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ovum HOLWAY

SYSTEMHOUSE

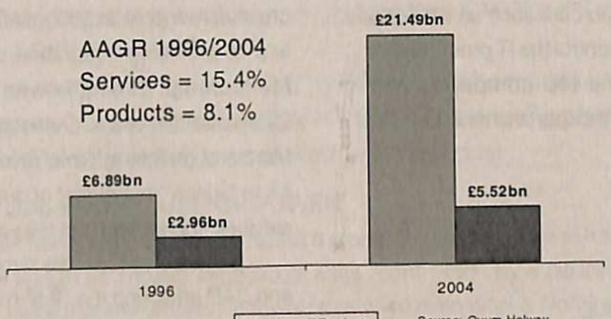
The monthly review of the financial performance of the UK software and IT services industry

ARE THE "EXCITING" HEYDAYS FOR THE SOFTWARE PRODUCTS VENDORS OVER?

As the only part of **IBM** reporting any growth in 2001 was its outsourcing business as it seeks to lessen dependence on its commodity PC business, and **HP** and **Compaq** look to a merger to overcome the problems of market saturation, so software vendors also must face up to the realities of a depressed market for new software product licences. The 'good old days' that saw **Microsoft** average c30% revenue growth year on year, and **Oracle** average c20% licence growth have come to an end. Revenue growth is slowing for many - for some it is even declining. **SAP**'s licence sales are no better than flat year on year and Oracle and **Siebel** are down.

Demand for lower prices, increased competition amongst vendors, resistance to upgrades and more cautious buyer behaviour have all taken their toll on the industry. Indeed, in the UK, we see the software products market declining as a percentage of the overall S/ITS market – falling from 27% of the market (£2.96bn) in 1996 to 17% (£5.52bn) by 2004. In comparison the services sector is going from strength to strength (as can be seen from the chart) with stellar growth performance fuelled by the move to outsourcing. We predict the services market will be worth c£21.5bn in 2004 (an increase from £6.9bn in 1996) and nearly four times the size of the software product market. Indeed we forecast that IT services will have grown at nearly TWICE the rate of software product market.

UK Market for Software Products vs. Services 1996-2004



Source: Ovum Holway

So what does the future hold for the software industry?

If we take the top global software companies and throw in a couple of UK examples, a picture starts to emerge: -

· For nearly all of 2001, SAP appeared immune to the vagaries of the market. However when it announced Q3 results, revenues had increased by 16% to Euro1,421m aided by a 28% increase in services. But licence revenues were down 7%. In its results for FY 01, licence sales had increased by just 5%, whereas consulting revenue had increased 27%.

· Siebel has faired no better; its Q3 results showed total revenues down by 14% to $428.5m with licence revenues down by 37% - but service revenue up 25%.

· From 2000 to 2001 Oracle's revenue growth has slowed to around 8% compared to 15% in 2000 (just 6% for licences). Furthermore in Q1 and Q2 02 revenue generated by new licences was down by 8% and 26% respectively, compared with a fall of just 1% and 12% for the Group as a whole. Revenue for 2001 was $10.9bn, of which 40% was attributable to services.

· In the UK, **Sage**, whilst not reporting a fall in new licence sales, has certainly experienced slowing growth. Indeed in its recently announced results for FYE Sep. 01, the company reported new licence sales up just 5% (compared to 20% in 2000), although its total growth was 17%. However, this doesn't phase Sage as since 1998 the company has consistently made in excess of 50% of its revenues from support services and the like. This year 68% of Sage's revenue was generated by its installed base, up from 65% in 2000, but Sage's services revenue increased by c30%.

Propping up licence revenue with services revenue is nothing new; Oracle and Sage have always viewed this as an important revenue stream. However, others, such as Microsoft and Siebel have always maintained that they do not want to compete with their respective channels, so will not look to aggressively increase their services revenues – well, they would say that, wouldn't they! There's truth in the argument but as we will see, there is more than one way to skin a cat.

So software companies have reduced their forecasts, cut costs and implemented redundancies to address the downturn. But delivering profits just through decreasing costs isn't the basis for a long-term survival strategy; you can only cut your cloth so far before you start to look a bit naked. Given that the support market for a company such as SAP or Microsoft could be worth up to 20-30 times the actual revenue of that company; expanding its own in-house services offering would seem an obvious route to take. We have said many times that product companies MUST enter the services sector to survive and grow s

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(see last month's SYSTEMHOUSE). Clearly there are downsides to this. Margins would be impacted, and it would no doubt have a detrimental effect upon the channel partners. But needs must and we are seeing software vendors undertake a variety of initiatives to maintain growth:-

· Many ISVs are focusing on their larger partners who can influence the decision makers in major corporations. That's good news for the likes of **Accenture**, **PwC** et al and also for major outsourcers such as IBM and **EDS** who control the IT processes of many of the top companies and Government departments in the UK. However it's bad news for the many smaller service providers, who are more implementers than influencers.

· Other software companies are seeking acquisitions and mergers as the path to increased revenues. In the UK, **Torex** reported 89% revenue growth in 2000 to £88m. 57% of its revenues came from acquisitions. The company has continued with its acquisitive nature this year and is expected to report 57% revenue growth to £138m for FYE 31st Dec. 01. Sage undertook seven acquisitions during 2001 to boost its quest for growth. Indeed, in our year-end update we reported that software suppliers were by far the most popular acquisition targets accounting for 39% of the number of acquisitions involving UK S/ITS companies. In its interim results for Dec. 01 it was the acquisitions which came to **Misys**' rescue, otherwise the company would have recorded negative growth.

·Other companies are extending their range of services and applications outside of software supply. In 2000, SAP launched a new company, SAP Integration, with the aim of providing integration on SAP and non-SAP applications. In the UK, **Marlborough Stirling** won an outsourcing contract, which could be worth up to £95m over five years. Outsourcing is now expected to contribute around 30% of Marlborough Stirling's total revenues this year. And recently Oracle announced that it's to launch *"its boldest of outsourcing deals"*- provide software and consulting services *"for nothing"* but take a cut of the savings/profits.

· Software vendors are also eyeing up each other's lunch. Thus we see Oracle and SAP attacking the SME market, Microsoft targeting practically every market there is and particularly moving into the consumer space, and Sage going upstream into the enterprise market.

· Of course there is the tried and tested route of just increasing prices or promoting/enforcing maintenance to increase revenues. Microsoft is doing just that with its new maintenance programme. This has proved to be deeply unpopular with customers, Microsoft may get away with it because of the sheer size of its installed base – others aren't in such a fortunate position.

· Then there's this year's buzzword 'web services'. Whilst there is the belief that 'this is the future', forecasts of when this will actually happen are far more realistic than they were with ASP. We recently met with Neil Holloway – MD of Microsoft UK, who as you know, is *"betting the company"* on the .NET initiative. Holloway 's take on it is that it will happen, but give it another 10 years! In the meantime Microsoft is doing all of the above. With a cash pile nearly the size of the Argentine debt, it can afford to do so.

Of course, not all ISVs are suffering the same fate. Of the big boys **Peoplesoft** is still going from strength to strength. In the UK, some of the smaller, niche companies such as **Isoft** and **Eyrtel** are growing profitability. However these tend to be the exception rather than the rule. They have not yet reached the critical mass of the big boys, and are focused upon the relatively buoyant markets. Of the software companies in our index, whilst the majority of them reported growing revenues, those that grew profitably are much fewer and far between.

Thus for the companies that are at either end of the scale, either very big or very small, we predict a lot of change. And change is always dangerous, expensive and takes far more time than you ever dreamed. There is a huge tranche of loss making software vendors who do not have the necessary high levels of contracted/recurring revenues and which have almost exhausted their funds. We expect to see many more going out of business or being acquired for their technology in the next year or so. Of the big players, given the trends outlined above, we expect a significant number either being acquired or entering into a merger. In some cases the name may simply disappear.

Whatever, the "Exciting" heydays for the software products vendors seem to be well and truly over.

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EVERY MONTH

INDICES (changes in Jan. 02)

Holway SCS	-7.8%	4424
Holway Internet	-6.5%	2891
FTSE IT (SCS)	-4.0%	810
techMARK 100	-8.5%	1347
FTSE 100	-1.0%	5165
Nasdaq	-1.7%	1550

HOLWAY COMMENT

"THE BORING WILL INHERIT THE EARTH"

Is it a fact of life that you get angrier as you get older? Do we all become like Victor Meldrew eventually?

I just can't believe it. Here we were with a headline on the front page of **SYSTEM**HOUSE in Mar. 00 entitled *"Dot.con"* and in Jan. 02, The Times serialised a book with the exact same title!

Perhaps there are some clever lawyers out there who might tell us how we could have benefited had we copyrighted, *"Acquisition indigestion"*, *"Y2K microclimate"*, *"Y2K hangover"*, *"Freejellybeans.com"*, *"e-nd of e-"*, *"the-business not e-business"* and a squillion more.

How many people have used *"The Emperor's New Clothes"* since we first used it in Nov. 99? How many have since quoted, *"You don't know who is swimming naked until the tide goes out"* since we used it first in Jan 00?

But the granddaddy of them all is "***Boring***". If only we could have had a £1 for every use of that word in the 'Holway' definition. *Mind you, in hindsight, we probably have....*

Those who have attended my presentations at the Regent Conference and the Techmark Quarterly Review in Jan 02 will now be familiar with our "***The Boring will inherit the Earth***" theme. Mark my words; this catchphrase is due for increased plagiarism in the months to come. But remember, you heard it here first.

POWER ERAS

IT Power lies with those that control the interface with the USER. Back in the 1960s/70s this was the hardware manufacturers like **IBM** and the "Bunch" (ask your father to explain) etc. Then their power was eroded by the upstart software providers. The most ubiquitous was, of course, **Microsoft** but it was probably more the likes of **Oracle**, **SAP** and **CA** which assumed the real user power mantle at that time.

We contend that it is now the outsourcers that have assumed the power to control the interface with the user. We reckon that going on for 50% (by revenue NOT number of customers) of UK IT is currently outsourced. This market is dominated by a pretty small number of players like IBM Global Services, **EDS**, **CSC**, **CGEY**, **Sema** etc.

If you were trying to sell technology to HM Govt who would you woo? Every Government department separately? Or EDS who 'control' perhaps 50% of all Govt. IT? Well, we know who we would wine and dine!

THE USE AND MISUSE OF POWER

We heard a story recently about a global IT company which had found that fault rates at its servers installed at sites *"controlled"* by a certain outsourcer were twice that elsewhere. Renewal rates were even worse. Nothing *"of course"* to do with the fact that the outsourcer had a competing product!

