough claims it didn't bid for either of these contracts, as it had just taken on the SLFOC contract…it's up to you whether you believe this or not…). However, the company does seem to be well positioned in its chosen markets, and with growth will come the capacity to bid for multiple outsourcing contracts simultaneously. In the short-term, it's hard to argue with 96% visibility of 2002 revenues, and 55% visibility for 2003. Revised turnover expectations for FY02 are £125m (up 70% on 2001), and Marlborough has undertaken a cost reduction programme aimed at aligning the Group's cost base with the assumption that revenue will be remain similar in 2003 (cautious certainly but also eminently sensible!). Recent speculation of bid offers for the company is unsurprising, with the stock market currently valuing it at a PSR of <1.

-7% 13p

TENTATIVE PROGRESS AT K3

K3 Business Technology Group, the 'spin out' (of sorts) from ERP player **Kewill**, seems to be making tentative progress in its new guise as a supply chain management software company. Turnover for the six months to 30th Jun. 02 grew 14% to £3.9m, operating losses were reduced from £197K to £22K (inc. £242K of goodwill amortisation), pre-tax losses were £49K compared to £881K in H1 01 and loss per share reduced from 2.3p to 0.1p. However, comparisons to H1 01 are not very meaningful as these results include three months from the disposed of hardware distribution business and only three months from the core ERP businesses. K3's new (since May 02) Chairman George Matthews (ex-CEO at **Sherwood International**) reported that these results were "*below management expectations*" mainly because of the poor performance of **Touchline** (films soccer matches for TV and the web), which they are in negotiations to get rid of. Their core ERP businesses showed mixed results – Business Systems Division "*registered very strong new sales activity*" (up 46%), but Enterprise Systems Division suffered due to deferred decisions, although new contracts have since been signed. Matthews advises that "*the board remains cautiously optimistic*".

Comment: The path from Kewill to K3 is long and convoluted and we won't go into it here. When we met CEO Andy Makeham earlier in the year we commented at the time that K3 were likely to struggle unless they could find a deep niche to mine, because other small ERP players (like Kewill) are finding the going very, very tough. We were a bit concerned that their balance sheet shows no cash on hand and net current liabilities stood at £1.6m. However, CEO Andy Makeham and FD David Bolton assure us that they are fine on working capital and the cash should be flowing in the 'right' direction within 6-9 months. The c£500K of new orders last month should help. We think there may be news soon on Touchline.

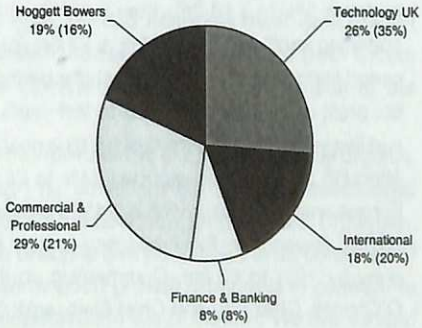
To all intents and purposes, the 'new' K3 started life in Mar. 01 with the acquisition of its core ERP businesses from Kewill, funded by a share issue at 15p. The shares have been basically bouncing around this level since then, and ended the month at 13p, down 7% on the year.

-30% 158p

TECHNOLOGY MARKETS "REMAIN CHALLENGING" FOR PSD

Multi-discipline recruitment company **PSD**'s interims for the six months to 30th Jun. 02 revealed gross fee income down c46% to £22.8m compared to H1 01, PBT has fallen from £5.5m to just £135K, and an EPS of 13.9p is now loss per share of 0.4p (tax on profit and dividends taking their toll). Commenting on the results, Francesca Robinson, Chief Exec, said: "*The technology markets which have traditionally generated a large proportion of our income have remained very challenging, especially the telecommunications industry where the downturn has been particularly severe. However, our strategy to diversify into other sectors is progressing well, creating a broader spread and, therefore, more robust business as well as building a solid framework for organic growth in the future*".

PSD Business Mix H1 02
Total Net Fee Income = £13.1m



Comment: PSD has been hit particularly hard as it traditionally generates more than half of its net fee income (NFI) in the technology sector, *and* it mainly undertakes permanent recruitment, rather than supplying contractors. Permanent recruitment, understandably, is faring much worse than contracts right now.

Of PSD's five business units, Technology UK and International (predominantly the recruitment of IT staff), were the worst affected, with net fee income down 60% and 52% compared to H1 01. Comparison with the previous six months shows that things have continued to decline this year, with NFI generated by the Technology division down c9% and International down c13%. On the contract side of the businesses, PSD commented that pressure on margins increased during the period.

Quite rightly, PSD is not assuming that conditions will improve for at least the remainder of 2002, and is looking to ride out the tough times, helped by its c£25m cash pile.

PSD's shares were knocked 20% on the day of the result and have not recovered, ending the month down 30% at 158p.

-8%
285p

SURF'S UP!

SurfControl knew what is was doing when it transitioned itself from a developer of software to provide Windows-like front end onto legacy UNIX systems to a web and email filtering company. In its results for the year ended 30th Jun. 02, the company reported a 28% rise in turnover to $54.2m, (£37.4m) and LBT 'improved' to $69.4m (£48.5m) from $92.4m (£60.9m). Loss per share also improved to 225.9 cents (104.5p) from 315 cents. Commenting on the outlook, Steve Purdham, CEO, said, "*As the company develops so does our visibility and financial stability. We therefore view the future with optimism and expect to look forward to continued growth in turnover and profits during the current year*".

Comment Losses may still be exceeding revenues but we fully expect this to be rectified by the time SurfControl reports its FY03 interims. SurfControl is in an enviable position as the leading provider of web and email filtering solutions – a market the company reports is growing at a CAGR of 33%. Indeed with new licence sales accounting for 55% of Q4 sales (c$9m) we can understand the reason for SurfControl's optimism. Even allowing for the fact that Q4 was a bumper quarter, there are few software companies that can achieve any new licence growth much less double digit. Moreover the company is also building a healthy recurring revenue base – 32% of sales in Q4 were from renewals (80% renewal rate) and 11% came from selling new products into the existing customer base.

SurfControl continues to work on its channel model with 64% of sales generated directly and 36% through the channel (up from 26% in 2001). The company wants to achieve a 50/50 balance and has put reseller programs into place to achieve this. In line with its objective of developing its OEM business, SurfControl reported an increase in its order book of OEM contractual commitments. The corporate business experienced "*steady growth*" and accounted for 81% of sales, education enjoyed an

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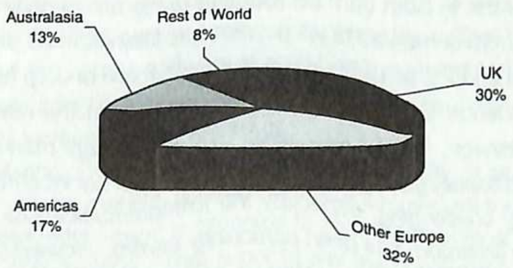
-20%
258p

STAFFWARE RIDES THE BPO WAVE

Staffware – provider of workflow software, and more recently business process management software - has announced interim results for the six months to 30th Jun. 02, revealing a welcome return to profitability. Although revenue is down 5% to £18.2m, they have (just) returned to an operating profit of £181K after a £3.6m loss for the same period last year. As a result, they have turned in a small pre-tax profit of £391K, compared to last year's loss of £3.4m, and last year's loss per share of 24.1p is now an EPS of 0.3p. Although UK revenues dropped 24% to £5.5m, the rest of Europe made up for it with a 24% increase in revenue to £5.8m. Revenue in the Americas – a very tough market – grew by 19% to £3.2m. Commenting on the results John O'Connell, Chairman and Chief Exec, said: "*I am very pleased to report we have returned to profitability in this first half. This is due largely to our success in establishing ourselves in the emerging BPM market and continuing to build on our strength in the workflow industry. We have successfully kept costs under tight control and will continue to do so. We believe we have the technology, customer base, track record, partners and staff to enable us to take a leadership position in the BPM market*".