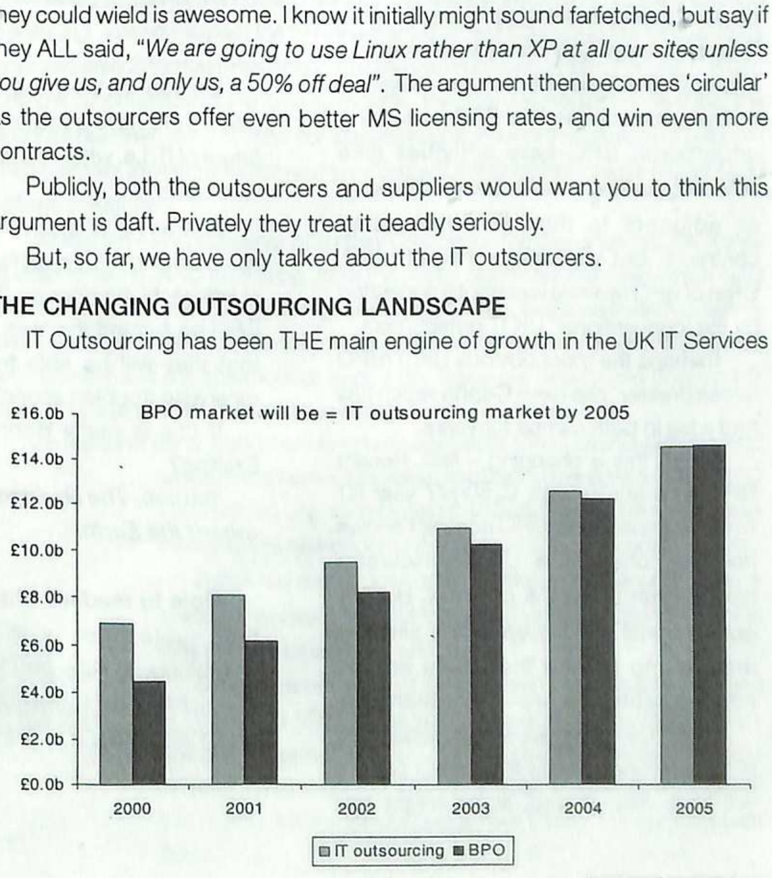
This month we interviewed Neil Holloway – CEO of Microsoft UK. Every statement seemed to be about the *"close"* relationship it was forging with a small inner core of its larger partners like EDS, **Accenture** etc. And quite sensible too. If 50% of MS' contracted desktop base is "controlled" by ten or less outsourcers, that's where we would put our sales effort too. The power that they could wield is awesome. I know it initially might sound farfetched, but say if they ALL said, *"We are going to use Linux rather than XP at all our sites unless you give us, and only us, a 50% off deal"*. The argument then becomes 'circular' as the outsourcers offer even better MS licensing rates, and win even more contracts.

Publicly, both the outsourcers and suppliers would want you to think this argument is daft. Privately they treat it deadly seriously.

But, so far, we have only talked about the IT outsourcers.

THE CHANGING OUTSOURCING LANDSCAPE

IT Outsourcing has been THE main engine of growth in the UK IT Services



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sector for most of the last ten years. Indeed, this year it is the ONLY engine of growth with both the software products and project services sectors in recession. If you need any evidence to support this just look at the latest results from IBM where it was only the outsourcing part of **IBM Global Services** which showed any growth in 2001. Or, closer to home, the latest results from **Xansa** which showed actual declines in revenues from front end IT consultancy but these being more than compensated by growth in outsourcing.

Well, IT outsourcing is just the start. We reckon that the UK Business Process Outsourcing (BPO) market was worth over £6bn in 2001 and is already something like three-quarters the size of the UK IT outsourcing market. Indeed, as the Page 3 chart shows, we forecast that the UK BPO market will be equal to the IT outsourcing market by 2005- clearly demonstrating the even faster market growth rates offered by BPO.

IT OUTSOURCING AND BPO BOUNDARIES BLURRED

The BPO players have tended in the past not to be those that turn up on our IT radar screens. Companies like **Amey**, **Hyder**, **WS Atkins**, **Serco**, and **Hays**. Of course, companies like EDS have long undertaken BPO-type activities (like collecting parking fines for London Parking) as adjuncts to their IT outsourcing contracts. But we believe that, at most, £1bn of BPO revenue is currently generated by the 'conventional' UK IT outsourcers.

Perhaps the most obvious UK IT/BPO 'cross dresser' has been **Capita** which has had a leg in both camps for years.

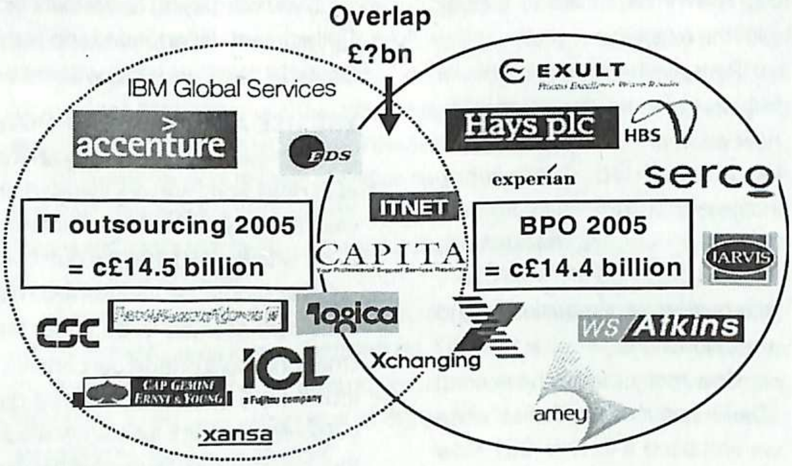
But all this is changing – *fast*. Recent BPO wins like Xansa's £250m/7 year BT Finance department BPO contract shows how the 'conventional' UK IT outsourcers have woken up to the potential. But the conventional BPO players are similarly moving into IT. And then there are the completely new players – like **Xchanging**.

Indeed, in a few years time, separating IT outsourcing players from BPO players will be a difficult and, some might say, pointless task. The overlap will be huge and the boundaries decidedly blurred.

IF THIS IS REALLY BORING, WHO NEEDS EXCITING?

Now some might consider BPO to be an even more Boring activity than, say, Application Management. But this is the future. The combined IT outsourcing and BPO market places will be nudging £30 billion by 2005. Put another way that's 50% bigger than the whole UK S/ITS market today and is growing considerably faster.

Outsourcing 2005



On top of that, the IT/BPO 'mega' players will have a major say in the whole future of IT, i.e. what and who makes it and who doesn't.

And as Xchanging will demonstrate in its upcoming IPO, investors will put some startlingly high prices on the players in the BPO sector and the 'security of earnings' that they will be able to provide in an otherwise troubled economy.

If this is really Boring, who needs Exciting?

You see, ***The Boring really are set to inherit the Earth!***

Note to readers. The BPO market is the subject of a new upcoming OvumHolway Report. For more details contact Andrew Randles (ajr@ovum.com) on 01252 740908.

-16% 298p xansa

FINDING THE XANSA

Xansa shares opened 10% lower on the day it announced a mixed set of results for the six months to 31st Oct. 01. The headline results were pretty much in line with expectations with revenues up 32% to £269.2m, operating profit up 49% to £24.4m, PBT up 54% to £23.1m and diluted EPS up 7.5% to 3.59p

Indeed most in the sector would be pretty delighted to report such a set of results in the current environment. There are some excellent parts of this '*curate's egg*':

· **Systems Integration**, which includes the Indian delivery channel and First Banking Systems (FBS), experienced steady growth of 23% to £151m.

· **Enterprise Solutions** increased turnover by 136% to £48.6m, of which £10.7m results from the inclusion of Synergy International (acquired in Apr. 01). Total contribution from the Enterprise Solutions unit has moved from a loss of £2.4m to a profit of £4.7m.

· **Xansa Recruitment** saw exceptional growth in turnover to £27.9m - up 67% over the same period last year.

· The new **Business Process Management (BPM)** business was launched in October, with BT as its proposed foundation client. BT has announced its intention to outsource to Xansa the majority of its shared financial accounting processes. The proposed contract, valued at c£250m, will be for seven years and involve the transfer of approximately 500 people to Xansa.

But:

· The market for **Business Change** had been affected by deteriorating market conditions which has shown a decline in turnover of 5% to £41.9m compared with the same period last year and a 14% decline compared with the H2 01. This has impacted utilisation, reducing margins from 16.6% to 2.4% year on year.

· In the Systems Integration operation, Xansa lost the renewal of the DfES contract "*despite pricing our rebid very keenly*".

· In the Recruitment operation "*the market is currently experiencing a downturn and the business is expected to revert to its previous level*".

Because of "*worsening economic conditions*", Xansa has instigated a cost cutting programme "*to reduce costs whilst protecting revenue earning capability*". It will withdraw from the permanent recruitment market, "*realign*" the Customer Relationship Management (CRM) resources, "*rationalise*" management and sales activities, and "*down-size*" its Business Change unit to reflect anticipated demand over the next 12 months.

"*The cost of this programme has now increased and will be in the order of £8.5m, the vast majority of which falls in the second half year, and which will be taken as an exceptional item.*" Annualised savings from this programme will be in excess of £15m. The number of employees affected by the changes totals some 250 people, representing about 4% of Xansa's total headcount.

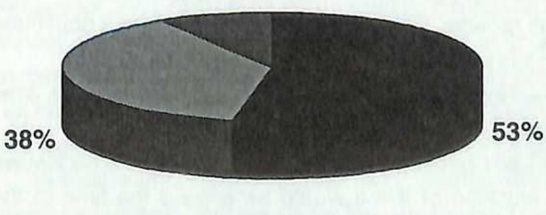
Hilary Cropper, CE, commented, "*The immediate future is hard to read. Post 11th September, the initial reaction of many organisations was to cut discretionary spend. Whilst there are some signs that this factor will ease, there has been an effect on the business forecasts for the current period, particularly in the area of Business Change consulting. We now expect the turnover from Business Change in the full year to be approximately 20% down resulting in a breakeven contribution from this unit. ...Whilst taking a cautious view of the coming months, the Board remains confident that the actions it has taken along with the company's prospects for further growth will underpin management expectations for next year and will continue to increase shareholder value in the future.*"

Comment – We had a chat with Hilary Cropper on the day of the results. Xansa is both suffering, AND benefiting, from the pretty significant changes which have affected our market of late. Suffering, like everyone else, because there has been a pretty dramatic fall-off in the number of new projects due to both the current economic environment and the aftermath of Sept 11th. If you are heavily into front-end IT consultancy (e.g. **CGEY**) you will be hurting.

On the other hand, if you have long term contracts and relationships - the kind which come from outsourcing, application management and BPO - you will not only be retaining that business but be able to take advantage of new opportunities presented by the current climate.

Xansa Order Bank Half Year 2002

TOTAL = £817M



Xansa has every opportunity to make up in outsourcing what it loses in IT consultancy. But that requires painful changes, which they seem to be willing to address.

Let's just remember that Xansa has an order bank (with BT etc) of £817m, up 56% on the year and well in excess of one year's revenue. Cropper has every reason to be, "*very pleased with the pipeline*". That's a pretty appealing asset in these times. Indeed, this month, Xansa announced a new £15m/3 yr contract with Tesco.

PHENOMENAL GROWTH AT HEDRA

In the six months to 30th Sep. 01, **Hedra**, the IT and management consultancy, achieved exceptional turnover growth of 108.2% to £8.6m. Core turnover increased by 83% to £4.6m, and turnover generated from the Cathedral Consortium contributed 47% of total turnover. Hedra's pre-tax profit increased by 90.3% to £726K, with core Hedra profit increasing by 54.4% and profit as a result of the Cathedral Consortium increasing by 171%.

Turnover for six months to 30th Sep. 01

e-government	£1,503,021
ICT	£1,884,275
Business strategy	£97,344
Procurement	£1,098,275
Total	**£4,582,915**
Partnerships	£3,991,047
Total	**£8,573,962**

All of Hedra's 'practice areas' were profitable, except for the new area of business change, which reported a £10K loss. However, the business change business is now profitable. All of the other 'practice areas' had profit margins of 20-25% before consideration of overheads. Business won through the Cathedral Consortium showed a profit margin of just 8%.

Hedra has experienced phenomenal growth over the past couple of years. As recently as Jan. 00, it had just 9 employees (it now boasts 31). Much of its recent success can be linked to its involvement as prime contractor in the Cathedral Consortium. Its involvement has allowed Hedra to punch above its weight and slowly (actually, not that slowly!) increase the size and complexity of projects it bids for, both through the consortium and off its own back.

Hedra wants to be in a position to consider a flotation in 2004/05 and is looking to reach turnover of £30m by then. At current growth rates this is a more than achievable target. However, Hedra's profit margin is currently being squeezed as it invests for the future and grows at an exceptionally fast rate.

The only fear we have for Hedra is that it is growing too fast. At the current revenue/employee rate, Hedra would need to treble its workforce to meet its 2004/05 targets. On top of that, it intends to reduce its dependency on contractors, which will push up overheads. However, Hedra has a superb history of revenue and profit growth, and with the experience of the current management team, it is better equipped than many to manage the current growth.

+4%
360p

MIXED RESULTS FROM COMPUTACENTER

In its recent trading update **Computacenter** (CC) reported that conditions in the markets in which it operates have been "*somewhat worse*" than expected at the time of the interims. From a positive Q1 start, market conditions deteriorated in Q2 and slipped further during H2. This has resulted in product sales declining 28% on H1 in the UK. But on the good news front, CC's continued focus upon services has provided the company with some resilience during the downturn. Indeed CC saw "*modest growth*" from its managed service contract base (now believed to worth just over £100m). This in turn increased demand for its professional services. CEO, Mike Norris, also reported that the service sales which have traditionally been reliant upon initial product sales are now, in some cases, being sold independently of product.

On the international front, France has delivered good growth, although the real test here will be the integration of its recent **GECITS**' acquisition, which will see its headcount increase by one-third. In the UK the figure is just 10%. At last CC has rid itself of its loss making German operation. We were rather hoping to hear of the demise of Biomni, its joint venture with **Computasoft**. Alas that was not to be. The best that CC could say was that losses will continue to lessen but that it won't break even in 2002.

Margin has declined over the group as a whole, not just because of disappointing product sales but as a result of CC's overall business mix. So whilst CC's government business performed well, the margins that the division generates are generally lower than those in the commercial sector, which delivered a "*mixed*" performance, and the finance and telco sectors where the performance was "*poor*". In addition, its higher margin vendors such as **Sun** saw a decline in business, whilst the lower margin ones such as **Microsoft** and **Dell** saw over 20% plus growth. CC assumes that there will be a continued margin decline but that this will not be as dramatic in the future.

On the outlook, Mike Norris felt it was too "*fanciful*" to predict at this time. The company reports that it has a good services pipeline , and is, "*sitting on a few large opportunities*", as opposed to many small ones, but the earliest we could expect to hear anything of these would be around the time of the preliminaries. In the last quarter the company was starting to see reasonable signs of recovery from the large telcos, but city based financial services companies continued to decline in Q4.

-16% 65p **Spring**

NO GREEN SHOOTS FOR SPRING

Spring's interims for the six months ended 31st Oct. 01 revealed turnover from continuing operations up 8.2% to £171.5m (total turnover was down 10.6%) but LBT deepened to £8.3m (£4.9m for the comparable period in 2000). Loss Per Share also deepened to 5.65p (2.73p).

Jon Chait, Chairman and Chief Executive commented, "*Whilst we are pleased with the progress we have made, the period was a challenging one. On the positive side, we put in place new management teams at ITP, ITT and ITS and these teams have made substantial headway. However, the markets in which the Group operates were difficult and deteriorated in October and have declined further in subsequent months*".

Spring Group Interims: 31st Oct	Turnover £m		
	2001	**2000**	**Change**
UK IT Staffing	**131.9**	**116.0**	**13.7%**
Spring IT Personnel	120.0	100.6	19.3%
SpringConnect	7.1	8.3	-14.5%
hy-phen	0.0		
Spring IT Solutions	4.8	7.1	-32.4%
US IT Staffing	0.0	0.0	
IT Training	9.5	11.7	-18.8%
Spring Personnel	30.1	30.8	-2.3%
Head Office	-	-	
TOTAL Cont Ops	**171.5**	**158.5**	**8.2%**
Discontinued Ops		33.4	
TOTAL	**171.5**	**191.9**	**-10.6%**

Comment: It was a mixed bag of results from Spring, with revenue declining across all lines of business during the period, except theSpring IT Personnel (Spring's core supply of contractors via Preferred Supplier Agreements), which posted a 19% increase. It moved from an operating loss of £1.4m to an operating profit (pre-exceptionals) of £2m.

SpringConnect (ad hoc, higher margin placements of contractors, and international business) went from profit to loss as turnover declined 15%, and hy-phen (Spring's Workforce Management Solutions offering), which had yet to generate any revenue, incurred costs of £0.6m. However Spring was able to report that since the end of the period it has secured a three-year contract as master vendor with Barclays Bank, using its online workforce management solution. It was not able to put a specific value on the contract, but commented that it had already seen a 10% increase in revenue derived from the account since the arrangement started.

Spring's IT Solutions activities, now grouped under UK IT staffing, saw revenue decrease as it renegotiated contracts with all customers to improve contract terms and lengths. At least it remained profitable, with operating profit (pre-exceptionals) unchanged at £200K. Spring Personnel's revenue (from general staffing) dipped a couple of percentage points, and the margin slipped to just below 7%.

Once again, it was the IT Training operation that won the wooden spoon, with declining revenues (down c19%) and deepening losses (£1.3m on turnover of £9.5m). We appreciate that Spring has appointed new management to turn around its troubled IT training operation (indeed it hired Ron Orme, former MD of Parity's profitable training division, in July) and has recently added three new directors to the training team, but we have been saying for a while now that the operation is a distraction from the core IT and general staffing businesses, and should be fixed or exited.

Meanwhile Spring's plans to develop IT staffing activities in the US (home territory for Jon Chait) have been curbed by the downturn in the economy. The service was launched in H2 with start-up costs of £1.5m but revenue has yet to materialise. Given the situation in the US the intended scale of the operation has been reduced, and £1.3m has been written off (restructuring, reorganisation and exiting property in the US). That's a cost Spring could do without.

But more important than past performance, it's the outlook that gives cause for concern, and results for the year to Dec. 02 (Spring's new FYE) are anticipated to come in "*materially below*" previous expectations. In these circumstances, Chait's decision to dispose of two non-core operations back in Dec. 00, raising c£72m, was an astute move, for it has give Spring a comfortable cash pile (now £50m) to see it back to profitability (last enjoyed in 1999). We understand that the company has investigated a number of acquisition opportunities during 2001, and some have got as far as due diligence. However none have come to fruition. Right now, we reckon Spring has got enough to contend with, without integrating any acquisitions.

The shares fell 14% on the day of the interims, and ended the month down 16%.

0%
20p

HOPING FOR A REVOLUTION IN THE ASP MARKET

iRevolution, the ASP specialist that floated in Jul. 01, has announced results for the year ended 30th Sep. 01. Turnover is given for the previous 17 months – the last year end was way back in 30th Apr. 00. Revenue was £6.4m (£6.1m on-going), compared with £2.0m, which the company claims is a 65% year-on-year growth, but we're not sure how they work that out. Loss before tax was £4.2m, compared with a PBT of £308K, and loss per share was 14.5p, compared with an EPS of 1p for the 2000 year end.

The increase in turnover was put down to the growth in the part of the business providing software as a service (or ASP as everyone else calls it), whilst the loss was attributed to investment for growth. The group ended the year with net bank balances of £4.3m *"with which to fund its activities until it becomes cash generative"*.

Tony Caplin, Chairman, commented *"The well chronicled slowdown in IT spend, coupled with the protracted reverse takeover process impacted on the Group's growth over the second half of 2001. However, in the medium term there remains confidence within the industry that the delivery of Software as a Service (SaaS) will show substantial growth"*

If it's slipped your memory, iRevolution was **Integration Ltd**, the systems integration and, more latterly, ASP, founded in 1992. It reversed into listed engineering group SEP in mid-2001 and changed its name to iRevolution Group.

With the results announcement there were details of the sale of **Fund Management Services Ltd** to **Linedata Services** for £700K cash. The sale of the software and services company represents the end of the disposal programme following the SEP deal.

Comment - It was unfortunate (to be kind) for iRevolution that it chose 2001 to restructure the business. The whole process took longer than expected and must have distracted a lot of attention at a time when everyone's eyes needed to be on the ball. The company has, since year end, undergone some more restructuring to reduce costs, but much may depend on the rate of cash burn over the coming months.

We would agree with the view that the ASP market will show substantial growth – it wouldn't take much to grow rapidly from its current small size. But we have met few (if any) that were prepared to put money on when it will really take off, the nature of the services that will be popular and who will actually make the money from the services. In the mean time, iRevolution has its SI business to call on, but that's a market not exactly thriving at the moment.

STILL KEEPING A TIGHT REIN

Computacenter's arch rival, **Specialist Computer Holdings (SCH)**, has been in the press recently over concerns that it *"significantly increased borrowings to help finance its takeover campaign"*. Readers will recall that SCH acquired **Info' Products** and **Compel**'s reseller business during 01. Whilst these acquisitions led to SCH having overdrafts and bank loans totalling £30.6m (up from £1.4m), the result on turnover was pretty spectacular; a 140% increase to £1.4bn with PBT increasing 150% to £30.7m. In our view, the amount of borrowings in the context of the group's wider financial position are a pin prick.