Staffware - Revenues for 6 months to 30th Jun.02
Total = £18.2m



Comment There are many encouraging signs within Staffware's results statement. Whilst headline revenue has slipped, Q2 was ahead of Q2 last year, with licence sales up 14% on the comparable period. Meanwhile maintenance revenues for the six months grew 15%. Consulting business declined but Staffware reports that productivity improved marginally as headcount has been reduced. In addition, cash is up over 50% to £20m, the company has "*no material debt*" and has re-instated the interim dividend.

Staffware is doing well following the launch last year of iProcess Engine (part of its business process automation tool set called Staffware Process Suite). New contract wins include ABN Amro Bank in the Netherlands and Bank of Ireland

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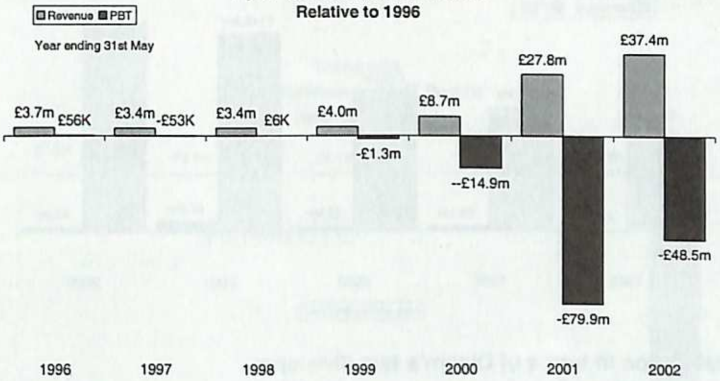
excellent year and accounted for 17% of total. In line with its strategy home revenues declined. All geographies reported increases in revenues and decreasing operating losses. In the US, which accounted for 75% of sales, revenues rose to \$40.9m, the UK reported a 14% rise to \$9.6m, Europe and rest of world generated revenues of \$2.4m and \$1.3m respectively.

Steve Purdham, CEO, reported that the company "*wouldn't rest on its laurels*", the challenge moving forward was about "*execution and more growth with profit*". With just \$1.2m of goodwill amortisaton charges to account for in FY03 (compared to \$16.7m in 2002) the company is on course to achieve its goal of attaining net profitability in Q1 03.

SurfControl plc
7 year Revenue and PBT Record
Relative to 1996



To date SurfControl has delivered upon its objectives. The company has got all the right foundations in place in terms of revenue stream, channel mix and geographic coverage to enable it to develop a well balanced business model. Looking to the future it has set the "*aggressive but achievable target*" of 38-39% revenue growth, and forecasts net pre tax profitability in Q1 03 - with its compelling product set and a continued tight control on costs - the company shouldn't disappoint.

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Group, both worth in excess of £1m. The focus, going forward, is firmly on the opportunities in application software for business process management (BPM).

Staffware have been smart in evolving their product set from workflow to 'BPO-ware'. In our view this is a clever place to be as the growth in BPO will lead to increased demand for technology to underpin the outsourced processes. We wonder which of the many IT services/business services/pure-play and consulting companies Staffware is aligning itself with, as they all jostle for position in the BPO space. Picking the winners will be important to Staffware's future success.

Staffware IPO'd in July 96, on AIM, at 225p per share and moved to the main market in Apr. 00. Although their shares topped £46 (!) in early 2000, they ended last month at £2.58, which is still 15% up on its float price and 23% down on the year.

-12%
355p

SET BACK FOR DICOM

Dicom, like SurfControl, is an example of a company that has metamorphosised; in Dicom's case, from a company trading in IT peripherals to a provider of Electronic Data Capture solutions (EDC). And again like SurfControl, Dicom capitalised on the opportunity to enter an emerging (niche) market early on and establish itself as a market leader. Indeed it's the specialised focus that has enabled both Dicom and SurfControl to buck the current downward trend of much of the software industry.

In the year to 30th Jun. 02 revenue rose 7% to £149.5m (mostly organic, with acquisitions contributing 1%), however PBT has more than halved to £3.5m, and EPS, previously 27.6p is now 3.5p. Otto Schmid, Chairman, commented on outlook, "*The Group is well positioned in its core market of EDC, which continues to show good growth prospects in contrast to the difficult general trading conditions in the IT market. We are excited by recent product launches and partnership agreements that will support our expansion/diversification into segments of the EDC market not previously covered by the Group. The EDC division's current trading performance enables the Directors to view the Group's outlook with optimism*".

Comment After a super year in 2001 - revenue up 12%, PBT up 13% - Dicom's performance in FY02 is somewhat disappointing. Despite revenues increasing, profits were impacted by a combination of exceptional charges, with a £4m provision made for default on a scheduled payment relating to a non-core investment (disposed of back in early 2000), and a £1.2m write off of a trade debt owed by a US

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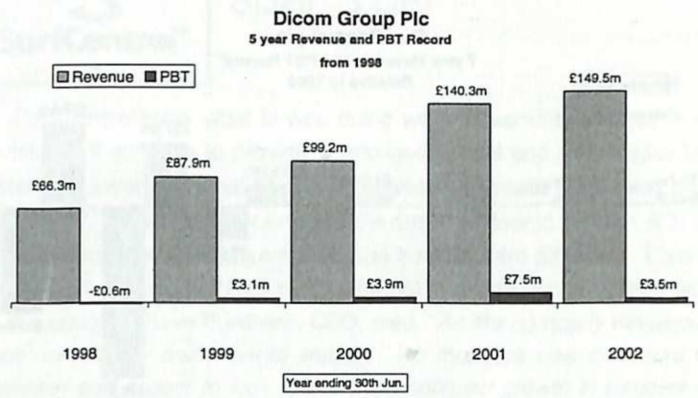


distributor. In terms of Dicom's two divisions:

- The EDC division, which develops and sells software and electronic components, provides a broad range of EDC services and distributes related products to SIs and software houses worldwide, reported revenues up 15% (12% in local currency). The division now accounts for 68% of turnover and generated £9.3m of operating profit – before goodwill amortisation and exceptional items - (up 33% on 2001). Sales of own products rose 26% to £39.4m and services income rose 26% to £17.5m – own product sales and services accounted for 56% of turnover. There was a 3% rise in sales of third party products to £45.1m.

- The SGA Division (Samsung General Agency, which operates as sole agency for Samsung's flat screen displays in Switzerland and Austria) "*continued to experience difficult trading conditions*", turnover fell 8% to £47.5m and operating profit (pre goodwill amortisation etc) fell 31% to £2m.

The underlying business looks sound, with "*good levels of growth*" reported in all major country operations, positive cash flow in FY02, and a good order inflow in Q1. Going forward the focus is very much on its "*core market*" of EDC, which "*continues to show good growth prospects*". In the meantime there seems to be no movement on the previously proposed sale of the SGA division.

-4% 235p

SERVICES TO THE RESCUE

Computacenterhas announced interim results for the six months to 30th Jun. 02 showing a 17% drop in revenues to £977m compared to H1 01 (including share of joint venture), but up 6% on the previous six months. PBT has fallen at a similar pace, down from £29.3m this time last year to £24.4m. EPS, previously 10.6p, is now 8.6p. Commenting on the results, Ron Sandler, Chairman said: "*Computacenter performed well in difficult trading conditions, delivering a set of results slightly ahead of market expectations. Whilst a further deterioration in market conditions is unlikely, we are not yet detecting any signs of an upturn. .....Looking further ahead, we have growing confidence in the future prospects of the Group. Our strategy of building the services capabilities to leverage the core product logistics business continues to make strong progress. It has already delivered greater resilience to the Group's earnings and access to new and attractive growth opportunities. The pipeline of new Managed Services tenders is excellent*".

Comment Computacenter's focus on improving it service capabilities is bearing fruit, with the UK Managed Services contract base up a third since the end on the year. Admittedly the majority of this increase is attributable to the contract win with BT (a five year desktop managed service contract for some 100,000 seats), but nevertheless deals like this will go some way to offsetting the decline in product sales. In the UK, product sales were down c20% on the same period last year. Professional Services reported a healthy growth rate, with revenues up close to 20% compared to H1 01. With its public sector division making up for much of the revenue shortfall in the other divisions – especially the city which has seen its contribution for H1 2002 halve to 6.5%, it's not surprising that margins have been impacted.