CEO Peter Rigby wants to maintain control over his company and doesn't want venture capitalists or anyone else diluting his shareholding (now around 85%); such borrowing is an astute way of funding expansion. Indeed this is a stance that Rigby has taken since he founded SCH in the mid-70s. Being privately owned, and therefore not paper rich, means that Rigby is somewhat more restricted on purchasing opportunities. We could debate forever how big SCH would be today had it had more money to play around with. That said, Computacenter (see page 6), SCH's main rival in the reseller market with revenues of just under £2bn had done very little on the acquisition front of late. It was pipped to the post by SCH for **Compelsource** early in 2001 and it was only in the last couple of months of its financial year that it acquired **G E Capital IT Solutions (GECITS)** in the UK and France, 'selling' its loss-making German operation to GECITS as part of the deal.

Indeed one of the major differences between SCH and Computacenter is the revenue mix. Through the acquisition of Info'Products, 41% of revenues now come from outside the UK, compared to around 7% in 2000. This can be compared to Computacenter whose revenues for year ended Dec. 00 showed Europe contributing just 15% to its group revenues. At a time when both companies seem to be engaging in customer swapping as a means to growth, could this be how the companies will choose to differentiate themselves in the future?

BULLISH ABOUT SERVICES

IBM's Q4 results were not surprisingly the worst of the year, but still ahead of expectations. The results were followed later in the month by the news that Louis Gerstner is to step down from his position as CEO (you can read our views on Gerstner on Hotnews (30th Jan 02)) . Revenue totalled $22.8bn, down 11% (8% at constant currency). Net income was $2.3bn, a 13% fall. EMEA was ahead of the other regions, down just 6% to $6.9bn.

IBM's Revenue ($bn) in 2001 by Quarter				
	Q1	Q2	Q3	Q4
Global Services	8.5	8.7	8.7	9.1
Hardware	8.5	8.7	7.5	8.7
Software	2.9	3	3.2	3.8
Other	1.1	1.1	1.1	1.2
Total	21	21.5	20.5	22.8

As you would expect by now, Global Services led the business, but in the context of the current market that meant revenue was down 1% (up 1% at constant currency) to $9.1bn (compared with a 24% decline in hardware revenue). We don't need to tell you that outsourcing was the star of GS, with a growth of 6%.

IBM see things getting better for global services - there were $15bn of new contracts signed in Q4 and the total services backlog at YE 01 was a massive $102bn. Louis Gerstner, chairman and CEO, remained cautious, though, "*business conditions remain difficult as we enter the new year, although we believe that our business will strengthen as we move through the year*".

For the full year, revenue was $85.9bn, down 3% (up 1% at constant currency). Net income was $7.7bn, compared with $8.1bn last year, with diluted EPS down from $4.44 to $4.35. By geography, in the Americas, revenues were down 3%, EMEA fell 1% to $24bn (up 3% at constant currency), whilst Asia/Pac fell 2% (up 8%) to $17.2bn. OEM was down 7% to $7.2bn.

Global services revenue was $35bn, up 5% (10% at constant currency). Services even managed to increase gross margin by 0.8%. By comparison, hardware was down 12% to $33.4bn and software totalled $12.9bn, up 3%.

Comment - IBM Global Services really has come of age this year – it is now the largest business unit and accounted for 41% of the year's revenue (compared to 39% for hardware). IBM's move from hardware monolith to primarily services supplier, with lots of useful long-term and repeat business, has been achieved, and what a year to do it in. It's not all plain sailing, but IBM is much nearer the right place at the right time.

The table shows how the year panned out for the various business areas, and just how much more dependable service revenues proved. Whilst hardware slumped significantly in Q3 and recovered somewhat in Q4, Global Services remained on an even keel.

Imagine for a moment the state the company would be in now if Gerstner had not started steering the super tanker in a different direction not so many years ago. In fact the image that springs to mind is of a combined HP/Compaq – all struggling hardware and no services to speak of.

IBM's results also point to an improving services sector. Of the £15bn of new contracts signed in Q4, most were apparently towards the end of the quarter. In the analysts briefing the company was bullish about services, with expectations of double digit growth in 2002.

SERVICES PULSE STILL BEATS AT COMPAQ

Compaq's full year results made pretty depressing reading except for, you guessed it, services! Total revenues for the year ended 31st Dec. 01 fell 21% to $33.6bn, accompanied by a pre-tax loss of $773m, compared to the prior year's pre-tax profit of $875m. It was of course Compaq's hardware business that was all over the floor. Enterprise Computing (servers et al) revenue fell 25% to $10.7bn and scraped in with a $163m operating profit. However, Access (desktop et al) revenue fell 26% to $15.2bn and a previously wafer-thin operating profit of $145m turned into a $587m loss.

But it was Compaq Global Services (CGS) that bucked the trend, with revenue up 4% to $7.8bn but, critically, operating profit up 20% to $1.1bn, improving operating margins from 11.8% to 13.6%. *But there is a catch!* CGS isn't just IT services – it also includes Compaq's financial services (e.g. leasing) so it's hard to tell what the 'real' IT services numbers are. However, they did say that all IT services areas other than systems integration showed revenue increases. Services now represents 20% of Compaq's total revenue, up from 16%.

At a regional level, EMEA revenue fell 14% to $12.2bn, which was better by half than the 29% fall in US revenue. We suppose that's the good news.

Comment: IBM they ain't – and never will be, with or without **Hewlett-Packard**. But there is still a fairly strong pulse in the 'old' Digital IT services business, centred around support services and infrastructure outsourcing, which Compaq has fortunately failed to still. This is also the strong suit for HP's services business, which is why we believe that the best thing HP and Compaq could actually do is to spin out and merge their services operations before they are left completely helpless in the aftermath of the proposed shotgun wedding between the companies.

THE BATTLE LINES ARE STILL BEING DRAWN

Microsoft has announced its Q2 results for the period ended 31st Dec. 01. Revenue rose 18% to \$7.7bn, but operating profit fell 14% to \$2.8bn following legal charges of \$660m. Commenting on the results, John Connors CFO said *"While we are pleased with our results this quarter, we are concerned about the health of the global economy and have yet to see a recovery in many of the world's largest markets"*. Microsoft attributed three product launches to the *"record revenues"*

· Windows XP was hailed as the *"most successful Windows launch ever"*, certainly desktop platform revenue rose 12% to £2.6bn compared to the comparable period in 2000. Microsoft reports that over 17m copies have now been sold.

· The Xbox video game contributed \$1.2bn (up 137%) to the revenues of the consumer software, services and devices, which accounted for c15% of total revenue up from 7% last year. The product has still to be launched in Europe, Japan and Australia. MSN which also reports under the consumer software banner *"experienced strong growth"*.

In terms of regional breakdown EMEA revenues fell 1% to \$1.4bn - 18% of total revenue, South Pacific and Americas rose 39% to \$3.2bn.

It's a good start to the year. Microsoft has been able to cushion itself against falling desktop application sales through its consumer product lines. Although it is interesting to note that the other focus area for Microsoft, enterprise software and services, increased only slightly by 3.5% this quarter, the battle lines are still being drawn!

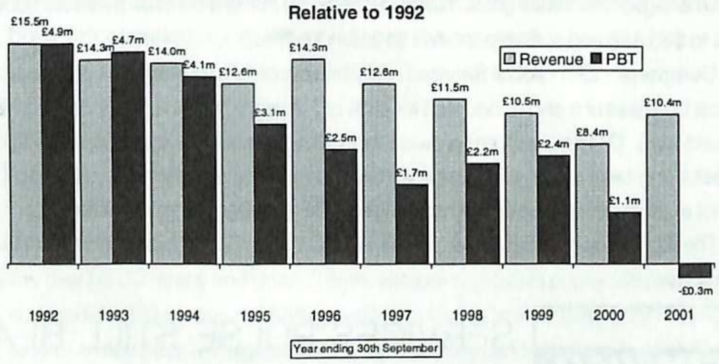
EDP – A CASE OF 'CHARISMA BYPASS'

-17%
42p

Electronic Data Processing (EDP) *"the largest IT solution provider to the UK independent builders and timber merchants marketplace"*, announced its results for the year ended 30th Sep. 01. Turnover increased 25% to £10.4m, but a PBT of £1.1m was converted to a LBT of £306K, and an EPS of 2.73p became a loss per share of 1.14p. Commenting on the outlook, CEO Richard Jowitt, said: *"It is our view that business will remain extremely tough for the foreseeable future and our focus is on ensuring absolute control of our costs as the growth in the economy is forecast to weaken. The difficult trading environment in the IT services sector may create further acquisition opportunities for the Group to expand its existing high quality customer base"*.

Comment: It's really hard to know what more we can say about EDP. For many years we criticised them for sitting on their hands (and cash pile) in what seemed to us to be a pretty moribund VAR business.

**Electronic Data Processing
10 year Revenue and PBT Record
Relative to 1992**



And each year there was a different excuse as to why they weren't going anywhere. Their core solutions were (and still are) *Charisma* (for the engineering and tool distribution industry) and *Merchant* (general wholesale/distributor) products. The internet seemed to spur them into action and in 1999 they jumped on the ISP bandwagon, launching a 'free' ISP (**fastfreenet.com**). Then in 2000 they finally took the plunge and bought a couple of loss-making companies (**Disys** and **BCT**) supplying software for builders and timber merchants (now apparently both profitable). They also sniffed around **Pegasus** but thought better of it. Oh, they also have some middleware products and they offer application and web hosting services too. All this in a £10m revenue company, of which nearly £4m comes from hardware, engineering maintenance and network services. So it's not surprising (to us, at least) that they're now losing money! Well, at least they still have £6m in the bank (and a considerable property portfolio), so ... haven't we been here before? Back in 1993 EDP was one of our 'wonder stocks' when their share price hit 230p. Now their shares are languishing around the 40p mark having bumped around most of the past several years at under £1. 'Nuff said.

UK OUTSOURCING DEALS BOOST UNISYS

Veteran systems vendor-turning-services supplier **Unisys** has announced full year results. Total revenues for the year ended 31st Dec. 01 dropped 1% to \$6.02bn, operating profits fell 52% \$270.1m and pre-tax profit fell 55% to \$229.8m. On the bright side, services showed an improving trend, with revenue up 5% to \$4.4bn. However, gross margin on services fell from 23.3% to 19.7%, although operating margins moved up from 1.8% to 2.1%.

Not surprisingly, outsourcing was the driver, with revenue up 10%. Indeed, Unisys signed c\$1bn of outsourcing deals in the UK alone. What's more, Unisys booked over \$600m in BPO deals in Q4. Systems integration and consulting markets *"remain weak"* although orders of SI in Q4 showed *"very strong growth"*.

Comment: Unisys has made tremendous strides in turning itself into a services-led business. Indeed, nearly three-quarters of its revenues now comes from services, up from 69% the year prior. Unisys' strength (including here in the UK) is still mainly in the financial services sector, especially cheque/payment processing. Given the intense interest in this type of back-office BPO from the usual – and unusual – BPO suspects, Unisys will have to fight hard to protect its turf – and/or try to expand beyond their financial services comfort zone. Neither path will be easy, but Unisys seems to be amazingly resilient after many had written them off as a basket case.