Computacenter has been careful to keep headcount under control: Managed Services has taken on 300 staff since the beginning of 2002, but other parts of the business have shed an equivalent number (achieved "*without recourse to exceptional charges*").

Performance overseas was mixed. Belgium and Luxembourg showed "*some slight improvement*"

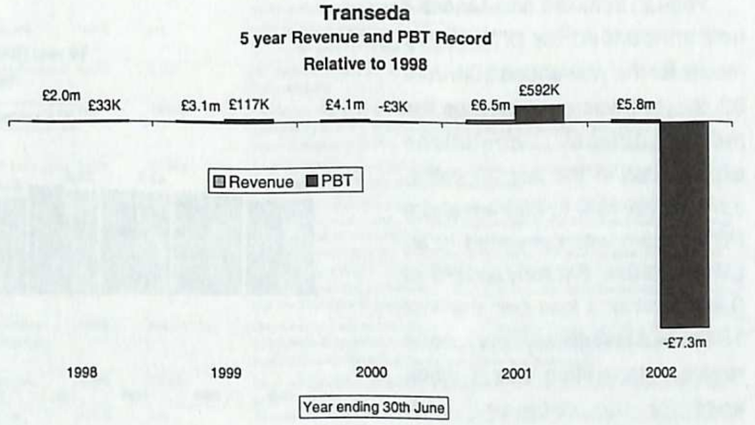
Computacenter Six months ended 30th Jun	Turnover by origin £m			Operating Profit £m			Margin	
	2002	2001	Change	2002	2001	Change	2002	2001
UK	828.9	1001.0	-17.2%	25.7	34.4	-25.3%	3.1%	3.4%
France, Belgium & Luxembourg	146.1	125.6	16.3%	-0.3	1.6	-115.8%	-0.2%	1.3%
Germany		47.1			-0.6			
Share of associates and joint venture	1.9	1.9		-0.2	-1.4			
TOTAL	976.9	1175.6	-16.9%	25.3	34.0	-25.6%	2.6%	2.9%

[continued on page seventeen]

-50%
2p
TRANSEDA

CHIPS ARE DOWN AT TRANSEDA

Despite AIM-listed TransEDA the verification software developer for the electronics industry, reporting an increase in turnover of 46% at the half year, turnover for the full year to 30th Jun. 02 was down 11% to £5.8m. In addition, TransEDA made a pre-tax loss of £7.3m, compared to a profit of £0.6m in 2001. The loss was reported after making impairment provisions of £5.2m (2001: nil) in relation to two acquisitions made in the previous period and its investment in own shares, and after goodwill amortisation of £0.7m (2001: £0.3m). Even so, 'normal' operations lost £7.8m. Diluted loss per share was 11.72p compared to an EPS of 0.66p in 2001. Cash is down 64% to £815K. Chairman, C.J. Wright, commented, "*During the period, the company took initial steps to cut its cost base and reduced headcount by a net 10% over the year. We will continue to take action to reduce its cost base whilst protecting its ability to invest in new products and achieve turnover. Further reductions have been made since the year end to enable a return to cash generation*".



Comment Eastleigh based TransEDA was founded in 1992 by a group of British software designers with the aim of developing Electronic Design Automation (EDA) tools. Today TransEDA develops and sells its software to organisations around the world who design and develop silicon chips. Their customers include, IBM, Hitachi, Alcatel, Sony, Nokia and HP. Last year it looked like they had recovered from the small losses they made in FY2000, but profits warnings in May and July this year signalled that there were troubles ahead again, and CEO Ellis Smith duly fell on his sword in Aug. 02. Indeed, the tightening of budgets in the electronics industry had a profound effect on TransEDA in H2. The first half saw new contracts worth over £1.3m, but the second half only managed to bear c£250K's worth of new contracts. With all its eggs in the electronic industry, TransEDA is now concentrating on strengthening its position and hoping (against hope, we fear) for a market recovery. In FY02, as well as taking initial steps to cut its cost base (some might say *too little too late*), TransEDA also made inroads into the Japanese market, winning a "*significant contract*" with Sony as well as £150K of renewals in maintenance contracts. In another move to strengthen its offering, TransEDA has formed a Technical Advisory Board to advise on its long-term technology strategy. This has led to an agreement with research and technology development organisation SRI International As part of the agreement, the company has exclusively licensed technology that can be incorporated into its existing tools. Whether this will be of material help to cash and profits this year will be the real test.

TransEDA came to the market at 50p in Sep. 00 but it's been pretty well downhill all the way since then. Their shares ended the month at 2p, down 94% on the year.

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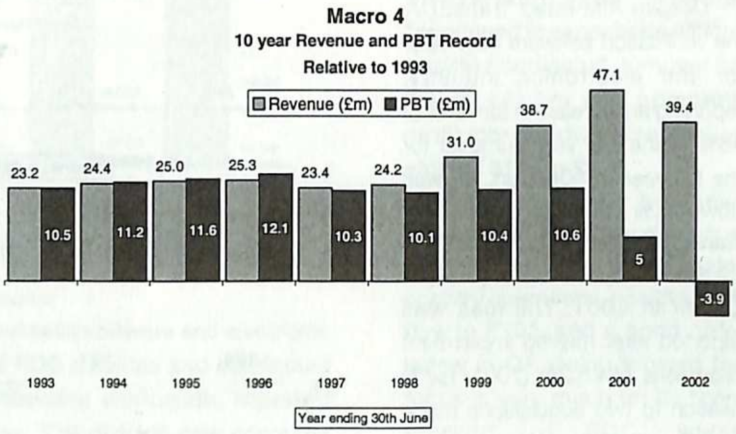
after two difficult years. France reported a c20% increase in revenues (to £140.1m), but operating profits suffered, dropping from £2.1m to just £0.2m. Computacenter puts this down to a "*softening*" of market conditions in France, and integration costs following the acquisition of the French business of GE Capital IT Solutions. However France boasted a 67% improvement in services revenues in H1 (from what was not disclosed). Although it is still early days but we do hope that Computacenter hasn't jumped out of the fire and into the frying pan with the sale of its German operation and the acquisition of GECIT's French division.

Computacenter continues to do what it can to offset the challenging conditions; control costs, increase its services business and focus on growth areas. Assuming no change in current conditions, the company is on course to deliver full year profits in line with FY01 – and in today's climate that's a pretty robust performance.

-28%
68p

THE RACE IS ON AT MACRO 4

Veteran software firm Macro 4 has announced its preliminary results for the year ended 30th Jun. 02. In what was described as the most difficult conditions experienced in the last 20 years, turnover fell 16% to £39.4m and a PBT of £5m was converted to an LBT of £3.9m. Similarly an EPS of 9.4p became a loss per share of 18.8p. Not surprisingly new licence revenue generation was a weak spot for the company, with revenues of £19m, down 29% on 2001. However, recurring revenues helped ease the pain returning a "*solid*" £20.4m (52% of total revenues). Macro 4 CEO Ronnie Wilson is "*satisfied that Macro 4 is well placed to build on its stronger performance in the second half of this year and take advantage of any upturn in the market that might develop*".



Comment: We met up with Ronnie Wilson after the analyst briefing. Wilson joined Macro 4 in May 98 after running Sequent's business in Europe (and was with Unisys prior). When he took the reins, Macro 4 was basically a moribund software player in a moribund (IBM VM/VSE) market with moribund staff! Over the past few years Wilson has seen some 80% of the employees 'churned' as he sought to build a document management products business based around the acquisition of **Viewpoint Systems** in Jul. 00. Wilson is very realistic about Macro 4's prospects and understands that the race is on – they must grow the Business Information Logistics (document management) business fast enough to mitigate the decline in the still highly profitable Systems Management Products business. We think there is opportunity to do that but with a slight change in strategy, Currently, Macro 4 is looking for partnerships with the 'usual suspect' system integrators as the channel to promote installation of the BIL product set. Well, so is every other small software vendor. But Macro 4's products seem well suited to the burgeoning market for document-oriented business process outsourcing – so maybe they should be looking nearer to home for partners! Macro 4's shares have never been exciting. They peaked around £14 during the heights of the dot.com boom but ended the month at 68p, down 73% on the year.

Macro 4 plc FYE: 30th June	Turnover £m			Operating Profit £m*			Margin	
	2001	2000	Change	2001	2000	Change	2001	2000
Systems Management	25.5	33.4	-24%	13.4	21.5	-38%	52%	64%
Business Information Logistics	13.9	13.7	1%	2.2	4.0	-45%	16%	29%
TOTAL	39.4	47.1	-16%	15.5	25.5	-39%	39%	54%

* Excludes general business costs

-26%
4p

MEETS EXPECTATIONS... BUT STILL DISAPPOINTS

For the first time since FY 00, **Baltimore's** results were in line with expectations, but don't get too excited – interim figures for the six months ended 30th Jun. 02 revealed sales were down 43% to £22.1m although LBT did 'improve to £43m (£550.6m in 2001). Loss per share was 4.9p compared to 31.2p. Because the company made a number of disposals during the year (Content Technologies and a reduction in stake in Baltimore Japan), it reports that comparisons with the previous period are "*difficult*".

Looking at continuing operations EMEA reported revenues down 28% to £1.1m, North and South America fell 53% to £2.5m. Software revenues fell 55% to £8.4m and services revenues were down by 34% at £11m.

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Buyer	Seller	Seller Description	Acquiring	Price	Comment
Aegon UK	Stake in AssureWeb (from Misys)	e-trading portal for Independent Financial Advisors	10%	n/a	Misys retains a 60% stake in AssureWeb. Aegon is one of five financial services companies to invest in AssureWeb to date (total £9.2m), and commit to payments for using the portal.
AEP Systems	Baltimore Technologies hardware business	Security technology	100%	max£4m	Baltimore disposed of its hardware operation to Ireland-based AEP for an initial £3m cash (£0.3m retained against warranties. A further £1m is dependent on sales of Baltimore's products through to Dec. 04.
Allium (the French subsidiary of SCH)	EBC	French reseller (s/w, storage, h/w)	100%	n/a	EBC filed for bankruptcy in June. It turned over cEUR90m. The acquisition takes SCH's revenue in France to over EUR1bn.
J Myers	Touchline Network Television Ltd from K3	Films sports for broadcast on TV and web	100%	£13K	K3 disposed of the last of its non-core activities for just £13K (the net aset value of the business).
Line Trust Corp	Gameplay	Shell	100%	£892K	Gameplay disposed of the last of its businesses, Wireplay, in Aug. 01, and has been trying to find a suitable party for a reverse takeover ever since. Gameplay had net assets of £556K. The deal, at 1p per share, values the company at £892K.
Logica	eGlobal Pacific	Australian SAP consulting firm	100%	£2.3m	Logica paid about half revenues for eGlobal. The move is part of Logica's plan to build a global SAP capability, incl outsourcing.
MBO	VEGA Informatietechnologie BV	Vega's industry business in Holland	100%	£400K (payable in Sep. 05 or earlier if re-sold)	Vega's Dutch industry business (to be renamed Magion Industrial Solutions BV), provides process automation and IT engineers to the Dutch and Belgium process industry, and industrial IT market. Vega will incur a loss on disposal of £4.7m in interim period to Oct. 02. The division has been loss making since Apr year end.
Microgen	Wishstream Ltd	Hosted e-billing services for telecom & utility sectors	100%	£940K	Microgen paid £525K, in cash and shares, up front, with a deferred consideration of £415K based on performance through to Dec. 03. Wishstream will be integrated into the Microgen-Telesmart division.
Misys	Eagleye Solutions	Compliance software for the asset management industry	100%	max. £15m	Misys will pay a max consideration of £15m over 3 years for Eagleye. The acquisition is intended to expand Misys' presence in middle and front office applications for the international asset management sector.
Sage	CPASoftware	Accounting practice solutions	100%	£9.2m	Sage acquired the US-based s/w company for cash. It turned over c£4.8m in the year to 31st Dec. 01.
SchlumbergerSema	Restart Ireland Ltd	Disaster recovery	100%	n/a	Restart is a JV between Sx3 and Restart, a business continuity provider based on the Isle of Man. Sx3 will continue to market and sell Restart's BC services in Northern Ireland. The acquisition adds to SSema's exisitng BC operations there.
Tribal Group	Atlas Media Group	PR, communications & design services for NHS	100%	max £5.8m	Another niche acquisition in the public sector. Initial consideration is £2.0m, with the balance dependent on operating profit performance through to FY06.
VI Group	Vero Tooling Solutions Inc.	Canadian distributor of VI's CAD/CAM software	100%	$1	VI acquired its Canadian distributor for $1, and assumed net liabilities of £390K. Vero's rev for year to 30th Jun. 02 was £256K.

Name	Activity	S/ITS or Dotcom	Index Class	Market	Issue Price	Market Cap.	IPO Date	Price end Nov 01	Premium/ Discount
Sunbeach Communications	ISP	Dotcom	SS	AIM	19p	£8.3m	13-Aug-02	22p	16%
ITrain	IT Training multimedia s/w	S/ITS	SP	AIM	85p	£5.0m	24-Sep-02	83p	-2%

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
Xchanging	Support Services	S/ITS	CS	MAIN	tbc	£1.0bn	2002
Sporting Options	Online betting exchange	Dotcom	B2C	AIM	tbc	£15.0bn	2003

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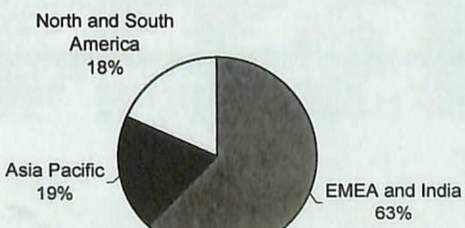
On to the good news, the restructuring has reduced costs - not least because of the decrease in headcount, which stood at 382 on Aug. 02, (562 in Dec. 01). The company has managed to scale down its high rate of cash burn, and the disposals have helped to improved its cash position, which now stands at £23.1m (although it had stood at £180m in 2000). Indeed its coffers were given a further boost just a week or so after its interims when Baltimore announced yet another disposal. This time it was its hardware business, which was sold for £4m to the Ireland based **AEP Systems Ltd** (£3m in cash and the balance, dependent upon AEP's sales performance to Dec. 04 for the hardware products acquired.) Proceeds from the sale are to be used for "*general corporate purposes*".

Baltimore is optimistic (it always has been) that there will be no need for any cash raising exercise and believes that it will become EBITDA positive during the course of the year

Comment Baltimore has been hit hard by the downturn in IT spending, its aggressive but misplaced acquisition strategy in 2000 and by the slow take up of PKI – which it attributes to the fact that PKI is still 'early adopter technology' - the trouble is that it's been early adopter technology for a pretty long time now. There are signs that that the market is starting to take more interest - but then so are a host of competitive suppliers. Baltimore hasn't/ wasn't able to exploit any early to market advantage and is not only having to compete against established players such as RSA but is now coming against others, such as Microsoft who are keen to exploit the PKI opportunity and who have much deeper pockets than themselves. Given the uncertainty over its cash position that has surrounded Baltimore this past year past year, it's pretty amazing that the company has managed to attract any new customers at all. This must be a major deterrent for prospective customers and why we think Baltimore will only realise its 'potential' under another guise.