-1%
46p

QA - THE JOURNEY CONTINUES

QA has announced its preliminary results for the year ended 30th Nov. 01. In what was described as a *"challenging"* year, turnover from continuing operations fell 6% to £53.1m, LBT 'improved' from £17.4m to £1.2m and loss per share also 'improved' to 0.8p (18.4p). Of QA's two divisions, training, which accounts for almost three quarters of revenue (from continuing operations) fared slightly better - with a 4% fall in revenues. Consulting (the old Pontis technical consulting business, coupled with human capital development and training consulting) saw revenues fall 10%.

QA plc	Turnover £m		
FYE: 30th Nov	2001	2000	Change
Training division	39.1	40.8	-4.2%
Consulting & other	14.0	15.6	-10.3%
Continuing Ops	***53.1***	***56.4***	***-5.9%***
Discontinued Ops	*2.2*	*84.3*	
TOTAL	**55.3**	**140.7**	**-60.7%**

Commenting on the outlook, Chairman, Keith Burgess, said, *"QA entered the current year better structured and prepared to be successful in its market than for some time... We are well positioned to withstand the current adverse market conditions and, from our position of market leadership, take profitable advantage of the upturn when it comes"*.

Comment: The perennial problem for QA, as for all training businesses, is that when conditions are tough many companies cut training budgets. Training, as QA recognises, will always be viewed as *"discretionary expenditure"*. Having enjoyed buoyant conditions until March, QA found things increasingly tough as the year went on, and Q4 (which had historically delivered a third of revenue) was disappointing. The result was losses for the second year running.

Despite a 20% reduction in headcount since May and the consolidation of training premises, QA did not cut its costs in line with the fall in revenue. Going forward, annualised spend has been reduced by more than £5m, and, with a high degree of fixed costs, any improvement in trading will be *"reflected immediately in improved financial results"*.

We approve of many of the changes that Keith Burgess has instigated at QA, since joining as Exec Chairman in Nov. 00; changes designed to move the company into higher-value, longer-term relationships with its customer base. To carry through the vision, Burgess has hired a new management team. Indeed the only surviving board member from the time of Burgess' arrival is FD Colin Gibson. QA's 'journey' from transaction-based sales to solutions sales is not yet complete, but the management team is all on board, and has tickets for the same destination. One thing is certain, Burgess will not be carrying any passengers!

Our only criticism is that QA is not as transparent in its reporting as it used to be. It used to reveal operating profit for each of its lines of business; this is no longer the case. FY00 showed an operating profit margin (pre exceptionals, internet project costs, goodwill and central costs) of 21.6% for the training division and 22.5% for technical consulting (what was then Pontis). Admittedly QA has since restated 2000's number (significantly reducing operating profit) and now bundles all consulting under one banner, but this doesn't explain its reluctance to reveal the underlying profitability of the two activities.

What we do know is that QA's continuing operatins were profitable in the period, albeit at a modest 5.8% margin. The £4.4m goodwill arising from the acquisition of Learning Management Systems company **DMT** in Jun. 00 (a misguided acquisition in our view) kept QA in the red.

SchlumbergerSema

SCHLUMBERGERSEMA RESULTS A BIT OF A MYSTERY

. Oilfield services supplier **Schlumberger** has announced its preliminary results for the year ended 31st Dec. 01. Revenue rose 43% to $13.7bn (this includes the acquisition of **Sema**), income (before exceptionals) rose 11% to $819m, but including exceptionals fell 29% to $522m. The company reports that, *"the integration of Sema into Schlumberger has progressed well"*... and that it expects, *"to foresee the continued improvement in SchlumbergerSema profitability during the coming year"*. Indeed SchlumbergerSema reported revenues (reclassified, for comparative purposes) of $3bn, up 190% on 2000 with a pretax operating profit up 130% to $28m. The company didn't provide a breakdown of revenue for each activity for SchlumbergerSema, but reported that:-

· Telecom revenue increased due to growth in Europe and Latin America for consulting and systems integration services.

· Card revenue was flat year-on-year.

· Global services revenue grew due to *"strong growth in business continuity and outsourcing services in Asia and the UK"*.

· Contract wins included a two year contract extension with Scotland's NHS to provided managed IT services for the community health index and a contract to supply contactless cards for a card-based ticketing and revenue collection system for London Underground and bus system.

Comment: SchlumbergerSema's 'spectacular' results aren't quite as they seem, as the "190%" revenue increase involves some jiggery-pokery to account for the effect of acquisitions. A better measure of the Sema we knew and loved can be gleaned from a trading statement Schlumberger issued in Jun. 01, just two months after Schlumberger acquired Sema, in which they reported that *"revenue for the businesses acquired with Sema plc is lower than previously estimated. Pretax operating income, before amortisation of intangibles, is expected to be breakeven for the first six months following the acquisition"*. The problems were put down to *"the global slowdown in the telecommunications industry and a further weakening of the European currency against the US dollar"*. The same trading statement put Sema's revenue in 2000 at $2.4bn – and for the record, we had a figure of c£1.5bn, so it's kind of consistent. Anyway, we're trying to get a breakdown of the numbers so we can *really* see what's been going on.

+7%
350p
Autonomy

ACCENTUATING THE POSITIVE

Autonomy Corporation has released results for the year ending 31st Dec. 01, revealing revenues down 19.6% to $52.6m. However, revenue in Q4 increased from $10.3m in Q3, to $13.5m. PBT for the full year was $13.3m, and diluted EPS was $0.07, down from $0.11. Dr Mike Lynch, CEO, commented on the results, *"Despite very difficult trading conditions during the year, our business model has ensured continued profitability and cash generation. We believe these results confirm that the third quarter 2001 was the bottom of this market as far as Autonomy was concerned. Throughout the fourth quarter we saw a slow yet consistent increase in visibility, as we had in the third quarter, which continues to provide us with significant encouragement about the future"*.

Comment – As a preliminary briefing, Autonomy's presentation would have made a great quarterly overview. The focus was all on Q4's results. Q4 results were very good, particularly against the poor performance of Q2 and Q3 and, for Autonomy at least, signaled that the *"ice is beginning to thaw"*. However, comparisons between FY 00 and FY 01 are difficult because of the lack of comparative information and the fact that Autonomy was very selective with the information it released. The main highlights are:-

· 35% of revenue came from repeat customers either finding additional uses for the product or increasing the number of users.

· In terms of geographic breakdown the US generated $5.3m (40%) of total revenues, down 44% on last year. The UK and Europe generated $7.2m (54%) down 39% and the rest of the world accounted for $1m ($130K in 2000).

· The company has withdrawn from any direct sales. Revenue is now delivered by its indirect partners, such as **IBM Global services**, POD sales, which are Autonomy 'plug-ins' for other vendors applications such as **Siebel**, **IBM** and **SAP** and through OEM sales. The OEM channel delivered 10% of yearly revenue ($5.26m by our reckoning), with OEM royalty payments up by 51%.

On the outlook for next year all Mike Lynch would say was he expected to see *"moderate sequential growth"*. Apparently Autonomy is expecting a *"significant"* amount of delayed US federal business in Q1 (no figures given though!). Visibility is improving and larger deals are appearing again. So that's a very cautiously optimistic outlook then!

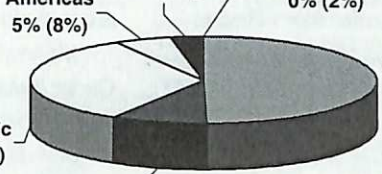
-1%
322p

MISYS

RESILIENCE THROUGH RECURRING REVENUES

Misys' results for the six months to 30th Nov. 01 reveal an increase in turnover of 18% to £480.2m, PBT of £2.3m (including £21.5m of exceptional costs) compared to a PBT of £37.4m for the comparable six months, and a diluted loss per share of 0.1p compared to EPS of 4.7p in 2000. The operating exceptionals relate to the integration of acquisitions made in the first half of £8m and the cost reduction programme, mainly within the Banking and Securities division, of £10m. Kevin Lomax, Chairman, commented, *"In what continues to be a somewhat uncertain period for the world economy, we would emphasise the benefits of our internationally diversified customer base and the spread of the Group's activities. With the resilient nature of our recurring revenues, strong cash flow, and significant medium term borrowing facilities in place, the Group is well positioned to make acquisitions in its chosen fields where valuations are, in many cases, at more reasonable levels than for some time*".

Misys Geographic Breakdown H1 02
Total Revenue = £480.2m (£413.0m)



Comment The 18% increase in revenues was all due to the effect of the acquisitions of **Sunquest Information Systems** and **DBS Management** earlier in the year, indeed organic growth was –1%.

In terms of divisional activity:-

Banking and securities generated £154.4m, 32% of total sales, down 6.5% for the comparable period in 2000, and made an operating profit of £12.4m (£33.9m in 2000). The division was particularly affected by poor performance in the securities sector especially in its Asian market which accounted for almost all of the shortfall. Initial Licence Fees (ILF) order intake was down by 14% to £24m, which had a knock-on effect on professional services which, at £47m, was 9% down. Maintenance revenues, however rose 9% to £61m. Misys believes that the banks can only defer IT spending decisions for a finite period and that period should come to an end sometime around H2 02.

The **healthcare** division accounted for 27% of group revenues at £130.4m, up 49% on last year and £7.5m operating profit (down from £15.9m). The results benefited from the Sunquest acquisition which contributed £29m revenue and £5m operation profit. Overall the division is seeing increased demand for IT solutions and the company expects a "*good performance*" in Q2

Meanwhile the **financial services** division generated £195.4m (40% of revenues) but made an operating loss of £2.8m. Revenues would have fallen had it not been for the Aug. 01 acquisition of DBS which contributed £49m to overall revenues but nothing to the operating profit. Its B2B business incurred losses of £4m in the first half (including £2m in AssureSoft). However, through the agreement that Misys signed with three life and pensions providers, the costs of supporting Assuresoft should be lessened and should help the division return to operating profit. Misys is expecting good progress in H2.

Revenue breakdown (incl. acquisitions) is shown in the table.

Had it not been for the acquisition, ILF would have been down by 12% and professional services would have been down by 8%.

Misys' diverse market, geographic base and revenue mix allows the company to spread its risk and provide cushioning when the going gets tough. However such diversity requires prudent management and Misys is able to deliver this.

The company isn't alone as a software vendor in suffering from falling/declining new licence revenues – but it is doing all the right things to address this. One of our favourite themes is recurring revenues and Misys demonstrates this in abundance. The fall in ILF can be cushioned by its high proportion of recurring revenues - 82.9%. Granted, professional services is suffering, but maintenance is holding its own and transactional processing is also increasing. The other option for growth which is open to Misys is acquisitions. Misys is a past master at these - indeed Kevin Lomax commented that the company could be back on the acquisition trail as there are currently bargains to be had. The going may be tough but Misys is well placed to meet these challenges – other software companies should take note!