Revenue by Origin H102 - Total £22.1m



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	-£2,183,000	Loss both
EPS	-5.60p	-56.90p	-8.50p	Loss both

Affinity Internet Holdings Plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£15,781,000	£52,765,000	£38,072,000	+141.3%
PBT	-£14,944,000	-£30,090,000	-£5,646,000	Loss both
EPS	-58.50p	-109.81p	-18.40p	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	18.22p		-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		£5,784,000	-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

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£22,590,000	£42,762,000	£21,348,000	+89.3%
PBT	£2,428,000	£5,464,000	£1,222,000	+125.0%
EPS	4.40p	6.70p	2.50p	+52.3%

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

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£38,928,000	£70,421,000	£22,065,000	-43.3%
PBT	-£550,646,000	-£659,711,000	-£42,968,000	Loss both
EPS	-110.00p	-131.80p	-8.50p	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

	Final - Jul 01		Final - Jun 02	Comparison
REV	£13,276,000		£19,087	-99.9%
PBT	£828,000		£1,588	-99.8%
EPS	1.52p		2.50p	+64.5%

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

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£1,176,000	£2,179,894	1102000	-6.3%
PBT	-£498,000	-£1,369,934	-598000	Loss both
EPS	-1.99p	-5.50p	-2.4	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

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£32,970,000	£64,620,000	£33,566,000	+1.8%
PBT	£2,599,000	£5,054,000	£2,869,000	+10.4%
EPS	6.40p	12.70p	7.4	+15.6%

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	18.30p		-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

	Final - Jun 01		Final - Jun 02	Comparison
REV	£235,731,000		£68,892,000	-70.8%
PBT	-£13,367,000		-£1,691,000	Loss both
EPS	-47.00p		-3.20p	Loss both

Computacenter plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£1,175,570,000	£2,093,423,000	£976,958,000	-16.9%
PBT	£29,259,000	£34,900,000	£24,405,000	-16.6%
EPS	10.60p	9.90p	8.60p	-18.9%

DCS Group plc

	Interim Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£58,000,000	£104,900,000	£37,800,000	-34.8%
PBT	-£8,100,000	-£4,600,000	-£7,700,000	Loss both
EPS	-8.10p	-22.58p	-31.72p	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

	Final - Jun 01		Final - Jun 02	Comparison
REV	£140,290,000		£149,527,000	+6.6%
PBT	£7,471,000		£3,521,000	-52.9%
EPS	22.80p		3.50p	-84.6%

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

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£28,607,000	£71,276,000	£42,361,000	+48.1%
PBT	-£10,586,000	-£292,667,000	-£53,077,000	Loss both
EPS	-38.40p	-440.50p	-47.90p	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	-189.70p	-51.00p	Profit to loss

Eidos plc

	Fifteen months Jun 01		Final - Jun 02	Comparison
REV	£170,579,000		£142,564,000	-16.4%
PBT	-£111,723,000		-£30,655,000	Loss both
EPS	-97.70p		-22.90p	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	-£18,336,496	-£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

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£13,026,000	£24,761,000	6152000	-52.8%
PBT	£1,675,000	-£973,000	2674000	+59.6%
EPS	2.59p	-3.32p	4.87	+88.0%

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

	Interim - Jun 01	Final - Jun 01	Interim - Dec 01	Comparison
REV	£102,239,000	£249,091,000	£120,000,000	+17.4%
PBT	-£13,905,000	-£10,037,000	-£3,850,000	Loss both
EPS	-18.40p	-15.30p	-6.84p	Loss both

Host Europe Plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£4,174,000	£9,529,000	£6,488,000	+55.4%
PBT	-£9,763,000	-£34,419,000	-£269,000	Loss both
EPS	-0.99p	-3.38p	-0.02p	Loss both

Hot Group plc

	Interim - Oct 00	Final - Apr 01	Interim - Oct 01	Comparison
REV	£923,000	£2,006,000	£1,338,000	+45.0%
PBT	-£70,000	£218,000	-£874,000	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

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£5,904,000	£10,873,000	£3,621,000	-38.7%
PBT	-£161,000	-£222,000	-£879,000	Loss both
EPS	-0.73p	-1.06p	-3.48p	Loss both

ICM Computer Group plc

	Final - Jun 01		Final - Jun 02	Comparison
REV	£66,678,000		£68,871,000	+3.3%
PBT	£4,668,000		£4,478,000	-4.1%
EPS	16.00p		15.00p	-6.3%

IDS Group plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£16,038,000	£35,355,000	£15,983,000	-.3%
PBT	-£5,244,000	-£18,138,000	-£2,235,000	Loss both
EPS	-9.40p	-31.96p	-4.10p	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

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£1,948,000	£3,111,584	1426000	-26.8%
PBT	-£3,632,000	-£6,979,561	-1904000	Loss both
EPS	-8.30p	-13.53p	-1.51	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

	Interim - Jun 01	Final- Dec 01	Interim - Jun 02	Comparison
REV	£1,897,000	£4,192,000	£1,892,000	-.3%
PBT	-£2,346,000	-£5,308,000	-£3,396,000	Loss both
EPS	-0.03p	-6.66	-0.04	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

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£87,590,000	£176,446,000	£85,547,000	-2.3%
PBT	£4,072,000	£10,467,000	£2,800,000	-31.2%
EPS	3.47p	9.12p	0.47p	-86.5%

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		£718,000	Loss to profit
EPS	-10.47p		16.67p	Loss to profit

K3 Business Technology Group Plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£3,449,000	£7,972,000	£3,944,000	+14.4%
PBT	-£881,000	-£1,373,000	-£49,000	Loss both
EPS	-2.30p	-3.60p	-0.10p	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

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£512,658	£1,020,520	£600,805	+17.2%
PBT	-£4,582,815	-£9,768,556	-£1,490,049	Loss both
EPS	-6.20p	-12.17p	-1.82p	Loss both

Logica plc

	Final - Jun 01		Final - Jun 02	Comparison
REV	£1,133,200,000		£1,102,300,000	-2.7%
PBT	£136,200,000		-£234,800,000	Loss both
EPS	20.60p		-58.40p	Loss both

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

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.

Macro 4 plc

	Final - Jun 01		Final - Jun 02	Comparison
REV	£47,100,000		£39,405,000	-16.3%
PBT	£5,034,000		-£3,910,000	Profit to loss
EPS	9.40p		-18.80p	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

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£32,177,000	£73,369,000	£58,400,000	+81.5%
PBT	£5,053,000	£9,277,000	£2,795,000	-44.7%
EPS	1.92p	2.90p	0.15p	-92.2%

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		-46.60p	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 Pl

	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 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 pl

	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

	Final - Jun 01		Final - Jun 02	Comparison
REV	£6,353,000		£6,079,000	-4.3%
PBT	-£21,663,000		-£1,189,000	Loss both
EPS	-134.40p		-6.90p	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

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£9,413,000	£18,418,000	£2,355,000	-75.0%
PBT	-£21,353,000	-£36,066,000	-£2,699,000	Loss both
EPS	-19.00p	-30.90p	-2.20p	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	£2,721,760	£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 Group plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£130,367,000	£246,930,000	£95,958,000	-26.4%
PBT	-£1,468,000	-£3,265,000	-£820,000	Loss both
EPS	-0.48p	-2.03p	-0.17p	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	-£15,181,000	-£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	£6,545,000	£8,766,000	£3,280,000	-49.9%
PBT	-£2,667,000	-£10,238,000	-£2,312,000	Loss both
EPS	-2.90p	-9.00p	-0.70p	Loss both

PSD Group plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£41,974,000	£71,672,000	£22,845,000	-45.6%
PBT	£5,529,000	£4,815,000	£135,000	-97.6%
EPS	13.90p	10.20p	-0.40p	Profit to loss

QA plc

	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	£2,660,000	£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	-£626,000	-£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

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£9,685,000	£22,195,000	£13,619,000	+40.6%
PBT	-£548,000	-£2,895,000	-£1,873,000	Loss both
EPS	-0.47p	-2.15p	-0.69p	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

	Interim - Jun 01	Final - Dec 00	Interim - Jun 02	Comparison
REV	£909,300,000	£17,135,457	£10,698,000	-37.6%
PBT	£115,000	£727,215	£1,359,000	Profit to loss
EPS	0.20p	4.40p	4.70p	Profit to loss

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

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£19,127,000	£38,230,000	£18,231,000	-4.7%
PBT	-£3,369,000	-£3,250,000	£391,000	Loss to profit
EPS	-24.10p	-26.00p	0.30p	Loss to profit

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

	Final - Jun 01		Final - Jun 02	Comparison
REV	£29,120,000		£37,538,000	+28.9%
PBT	-£63,746,000		-£48,084,000	Loss both
EPS	-217.40p		-156.55p	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 Group pl

	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

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£4,704,000	£9,123,000	£3,731,000	-20.7%
PBT	£320,000	£1,006,000	£1,000	-99.7%
EPS	3.10p	6.10p	0.00p	-100.0%

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

	Final - Jun 01		Final - Jun 02	Comparison
REV	£6,510,000		£5,751,000	-11.7%
PBT	£592,000		-£7,346,000	Profit to loss
EPS	0.66p		-11.72p	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		£41,567,000	-21.2%
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

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£3,083,000	£6,456,000	£3,200,000	+3.8%
PBT	£324,000	£726,000	-£357,000	Profit to loss
EPS	0.94p	2.12p	-1.04p	Profit to loss

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

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£2,936,000	£5,276,000	£2,120,000	-27.8%
PBT	-£231,000	-£1,571,000	-£333,000	Loss both
EPS	-0.74p	-4.83p	-0.46p	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 30-Sep-02	Capitalisation 30-Sep-02	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 30-Sep-02	Share price move since 31-Aug-02	Share price % move in 2002	Capitalisation move since 31-Aug-02	Capitalisation move (£m) in 2002
AFA Systems	SP	£0.20	£4.7m	Loss	0.58	167	-24.53%	-78.14%	-£1.55m	-£16.99m
Affinity Internet Holdings	CS	£0.30	£9.1m	Loss	0.17	2308	-46.90%	-90.08%	-£7.97m	-£72.58m
AIT Group	CS	£0.63	£14.9m	Loss	0.41	410	1353.49%	-90.85%	£13.99m	-£123.64m
Alphameric	SP	£0.54	£56.4m	Loss	0.99	248	-18.80%	-50.46%	-£11.44m	-£54.80m
Alterian	SP	£0.28	£11.0m	Loss	2.58	140	-21.13%	-61.90%	-£2.90m	-£17.80m
Anite Group	CS	£0.19	£62.2m	Loss	0.31	108	-21.28%	-89.15%	-£15.91m	-£427.13m
Argonaut Games	SP	£0.19	£17.9m	Loss	4.07	193	-33.93%	-70.40%	-£9.17m	-£39.48m
Autonomy Corporation	SP	£0.99	£126.2m	0.5	3.48	30	-29.29%	-69.72%	-£52.26m	-£285.47m
Aveva Group	SP	£2.77	£46.8m	13.3	1.47	1383	-18.32%	-37.37%	-£10.52m	-£27.92m
Axon Group	CS	£0.49	£25.2m	8.2	0.59	277	-44.57%	-72.29%	-£20.30m	-£64.62m
Azlan Group	R	£0.83	£91.8m	7.2	0.15	359	-30.67%	-38.20%	-£40.64m	-£53.80m
Baltimore Technologies	SP	£0.04	£21.8m	Loss	0.31	436	-26.09%	-72.13%	-£7.70m	-£56.38m
Bond International	SP	£0.17	£2.4m	2.8	0.21	254	10.00%	-78.00%	£0.21m	-£8.34m
Business Systems	CS	£0.04	£3.2m	Loss	0.09	34	0.00%	-70.37%	£0.00m	-£7.66m
Capita Group	CS	£1.98	£1,317.8m	23.6	1.91	53523	-31.72%	-59.61%	-£611.94m	-£1,912.36m
Charteris	CS	£0.85	£35.0m	26.8	1.83	944	4.29%	-3.95%	£1.44m	£2.73m
Clarity Commerce	SP	£0.75	£10.4m	Loss	1.37	600	-1.32%	-18.03%	-£0.10m	-£2.24m
Clinical Computing	SP	£0.34	£8.5m	Loss	3.91	274	4.62%	13.33%	£0.37m	£1.00m
CMG	CS	£0.39	£243.5m	Loss	0.26	1083	-49.03%	-83.85%	-£234.27m	-£1,245.73m
CODASciSys (was Science Systems)	CS	£2.45	£61.7m	11.6	1.24	1899	-7.55%	-52.88%	-£5.10m	-£69.30m
Comino	SP	£1.48	£20.3m	Loss	0.99	1135	-3.91%	-13.24%	-£0.89m	-£3.16m
Compass Software	SP	£0.80	£9.4m	19.7	2.19	533	0.00%	-13.04%	£0.13m	-£1.29m
Compel Group	R	£0.51	£15.9m	Loss	0.25	408	13.33%	-39.64%	£1.89m	-£10.33m
Computacenter	R	£2.35	£435.6m	16.1	0.21	351	-4.08%	-31.88%	-£18.50m	-£203.87m
DCS Group	CS	£0.12	£2.9m	Loss	0.03	192	-37.84%	-59.65%	-£1.76m	-£4.27m
Delcam	SP	£1.34	£8.1m	18.9	0.44	515	-3.94%	-6.29%	-£0.33m	-£0.61m
Detica	CS	£2.18	£48.7m	10.5	1.48	544	-33.08%	-45.63%	-£24.00m	-£39.35m
Diagonal	CS	£0.35	£30.8m	7.0	0.37	502	-36.70%	-66.34%	-£17.90m	-£59.60m
Dicom Group	R	£3.55	£73.9m	15.6	0.49	1088	-12.35%	-16.27%	-£10.48m	-£14.44m
Dimension Data	R	£0.16	£206.0m	Loss	0.14	28	-33.33%	-81.07%	-£103.02m	-£881.96m
DRS Data & Research	SP	£0.24	£8.2m	11.1	0.82	216	-2.06%	55.74%	-£0.17m	£2.94m
Easynet	CS	£0.62	£38.1m	Loss	0.91	17	-7.52%	-76.70%	-£3.13m	-£125.60m
ECSoft Group	CS	£1.34	£15.1m	Loss	0.25	74	-2.91%	-73.69%	-£0.41m	-£44.25m
Eidos	SP	£1.17	£162.2m	Loss	0.95	5847	-2.50%	-35.00%	£160.52m	-£87.42m
Electronic Data Processing	SP	£0.38	£9.4m	Loss	0.90	1164	-15.56%	-24.00%	-£1.73m	-£3.23m
Epic Group	CS	£0.57	£14.3m	18.0	1.99	538	-29.38%	-35.43%	-£5.91m	-£7.75m
Eurolink Managed Services	CS	£0.33	£3.4m	0.1	0.41	325	-13.33%	-27.78%	-£0.52m	-£1.30m
Eyretel	SP	£0.10	£14.5m	18.6	0.29	95	-32.14%	-86.99%	-£6.91m	-£97.20m
Financial Objects	SP	£0.39	£15.3m	5.3	0.87	170	-2.50%	-53.01%	-£0.40m	-£17.29m
Flomerics Group	SP	£0.46	£6.6m	18.9	0.51	1750	-5.21%	-43.13%	-£0.36m	-£5.00m
Focus Solutions Group	SP	£0.20	£5.1m	Loss	1.01	103	-59.18%	-80.49%	-£7.47m	-£20.57m
Gladstone	SP	£0.06	£2.3m	Loss	0.38	138	-18.52%	-60.00%	-£0.52m	-£2.47m
Glotel	A	£0.39	£14.8m	Loss	0.15	203	-27.10%	-4.88%	-£5.55m	-£0.75m
Gresham Computing	CS	£0.94	£45.6m	Loss	1.84	1013	34.64%	266.02%	£11.78m	£33.12m
Harrier Group	CS	£0.08	£2.4m	Loss	0.14	64	-34.00%	-83.82%	-£1.22m	-£11.84m
Harvey Nash Group	A	£0.23	£12.4m	Loss	0.05	131	-23.33%	-80.83%	-£3.74m	-£23.54m
Highams Systems Services	A	£0.08	£1.6m	Loss	0.10	229	3.13%	-44.07%	£0.05m	-£1.27m
Horizon Technology	R	£0.24	£11.4m	Loss	0.05	86	74.07%	-25.40%	£3.50m	-£7.03m
Host Europe	CS	£0.01	£13.7m	Loss	1.44	442	0.00%	-35.57%	-£0.50m	-£6.40m
Hot Group (was RexOnline)	A	£0.16	£4.1m	38.5	2.03	190	-21.95%	-60.00%	-£1.15m	-£1.19m
I S Solutions	CS	£0.12	£2.9m	Loss	0.26	429	-17.86%	-64.62%	-£0.62m	-£5.24m
ICM Computer Group	CS	£1.44	£28.4m	9.6	0.41	797	-1.03%	-52.17%	-£0.31m	-£30.92m
IDS Group	SP	£0.10	£5.7m	Loss	0.16	111	-72.97%	-79.17%	-£15.46m	-£21.78m
Innovation Group	SP	£0.10	£19.0m	Loss	0.33	43	-30.36%	-97.29%	-£7.94m	-£648.83m
Intelligent Environments	SP	£0.03	£3.9m	Loss	1.26	32	-29.41%	-42.86%	-£1.63m	£0.81m
Intercede Group	SP	£0.35	£5.7m	Loss	4.80	583	-1.41%	-36.94%	-£0.08m	-£3.35m
IQ-Ludorum	SP	£0.03	£2.4m	Loss	0.40	40	20.00%	-75.51%	£0.40m	-£7.40m
iRevolution	CS	£0.03	£1.5m	Loss	0.23	73	-18.75%	-84.15%	-£0.35m	-£7.87m
iSOFT Group	SP	£1.55	£181.8m	14.5	3.02	1405	-23.70%	-40.00%	-£56.45m	-£121.19m
ITNET	CS	£1.62	£118.1m	10.8	0.67	461	10.62%	-35.01%	£11.39m	-£59.86m
Izodia (was Infobank)	SP	£0.35	£20.4m	Loss	5.40	5556	-9.09%	11.11%	-£2.11m	£2.02m
Jasmin	SP	£1.65	£7.8m	10.1	1.09	1100	-14.73%	-34.52%	-£1.34m	-£4.13m
K3 Business Technology	SP	£0.13	£6.3m	Loss	0.80	96	-7.41%	-7.41%	-£0.51m	-£0.51m
Kewill	SP	£0.11	£8.2m	Loss	0.17	212	-28.33%	-75.00%	-£3.26m	-£24.81m
Knowledge Management Software	SP	£0.01	£1.2m	Loss	0.19	8	0.00%	-91.49%	£0.00m	-£12.40m
Knowledge Support Systems Group	SP	£0.13	£9.8m	Loss	9.78	60	-14.52%	-25.35%	-£1.62m	-£3.34m
Logica	CS	£1.20	£536.3m	Loss	0.49	1643	-29.10%	-81.25%	-£220.11m	-£2,323.87m
London Bridge Software	SP	£0.32	£53.5m	10.3	0.72	788	-17.11%	-82.35%	-£11.00m	-£249.45m
Lorien	A	£0.74	£14.4m	5.9	0.10	735	-6.37%	16.67%	-£0.99m	£2.11m