Activity	Revenue	Change
ILF	£62m	Static
Maintenance	£11m	20%
Transaction Processing	£228m	25%
Professional Services	£59m	-2%
Hardware	£480m	33%

25%
5p
cedar

IS IT GOODBYE TO CEDAR AND HELLO TO REDAC?

By the time you read this edition of **SYSTEMHOUSE** we may (or may not) know the ultimate fate of failed payroll-bureau-to-enterprise software vendor **Cedar Group**, which is under offer from **Redac** (yes, another anagram), a buyout vehicle for VC firm **Alchemy**. The agreed bid was announced on 7th Jan. 02 at 5p per share, valuing Cedar at a mere £3.8m. The current Cedar directors have said that if the deal does not go ahead there would be little option but to instigate insolvency proceedings. Cedar's bank seems to be playing ball with this offer. It has made a £10m facility immediately available and seems to be willing to write off part of the £38m net debt of the group. Better something back than nothing! The cut-off date for the deal is 4th Feb. 01 and Alchemy has been forced to acquire 1.4m shares to secure the takoever.

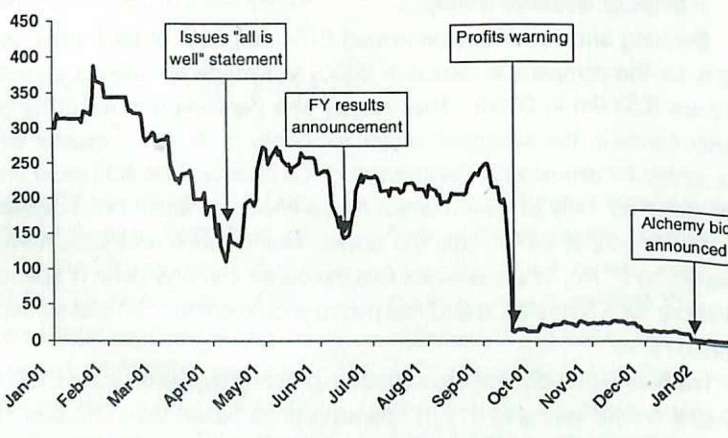
Alchemy will own 100% of the shares initially but intends that 11.5% of the equity will pass to the senior management (present and future) by way of options and equity. The current CEO, (ex-**Oracle**) Mike Harrison will leave with £137,500 compensation being six months salary (he was entitled to one year). He will act as a consultant to the group at £12K per month and will get 0.5% equity in the new company. The Bank gets 4% for its help!

Alchemy's John Molton will become the Chairman of the new operation. We understand that they do not intend to appoint a new CEO at the moment as they believe the second tier management of Cedar is pretty competent.

Alchemy has three other S/ITS investments of which our readers will be familiar - **Radius**, **Sanderson** and **Datapoint**. All companies that they have taken private and seem to have been extremely successful under the Alchemy umbrella. Cedar has declared that it too will de-list/ become private again once the deal is concluded.

Meanwhile, and for the record, Cedar (belatedly again) announced its interim results for the six months to 30th Sep. 01. In what was described by Chairman, John Stanley, as a *"difficult period"*, turnover increased by 177% to £50.8m (£18.4m restated for the comparable period in 2000), pre-tax losses deepened to £53.7m (£5.8m) as did loss per share to 69.8p (8.8p).

Cedar Group plc - Share price history



The timing of the $72m **Enterprise Solutions Group** (ESG) acquisition in Mar. 00 couldn't have been worse for Cedar, coinciding with the US slowdown. Whilst the acquisition boosted turnover, there was a lower level of productivity and lower level of cross selling than the company had anticipated. In addition, *"specific adverse changes"* to the business that Cedar had in hand at 31st Mar. 01, also contributed to its poor results - £19m of licence sales have either been *"lost"* or *"deferred"*, and an additional £14m of *"business in hand"* has also been deferred, in line with Cedar's decision earlier this year to recognise revenues in accordance with US GAAP.

As a result of poor trading the business was restructured, resulting in exceptional item costs of £16.2m. At 30th Sep. 01, Cedar had a net debt of £31.7m, but since the period end this had increased to £38.3m. It reported that it was now entirely dependent upon the continued support of its bankers and had been holding talks in an attempt to obtain funding as Cedar didn't have sufficient working capital for its present requirements. The rest, as they say, ...

Comment: So what went wrong? Well, lots of things, really. But mainly, in our view, it was loss of direction with (in glorious hindsight) ill-timed acquisitive moves into the 'enterprise solutions' market.

Let's go back in time. Cedar Group (was Cedardata until Aug. 98) was formed back in 1983 as a payroll processing bureau. They were a new issue on the main market

[continued on page fifteen]

Mergers & Acquisitions

Buyer	Seller	Seller Description	Acquiring	Price	Comment
AI Software	Brainspark	Internet incubator	100%	£5.24m	NASDAQ-listed AI's recommended cash offer for Brainspark valued the incubator at a fraction of its Apr. 00 IPO price of c£154m.
Anite	Lorien Consulting	Customer loyalty IT & management consultancy	100%	£4.5m	Anite's Public Sector division is on the acquisition trail once again paying cash for Lorien Consulting:£2.5m upfront with deferred consideraton payable after 12m.
Argonaut Games	Particle Systems Ltd	Games developer	100%	£2.4m cash and shares	Argonaut paid with cash and 3.5m shares for the Sheffield-based company. Particle employs 40 staff and was loss-making in its most recent FY.
Clearswift Corporation	Content Technologies from Baltimore	Content security	100%	£20.5m cash, shares and loan notes	Clearswift, a UK-based software co, picked up Content for a snip of the price that Baltimore originally paid (in Oct. 00)in a £450m all share deal!
Fi System	Uovo Ltd	e-business systems development	100%	n/a	Fi System is quoted on the Paris stock exchange. Price paid is dependent on performance of the combined companies in 2002.
InterClubNet	Play-Sport New Media and Catapult.it!	Software and services to sports clubs & events	100%	£900K	InterClubNet paid with shares (c£150K worth upfront) for the two companies, which are expected to make c£100K profit on £300K turnover in year to May 02.
MBO	Wealth Management Software's Property division	Estate agency	100%	£240K	WMS disposed of its non-core (and loss-making) estate agency business for cash.
Morse	ISASA	Reseller	39%	£1.47m	In Sep. Morse acquired 51% in the Spanish co with an option to acquire the remaining shares. It has an option on the remaining 10% in Q1 2003.
PSL	Open Computing	Oracle & Compaq distributor	100%	n/a	PSL paid a mix of cash and shares for the c60 strong company.
Smartlogik Group	Insight Technologies	Knowledge management s/w	100%	£250K plus warrants	Smartlogik bought Insight (appointed Autonomy's first UK OEM in 1998) from the administrator. The deal includes warrants over 5m shares, at 2.75p, exercisable after Jan. 03.

Forthcoming IPOs

Name	Activity	SCS or Dotcom Index	Index Class	Market	Issue Price	Est Mkt Cap.	IPO Date
Digital Brain	Online Education Service	SCS	CS	TBA	tbc	£36.0m	Q1 2002
Immersive Education	Education Softw are developer	SCS	SP	TBA	tbc	£12.5m	Early 2002
Kinetic Information Systems	Financial Softw are	SCS	SP	MAIN	tbc	tbc	2002
McClaren	IT Consultancy	SCS	CS	TBA	tbc	£25.0m	2002
Pilat Media	Softw are for TV companies	SCS	SP	AIM	tbc	tbc	Q1 2002
Profectus	Consultancy to 3G Maintenance	SCS	CS	TBA	tbc	£100.0m	2002
System-C Healthcare	Healthcare IT Solutions	CSC	SP	TBA	tbc	tbc	2002
theoilsite.com	e-procurement exchange	Dotcom	B2B	AIM	tbc	£5.0m	Q1 2002
Xchanging	Support Services	SCS	CS	MAIN	tbc	£1.0bn	2002

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at 105p in Mar. 94. In Nov. 96, under new Chairman Sid Cordier, they moved into call management software with the purchase of £1.5m revenue **Teleconnect**. There followed a series of acquisitions of enterprise software companies like Canadian CRM software supplier, **Cipher Systems**, **Orbis Software** (Human Resource Management) and, as mentioned above, **ESG**, the straw that ultimately broke the camel's back (and you know the definition of a camel, don't you? A horse designed by committee!). Add to this, an ASP service for "*all of the above*".

Then in Apr. 01, Cedar was forced into issuing a statement after its share price suddenly fell, saying that the company "*is in sound financial health.....has adequate committed banking facilities for its current needs and has no requirement to restructure its balance sheet*". A trading statement issued three weeks later looked quite bright, forecasting PBT at least double over the previous year.

But in Jun. 01 came the bombshell. Cedar announced it would delay announcement of its year-end results while it restated its results according to GAAP, a move mooted some months prior after growing market disquiet with their existing accounting regime. The results, when they came, were bad. Although revenue increased by 170% to £73.3m, pre-tax losses increased dramatically to £24.4m from a restated £3.5m, and loss per share deepened to 33.8p from 8.5p.

Another profits warning in Sep. 01 sent Cedar's share price plummeting, and the trend continued downwards. News in Oct. 01 of restructuring measures and a new contract boosted Cedar's shares by nearly a third to (by then just) 28p. But it was all too late.

We had been saying for some time that the Cedar proposition was an incredibly diverse one, incorporating CRM, ERP, HR software, ASP solutions and consultancy. We wanted to see where its core competency lay, as we said it stood in danger of being seen as a 'Jack of all trades'. Unfortunately, it now appears to be 'Master of none'. Ironically, payroll processing (and all things BPO) is actually the place to be in the current market – but it would be just too 'boring' to repeat our oft-quoted mantra that maybe they should have just stuck to the knitting!