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 30-Sep-02	Capitalisation 30-Sep-02	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 30-Sep-02	Share price move since 31-Aug-02	Share price % move in 2002	Capitalisation move since 31-Aug-02	Capitalisation move (£m) in 2002
Macro 4	SP	£0.68	£14.0m	Loss	0.36	272	-28.19%	-73.27%	-£5.60m	-£38.50m
Manpower SoftWare	SP	£0.10	£4.5m	Loss	1.38	106	-12.77%	-59.00%	-£0.66m	-£1.45m
Marlborough Stirling	SP	£0.24	£54.7m	5.0	0.75	173	-58.55%	-88.17%	-£77.24m	-£411.98m
MERANT	SP	£0.80	£83.6m	Loss	0.96	384	-6.47%	-28.05%	-£5.75m	-£65.55m
Microgen	CS	£0.34	£21.5m	7.5	1.02	143	-20.24%	-67.32%	-£5.50m	-£30.63m
Minorplanet Systems	SP	£0.89	£64.8m	19.7	1.22	1807	-24.03%	-70.35%	-£20.47m	-£140.93m
Mission Testing	CS	£0.81	£14.1m	Loss	0.85	295	2.55%	-50.46%	£0.38m	-£13.79m
Misys	SP	£1.49	£858.3m	11.7	0.83	1854	-34.07%	-54.15%	-£443.43m	-£1,013.36m
MMT Computing	CS	£0.65	£7.9m	Loss	0.25	387	-27.78%	-40.91%	-£3.03m	-£5.43m
Mondas	SP	£0.27	£5.4m	Loss	1.44	360	-18.18%	-1.82%	-£1.20m	-£0.10m
Morse	R	£1.33	£169.7m	Loss	0.36	530	-11.67%	-30.26%	-£22.36m	-£73.59m
MSB International	A	£0.27	£5.4m	4.0	0.04	139	-31.17%	-68.64%	-£2.44m	-£11.79m
Ncipher	SP	£0.50	£63.3m	Loss	4.41	200	-7.41%	-37.11%	-£5.03m	-£37.27m
NetBenefit	CS	£0.08	£1.3m	Loss	0.21	40	0.00%	-38.46%	£0.02m	-£0.78m
Netstore	CS	£0.13	£12.4m	Loss	1.87	87	-13.33%	-35.00%	-£1.89m	-£5.28m
Nettec	CS	£0.08	£9.2m	Loss	0.56	31	3.45%	-31.82%	£0.30m	-£4.32m
Northgate Information Solutions	CS	£0.24	£69.4m	8.2	0.75	93	-28.68%	-27.61%	-£27.85m	-£26.43m
NSB Retail Systems	SP	£0.05	£16.9m	Loss	0.18	457	-61.82%	-78.57%	-£27.41m	-£60.71m
OneclickHR	SP	£0.12	£6.2m	Loss	1.07	288	4.55%	-72.62%	£0.27m	-£15.90m
Orchestream	SP	£0.02	£2.9m	Loss	0.20	12	0.00%	-89.02%	£0.00m	-£23.87m
Parity	A	£0.12	£17.6m	Loss	0.07	1917	-54.00%	-76.53%	-£20.80m	-£57.57m
Patsystems	SP	£0.09	£11.0m	Loss	1.89	79	9.68%	-19.05%	£0.93m	-£2.65m
Planit Holdings	SP	£0.28	£22.8m	7.5	1.02	1146	-38.89%	-50.00%	-£14.60m	-£22.90m
Protagona (was Recognition)	SP	£0.02	£8.1m	Loss	0.92	32	80.00%	-43.75%	£3.53m	-£5.88m
PSD Group	A	£1.58	£39.5m	15.5	0.55	716	-30.00%	-65.57%	-£16.94m	-£75.26m
QA (was Skillsgroup)	CS	£0.08	£7.4m	Loss	0.13	36	-70.37%	-82.61%	-£17.45m	-£33.25m
Quantica	A	£0.28	£11.1m	7.4	0.33	222	-25.68%	-50.00%	-£3.80m	-£10.50m
Raft International	SP	£0.03	£1.6m	Loss	0.17	40	-28.57%	-75.61%	-£0.66m	-£5.09m
Rage Software	SP	£0.01	£8.1m	Loss	1.42	38	-20.00%	-87.50%	-£1.99m	-£22.96m
RDL Group	A	£0.31	£6.0m	7.1	0.14	339	64.86%	-43.52%	£2.36m	-£4.43m
Retail Decisions	SP	£0.03	£9.1m	Loss	0.41	44	-23.53%	-82.89%	-£2.85m	-£20.10m
RM	SP	£0.60	£55.2m	5.4	0.23	1700	-24.68%	-74.95%	-£18.08m	-£167.68m
Rolfe & Nolan	SP	£0.54	£8.0m	Loss	0.31	643	-7.69%	-34.55%	-£0.66m	-£3.64m
Royalblue Group	SP	£1.85	£56.4m	8.6	0.85	1088	-30.84%	-69.80%	-£25.10m	-£128.02m
Sage Group	SP	£1.13	£1,424.7m	16.2	2.94	43269	-12.79%	-50.77%	-£209.63m	-£1,469.84m
SBS Group	A	£0.11	£1.3m	Loss	0.03	105	-4.55%	-51.16%	-£0.06m	-£0.63m
SDL	CS	£0.36	£19.1m	Loss	0.57	237	-36.61%	-47.79%	-£10.94m	-£9.65m
ServicePower	SP	£0.09	£4.3m	Loss	1.36	85	-19.05%	-62.22%	-£1.02m	-£7.16m
Sherwood International	SP	£0.43	£19.6m	Loss	0.35	1433	-42.67%	-67.42%	-£14.62m	-£39.46m
Sirius Financial (was Policymaster)	SP	£1.25	£22.2m	43.8	1.28	833	-1.96%	28.21%	-£0.44m	£6.61m
Sopheon	SP	£0.06	£4.1m	Loss	0.29	86	-20.00%	-79.31%	-£2.28m	-£20.62m
Spring Group	A	£0.45	£67.6m	Loss	0.31	500	0.00%	-41.94%	£0.05m	-£48.80m
Staffware	SP	£2.58	£37.1m	Loss	0.97	1144	-19.53%	-23.13%	-£9.02m	-£11.10m
StatPro Group	SP	£0.20	£6.5m	Loss	1.06	250	-9.09%	-53.49%	-£0.56m	-£7.37m
SurfControl (was JSB)	SP	£2.85	£85.9m	Loss	2.29	1425	-8.06%	-42.13%	-£7.48m	-£62.55m
Synstar	CS	£0.48	£78.0m	Loss	0.33	291	-3.03%	-30.43%	-£2.47m	-£34.10m
Systems Union (was Freecom)	SP	£0.52	£53.6m	8.2	0.68	400	-13.33%	-37.72%	-£8.25m	-£32.47m
Telecity	CS	£0.03	£6.0m	Loss	0.43	4	-33.33%	-76.92%	-£3.00m	-£20.08m
Telework Systems	SP	£0.08	£13.6m	Loss	0.86	0	-6.25%	-81.48%	-£0.85m	-£59.55m
Terence Chapman Group	CS	£0.14	£9.5m	2.2	0.30	100	-12.90%	-67.07%	-£1.43m	-£19.43m
Tikit Group	CS	£0.96	£11.3m	17.4	1.24	835	-10.70%	-16.16%	-£1.20m	-£2.00m
Torex Group	CS	£2.35	£111.2m	8.0	0.84	4563	-47.78%	-67.70%	-£98.70m	-£209.07m
Total Systems	SP	£0.48	£4.9m	5.5	0.92	896	-27.48%	-63.60%	-£1.87m	-£8.66m
Touchstone Group	SP	£1.09	£11.3m	7.3	0.80	1033	-12.50%	-19.03%	-£1.70m	-£2.20m
Trace Group	SP	£0.51	£7.7m	3.0	0.45	404	-17.89%	-46.56%	-£1.67m	-£6.71m
Transeda	SP	£0.02	£1.0m	Loss	0.18	30	-50.00%	-93.88%	-£1.04m	-£15.70m
Transware	CS	£0.08	£2.8m	1.9	0.27	100	3.33%	-82.78%	£0.09m	-£12.73m
Triad Group	CS	£0.27	£5.8m	Loss	0.14	196	-27.40%	-71.66%	-£2.18m	-£18.04m
Tribal Group	CS	£2.65	£126.7m	18.3	2.77	1606	0.38%	-18.46%	£0.48m	£8.33m
Ultima Networks	R	£0.01	£1.9m	Loss	0.28	24	25.00%	-55.56%	£0.48m	-£2.41m
Universe Group	SP	£0.22	£7.9m	Loss	0.16	978	-8.33%	-42.86%	-£0.71m	-£3.55m
Vega Group	CS	£0.58	£10.6m	Loss	0.30	471	-20.69%	-58.93%	-£2.72m	-£15.20m
VI group	SP	£0.19	£6.8m	7.5	1.05	380	-2.56%	-36.67%	-£0.18m	-£0.75m
Vocalis Group	SP	£0.03	£0.6m	Loss	0.32	32	-20.00%	-57.14%	-£4.66m	-£2.68m
Warthog	SP	£0.20	£9.4m	27.8	1.07	465	-6.98%	-52.94%	-£0.72m	-£8.36m
Wealth Management Software	SP	£0.07	£2.9m	Loss	0.24	54	0.00%	-54.84%	£0.00m	-£3.57m
Xansa (was F.I. Group)	CS	£0.40	£131.2m	Loss	0.25	1013	-57.98%	-88.84%	-£181.14m	-£1,023.35m
XKO Group	SP	£0.35	£9.3m	Loss	0.24	230	-22.47%	-32.35%	-£2.66m	-£4.43m
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

MORE BAD NEWS...

Well what can we say? Another fall in the Holway S/ITS index this month. This time of a whopping 15% to 2376. This is back to the levels seen in 1996. The other indices all felt the pain (see table), with the techMARK and FTSE IT (SCS) index both down 19%, and the FTSE100 down 12%.

Of the S/ITS categories, IT services companies (system houses) suffered the most with an average share price fall of 19%, closely followed by the software products companies with an average fall of 15%. The resellers managed an average rise but only due to the performance of **Horizon Technology** which saw its share price jump by more than 70%, as the company returned to operational profitability and announced that it was increasing its market share in the enterprise infrastructure market.

With regards to the rest of our S/ITS index, the worst performers over the month included **NSB Retail Systems** down 62% to 5p, **Marlborough Stirling** down 59% to 24p (see page 12), **Xansa** down 58% to 40p, **CMG** down 49% to 39p, and **Torex** down 48% to 235p. With the largest of the S/ITS companies losing this much ground, it is therefore unsurprising (if depressing) to report that this month knocked £2.7bn off the the value of the companies in our S/ITS index. The total market capitalisation of all UK-quoted S/ITS companies is now under the £10bn mark (actually it is £8.6bn).

To attempt to finish on a postive note, there were a few bright spots over the month i.e. **Protagon** up 80% and **RDL Group** up 44% - though both are well down on the year as a whole. **Gresham**, on the other hand, can carry on smiling - its share price is up 35% on the month, and up 266% on the year. The reason for this is a mystery.

30-Sep-02		
	SCSI Index	**2376.44**
	FTSE IT (SCS) Index	**265.76**
	techMARK 100	**636.20**
	FTSE 100	3721.80
	FTSE AIM	605.10
SCSI Index = 500 on 15th April 1989	FTSE SmallCap	1781.88

Changes in Indices	SCSI Index	FTSE 100	techMARK 100	FTSE IT SCS Index	FTSE AIM Index	FTSE Small Cap
Month (01/09/02 to 30/09//02)	-15.20%	-11.96%	-18.75%	-18.67%	-9.17%	-12.73%
From 15th Apr 89	+137.64%	+81.23%				
From 1st Jan 90	+158.28%	+57.57%				
From 1st Jan 91	+235.72%	+72.27%				
From 1st Jan 92	+127.44%	+49.28%				
From 1st Jan 93	+49.13%	+30.75%				+28.44%
From 1st Jan 94	+42.34%	+8.88%				-4.64%
From 1st Jan 95	+58.52%	+21.41%				+2.03%
From 1st Jan 96	+5.22%	+0.88%	-19.39%		-36.53%	-8.22%
From 1st Jan 97	-11.24%	-9.63%	-30.44%		-38.01%	-18.38%
From 1st Jan 98	-21.70%	-27.53%	-33.31%	-73.42%	-39.00%	-22.97%
From 1st Jan 99	-39.71%	-36.73%	-56.31%	-81.62%	-24.51%	-13.96%
From 1st Jan 00	-79.28%	-46.30%	-83.17%	-92.85%	-68.69%	-42.48%
From 1st Jan 01	-71.62%	-40.19%	-75.20%	-86.36%	-57.91%	-44.02%
From 1st Jan 02	-50.47%	-28.67%	-56.80%	-68.52%	-32.60%	-30.91%

End Sep 02	Move since 1st Jan 99	Move since 1st Jan 00	Move since 1st Jan 01	Move since 1st Jan 02	Move in Sep 02
System Houses	-51.6%	-81.1%	-74.6%	-54.3%	-18.8%
IT Staff Agencies	-77.9%	-80.8%	-69.4%	-44.8%	-13.0%
Resellers	-15.7%	-59.4%	-46.3%	-40.2%	2.5%
Software Products	-6.6%	-77.5%	-83.7%	-47.5%	-15.2%
Holway Internet Index	71.5%	-79.1%	-69.3%	-44.5%	-17.3%
Holway SCS Index	-39.7%	-79.3%	-71.6%	-50.5%	-15.2%

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