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

Actinic plc

	Final - Sep 00		Final - Sep 01	Comparison
REV	£2,048,000		£1,517,000	-25.9%
PBT	-£3,508,000		-£6,780,000	Loss both
EPS	-2.62p		-5.40p	Loss both

AFA Systems plc

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

Affinity Internet Holdings Plc

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

AIT Group plc

	Interim - Sep 00	Final - Mar 01	Interim - Sep 01	Comparison
REV	£14,218,000	£33,882,000	£22,346,000	+57.2%
PBT	£2,003,000	£5,109,000	£2,676,000	+33.6%
EPS	6.49p	16.22p	8.56p	+31.9%

Alphameric plc

	Interim - May 00	Final - Nov 00	Interim - May 01	Comparison
REV	£22,007,000	£54,408,000	£24,743,000	+12.4%
PBT	£616,000	£3,891,000	-£2,245,000	Profit to loss
EPS	0.10p	1.96p	-2.20p	Profit to loss

Alterian plc

	Interim - Sep 00	Final - Mar 01	Interim - Sep 01	Comparison
REV	£606,000	£2,078,000	£1,803,000	+197.5%
PBT	-£569,000	-£3,592,000	-£4,753,000	Loss both
EPS	-2.10p	-10.71p	-12.20p	Loss both

Anite Group plc

	Interim - Oct 00	Final - Apr 01	Interim - Oct 01	Comparison
REV	£85,665,000	£192,418,000	£95,220,000	+11.2%
PBT	£3,041,000	£7,096,000	£1,964,000	-35.4%
EPS	0.20p	0.40p	-0.50p	Profit to loss

Argonaut Games

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

Autonomy Corporation plc

	Final - Dec 00		Final - Dec 01	Comparison
REV	£45,118,620		£36,271,000	-19.6%
PBT	£14,270,344		£9,146,896	-35.9%
EPS	8.00p		5.00p	-37.5%

Aveva Group Plc

	Interim - Sep 00	Final - Mar 01	Interim - Sep 01	Comparison
REV	£12,936,000	£28,100,000	£14,034,000	+8.5%
PBT	£2,335,000	£5,225,000	£1,130,000	-51.6%
EPS	9.29p	20.39p	4.26p	-54.1%

Axon Group plc

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

Azlan Group plc

	Interim - Sep 00	Final - Mar 01	Interim - Sep 01	Comparison
REV	£261,700,000	£591,608,000	£298,300,000	+14.0%
PBT	£5,400,000	£16,132,000	£8,000,000	+48.1%
EPS	3.30p	10.20p	5.30p	+60.6%

Baltimore Technologies plc

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£25,704,000	£74,224,000	£39,432,000	+53.4%
PBT	-£20,659,000	-£94,185,000	-£550,334,000	Loss both
EPS	-5.50p	-23.10p	-10.80p	Loss both

Bond International Software plc

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

Business Systems Group Holdings plc

	Interim - Sep 00	Final - Mar 01	Interim - Sep 01	Comparison
REV	£17,602,000	£37,707,000	£13,061,000	-25.8%
PBT	-£145,000	-£148,000	-£4,539,000	Loss both
EPS	-0.26p	-0.37p	-5.47p	Loss both

Capita Group plc

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

Cedar Group plc

	Interim - Sep 00	Final - Mar 01	Interim - Sep 01	Comparison
REV	£18,357,000	£73,260,000	£50,776,000	+176.6%
PBT	-£5,800,000	-£24,443,000	-£53,730,000	Loss both
EPS	-8.80p	-33.80p	-69.80p	Loss both

Charteris Plc

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

Clarity Commerce

	Interim - Sep 00	Final - Sep 01	Interim - Sep 01	Comparison
REV	£1,448,000	£3,552,000	£2,428,000	n/a
PBT	-£502,000	-£1,111,000	-£276,000	n/a
EPS	-8.40p	-14.75p	-2.84p	n/a

Clinical Computing plc

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

CMG plc

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

Comino Group plc

	Interim - Sep 00	Final - Mar 01	Interim - Sep 01	Comparison
REV	£9,447,000	£21,436,000	£9,310,000	-1.5%
PBT	£1,499,000	£3,233,000	-£1,441,000	Profit to loss
EPS	7.20p	16.30p	-6.50p	Profit to loss

Compass Software Group plc

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

Compel Group plc

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

Computacenter plc

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

DCS Group plc

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

Delcam plc

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

Diagonal plc

	Interim - May 00	Final - Nov 00	Interim - May 01	Comparison
REV	£37,555,000	£82,735,000	£44,955,000	+19.7%
PBT	£1,745,000	£4,840,000	£2,920,000	+67.3%
EPS	1.32p	3.30p	1.71p	+29.5%

Dicom Group Plc

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

DRS Data & Research Services plc

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

Earthport Plc

	Final - Jun 00		Final - Jun 01	Comparison
REV	£1,471,989		£818,622	-44.4%
PBT	-£10,879,543		-£23,489,377	Loss both
EPS	-14.00p		-23.00p	Loss both

Easynet Plc

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

Easyscreen plc

	Interim - Sep 00	Final - Mar 01	Interim - Sep 01	Comparison
REV	£969,022	£1,926,881	£1,245,696	+28.6%
PBT	-£3,767,777	-£7,582,291	-£2,188,965	Loss both
EPS	-8.23p	-16.49p	-4.70p	Loss both

ECsoft Group plc

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

Eidos plc

	Interim - Sep 00	Final - Mar 01	Interim - Sep 01	Comparison
REV	£37,414,000	£169,767,000	£31,046,000	-17.0%
PBT	-£82,348,000	-£96,358,000	-£27,435,000	Loss both
EPS	-65.40p	-93.90p	-21.80p	Loss both

Electronic Data Processing plc

	Final - Sep 00		Final - Sep 01	Comparison
REV	£8,353,000		£10,408,000	+24.6%
PBT	£1,115,000		-£306,000	Profit to loss
EPS	2.73p		-1.14p	Profit to loss

Epic Group plc

	Final - May 00		Final - May 01	Comparison
REV	£4,398,000		£8,041,000	+82.8%
PBT	£765,000		£1,569,000	+105.1%
EPS	3.12p		6.05p	+93.9%

Eurolink Managed Services plc

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

Ffastfill Plc

	Interim - Sep 00	Final - Mar 01	Interim - Sep 01	Comparison
REV	£257,245	£438,429	£317,284	+23.3%
PBT	-£1,225,540	-£5,105,274	-£4,005,218	Loss both
EPS	-4.19p	-12.69p	-7.88p	Loss both

Financial Objects plc

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

Flomerics Group plc

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

Focus Solutions Group plc

	Interim - Sep 00	Final - Mar 01	Interim - Sep 01	Comparison
REV	£828,000	£2,273,000	£2,285,000	+63.8%
PBT	-£1,224,000	-£2,437,000	-£1,426,000	Loss both
EPS	-4.90p	-9.70p	-5.70p	Loss both

Gresham Computing plc

	Interim - Apr 00	Final - Oct 00	Interim - Apr 01	Comparison
REV	£11,206,000	£23,325,000	£12,864,000	+14.8%
PBT	-£2,723,000	-£4,273,000	-£721,000	Loss both
EPS	-6.06p	-9.38p	-1.71p	Loss both

Guardian IT plc

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

Harvey Nash Group plc

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

Highams Systems Services Group plc

	Interim - Sep 00	Final - Mar 01	Interim - Sep 01	Comparison
REV	£10,262,000	£20,662,000	£9,717,000	-5.3%
PBT	-£1,744,000	-£2,032,000	-£370,000	Loss both
EPS	-2.38p	-10.43p	-1.43p	Loss both

I S Solutions plc

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

IBNet Plc

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

ICM Computer Group plc

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

I-Document Systems Plc

	7 months - Oct 00		Final - Oct 01	Comparison
REV	£501,648		£1,201,192	+139.4%
PBT	-£242,770		-£1,181,273	Loss both
EPS	-0.33p		-0.97p	Loss both

IDS Group plc

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

Innovation Group plc (The)

	Final - Sep 00		Final - Sep 01	Comparison
REV	£9,564,000		£57,754,000	+503.9%
PBT	£3,176,000		£3,073,000	-3.2%
EPS	2.40p		-1.30p	Profit to loss

Intelligent Environments Group plc

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

Intercede Group plc

	Interim - Sep 00	Final - Mar 01	Interim - Sep 01	Comparison
REV	£1,140,000	£2,014,000	£471,000	-58.7%
PBT	-£313,000	-£1,125,000	-£1,190,000	Loss both
EPS	-2.90p	-8.80p	-7.30p	Loss both

Internet Business Group Plc

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

IQ-Ludorum Plc

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

ISOFT Group plc

	Interim - Oct 00	Final - Apr 01	Interim - Oct 01	Comparison
REV	£11,124,000	£31,131,000	£22,763,000	+104.6%
PBT	£1,340,000	£5,310,000	£3,491,000	+160.5%
EPS	0.72p	3.06p	2.04p	+183.3%

ITNET plc

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

Izodia Plc

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

Jasmin plc

	Interim - Sep 00	Final - Mar 01	Interim - Sep 01	Comparison
REV	£1,653,000	£3,982,000	£3,233,000	+95.6%
PBT	-£490,000	-£449,000	£325,000	Loss to profit
EPS	-10.37p	-9.50p	6.72p	Loss to profit

Kalamazoo Computer Group plc

	Interim - Sep 00	Final - Mar 01	Interim - Sep 01	Comparison
REV	£22,632,000	£48,276,000	£23,619,000	+4.4%
PBT	-£2,129,000	-£4,287,000	-£2,517,000	Loss both
EPS	-3.50p	-6.90p	-4.00p	Loss both

Kewill Systems plc

	Interim - Sep 00	Final - Mar 01	Interim - Sep 01	Comparison
REV	£33,160,000	£68,737,000	£24,399,000	-26.4%
PBT	£2,098,000	£3,279,000	-£55,069,000	Profit to loss
EPS	1.40p	0.50p	-71.90p	Profit to loss

Keystone Solutions Group

	Interim - Sep 00	Final - Mar 01	Interim - Sep 01	Comparison
REV	£1,989,000	£4,477,000	£2,841,000	+125.1%
PBT	-£3,173,000	-£8,408,000	-£2,026,000	Loss both
EPS	-7.70p	-13.40p	1.61p	Loss both

Knowledge Management Software plc

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

Knowledge Support Systems Group plc

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

Knowledge Technology Solutions Plc

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

Logica plc

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

London Bridge Software Holdings plc

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

Lorien plc

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

Lynx Group plc

	Final - Sep 00		Final - Sep 01	Comparison
REV	£250,482,000		£271,816,000	+8.5%
PBT	£6,106,000		-£5,454,000	Profit to loss
EPS	1.98p		-4.71p	Profit to loss

Macro 4 plc

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

Manpower SoftWare plc

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

Marlborough Stirling Plc

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

MERANT plc

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

Microgen plc

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

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

Mission Testing Plc

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

Misys plc

	Interim - Nov 00	Final - May 01	Interim - Nov 01	Comparison
REV	£413,000,000	£858,500,000	£480,200,000	+16.3%
PBT	£37,400,000	£97,100,000	£2,300,000	-93.9%
EPS	4.70p	13.00p	-0.10p	Profit to loss

MMT Computing plc

	Final - Aug 00		Final - Aug 01	Comparison
REV	£37,734,000		£31,112,000	-17.5%
PBT	£5,976,000		-£2,792,000	Profit to loss
EPS	32.20p		-19.40p	Profit to loss

Mondas plc

	Interim - Oct 00	Final - Apr 01	Interim - Oct 01	Comparison
REV	£881,263	£2,702,141	£1,729,088	+96.2%
PBT	-£466,426	-£1,504,042	-£1,184,379	Loss both
EPS	-3.40p	-9.50p	-5.90p	Loss both

Morse Holdings plc

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

MSB International plc

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

Myratech.net Plc

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£853,000	£1,710,000	£1,055,000	+100.8%
PBT	-£446,000	-£1,599,000	-£1,239,000	Loss both
EPS	-1.80p	-6.00p	-4.50p	Loss both

Ncipher Plc

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

NetBenefit plc

	Final - Jun 00		Final - Jun 01	Comparison
REV	£7,520,100		£6,353,000	-15.5%
PBT	-£4,591,000		-£21,663,000	Loss both
EPS	-0.32p		-134.40p	Loss both

Netstore plc

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

Nettec plc

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

Northgate Information Solutions plc

	Interim - Oct 00	Final - Apr 01	Interim - Oct 01	Comparison
REV	£55,681,000	£107,194,000	£44,628,000	-19.9%
PBT	-£1,255,000	£2,200,000	£4,102,000	Loss to Profit
EPS	-0.43p	0.55p	1.39p	Loss to Profit

NSB Retail Systems plc

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£18,822,000	£40,930,000	£48,220,000	+156.2%
PBT	£2,150,000	-£7,700,000	-£39,407,000	Profit to loss
EPS	0.41p	-4.26p	-9.77p	Profit to loss

OneclickHR Plc

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

Orchestream Holdings plc

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

Parity plc

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

Patsystems plc

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

Planit Holdings plc

	Interim - Oct 00	Final - Apr 01	Interim - Oct 01	Comparison
REV	£9,119,000	£19,070,000	£9,766,000	+7.1%
PBT	£980,000	£2,720,000	£916,000	-6.5%
EPS	0.80p	2.00p	0.70p	-12.5%

Protogana plc (was Recognition Systems)

	Final - Sep 00		Final - Sep 01	Comparison
REV	£8,620,000		£8,766,000	+1.7%
PBT	-£4,749,000		-£10,238,000	Loss both
EPS	-5.40p		-9.00p	Loss both

PSD Group plc

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

QA plc (was Skillsgroup)

	Final - Nov 00		Final - Nov 01	Comparison
REV	£140,700,000		£55,300,000	-60.7%
PBT	-£17,400,000		£1,200,000	Loss both
EPS	-18.40p		-0.80p	Loss both

Quantica plc

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

Raft International Plc

	Final - Oct 00		Final - Oct 01	Comparison
REV	£9,173,000		£9,468,000	+3.2%
PBT	£171,000		-£826,000	Profit to loss
EPS	0.19p		-1.32p	Profit to loss

Rage Software plc

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

RDL Group Plc

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

Retail Decisions plc

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

RexOnline plc

	Interim - Oct 00	Final - Apr 01	Interim - Oct 01	Comparison
REV	£923,000	£2,006,000	£1,338,000	+45.0%
PBT	-£70,000	£216,000	-£874,000	Loss both
EPS	1.10p	2.80p	-7.00p	Profit to loss

Riversoft Plc

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£986,000	£5,168,843	£3,268,000	+231.4%
PBT	-£[illegible],199,000	-£26,641,044	-£19,890,000	Loss both
EPS	-16.10p	-32.70p	-8.20p	Loss both

RM plc

	Final - Sep 00		Final - Sep 01	Comparison
REV	£207,560,000		£241,916,000	+16.6%
PBT	£9,528,000		£15,207,000	+59.6%
EPS	7.90p		11.20p	+41.8%

Rolfe & Nolan plc

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

Royalblue Group plc

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

Sage Group plc

	Final - Sep 00		Final - Sep 01	Comparison
REV	£412,153,000		£484,137,000	+17.5%
PBT	£108,748,000		£121,317,000	+11.6%
EPS	5.92p		6.59p	+11.3%

SBS Group plc

	Interim - Feb 00	Final - Aug 00	Interim - Feb 01	Comparison
REV	£22,866,000	£46,444,000	£23,136,000	+1.0%
PBT	£124,000	£285,000	-£388,000	Profit to loss
EPS	0.90p	2.10p	-3.20p	Profit to loss

Science Systems plc

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£21,298,000	£49,624,000	£32,970,000	+54.8%
PBT	£1,251,000	£2,732,000	£2,599,000	+107.8%
EPS	3.40p	6.50p	6.40p	+88.2%

SDL plc

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

ServicePower Technologies plc

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£1,151,000	£3,292,000	£1,351,000	+17.4%
PBT	-£2,697,000	-£3,928,000	-£1,991,000	Loss both
EPS	-5.88p	-8.10p	-3.90p	Loss both

Sherwood International plc

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

Sirius Financial Plc (was Policy Master Group)

	Interim - Jun 00	Final - Dec 00	Interim Jun 01	Comparison
REV	£8,100,000	£17,135,457	£9,093,000	+12.3%
PBT	£29,000	£727,215	£115,000	+296.6%
EPS	0.10p	4.40p	0.20p	+100.0%

Smartlogik Plc

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

Sopheon plc

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£3,098,000	£7,763,000	£6,068,000	+95.9%
PBT	-£3,387,000	-£11,945,000	-£12,565,000	Loss both
EPS	-9.90p	-33.40p	-32.50p	Loss both

Spring Group plc

	Interim - Oct 00	Final - Apr 01	Interim - Oct 01	Comparison
REV	£191,929,000	£374,448,000	£171,483,000	-10.7%
PBT	-£4,862,000	-£3,547,000	-£8,252,000	Loss both
EPS	-2.73p	-2.39p	-5.65p	Loss both

Staffware plc

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£18,241,000	£37,857,000	£19,127,000	+4.9%
PBT	£2,667,000	£3,042,000	-£3,369,000	Profit to loss
EPS	12.90p	10.40p	-24.10p	Profit to loss

StatPro Group plc

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

Stilo International Plc

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

Superscape plc (nb. Change of financial year end)

	Interim - Jul 00	6mths to Jan 01	Interim - Jul 01	Comparison
REV	£1,445,000	£1,418,000	£1,343,000	-7.1%
PBT	-£3,920,000	-£4,318,000	-£4,607,000	Loss both
EPS	-11.80p	-12.00p	-12.60p	Loss both

SurfControl plc

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

Synigence Plc

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

Synstar plc

	Final - Sep 00		Final - Sep 01	Comparison
REV	£235,911,000		£238,198,000	+1.0%
PBT	£4,954,000		-£21,296,000	Profit to loss
EPS	0.60p		-13.80p	Profit to loss

Systems Integrated Research plc

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

Systems Union plc

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

Telecity Plc

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

TelMe Group plc

	Interim - Sep 00	Final - Mar 01	Interim - Sep 01	Comparison
REV	£34,225,000	£18,089,000	£35,858,000	+4.8%
PBT	-£1,025,000	-£2,083,000	-£2,411,000	Loss both
EPS	-1.40p	-2.80p	-3.00p	Loss both

Telework Systems plc

	Interim - Sep 00	Final - Mar 01	Interim - Sep 01	Comparison
REV	£10,409,000	£21,947,000	£8,343,000	-19.8%
PBT	£2,757,000	£4,173,000	-£1,800,000	Profit to loss
EPS	1.09p	1.36p	-0.80p	Profit to loss

Terence Chapman Group plc

	Final - Aug 00		Final - Aug 01	Comparison
REV	£30,917,000		£32,020,000	+3.6%
PBT	£4,136,000		£8,124,000	+96.4%
EPS	4.66p		6.30p	+35.2%

Tikit Group plc

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

Torex plc

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

Total Systems plc

	Interim - Sep 00	Final - Mar 01	Interim - Sep 01	Comparison
REV	£1,584,209	£3,849,292	£2,838,066	+79.1%
PBT	£156,071	£717,337	£772,911	+395.2%
EPS	1.04p	4.90p	5.11p	+391.3%

Totalise Plc

	Final - Apr 00		Final - Apr 01	Comparison
REV	£870,217		£4,284,893	+392.4%
PBT	-£1,946,395		-£4,359,241	Loss both
EPS	-15.35p		-11.25p	Loss both

Touchstone Group plc

	Interim - Sep 00	Final - Mar 01	Interim - Sep 01	Comparison
REV	£5,490,000	£11,807,000	£6,121,000	+11.5%
PBT	£410,000	£1,481,000	£606,000	+47.8%
EPS	2.50p	9.80p	3.80p	+52.0%

Trace Computers plc

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

Transeda Plc

	Final - Jun 00		Final - Jun 01	Comparison
REV	£4,052,000		£6,510,000	+60.7%
PBT	-£3,000		£592,000	Loss to Profit
EPS	0.00p		0.66p	Loss to Profit

Triad Group plc

	Interim - Sep 00	Final - Mar 01	Interim - Sep 01	Comparison
REV	£25,003,000	£52,783,000	£24,182,000	-3.3%
PBT	£1,265,000	£4,511,000	£1,519,000	+20.1%
EPS	3.41p	11.74p	4.10p	+20.2%

Tribal Group Plc

	Interim - Sep 00	Final - Mar 01	Interim - Sep 01	
REV	£4,086,000	£24,088,000	£15,344,000	+275.5%
PBT	£177,000	£2,841,000	£761,000	+329.9%
EPS	n/a	4.00p	3.95p	n/a

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

Ultrasis Group plc

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

Vega Group plc

	Interim - Oct 00	Final - Apr 01	Interim - Oct 01	Comparison
REV	£18,249,000	£35,661,000	£17,572,000	-3.7%
PBT	-£1,332,000	-£5,882,000	-£332,000	Loss both
EPS	-5.79p	-26.87p	-1.90p	Loss both

VI Group plc

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

Virtual Internet Plc

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

Vocalis Group plc

	Interim - Sep 00	Final - Mar 01	Interim - Sep 01	Comparison
REV	£2,008,000	£2,701,000	£1,223,000	-39.1%
PBT	-£2,478,000	-£7,144,000	-£1,968,000	Loss both
EPS	-5.60p	-15.82p	-4.25p	Loss both

Warthog Plc

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

Wealth Management Software plc

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

Xansa plc

	Interim - Oct 00	Final - Apr 01	Interim - Oct 01	Comparison
REV	£181,212,000	£391,235,000	£269,230,000	+48.6%
PBT	-£5,746,000	£652,000	£848,000	Loss to Profit
EPS	-3.35p	-4.22p	-3.46p	Loss both

XKO Group plc

	Interim - Sep 00	Final - Mar 01	Interim - Sep 01	Comparison
REV	£20,197,000	£38,211,000	£20,433,000	+1.2%
PBT	-£2,311,000	-£19,611,000	-£4,777,000	Loss both
EPS	-10.10p	-85.30p	-25.30p	Loss both

Xpertise Group plc

	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£2,919,000	£5,758,000	£2,936,000	+0.6%
PBT	-£228,000	-£4,000,000	-£231,000	Loss both
EPS	-0.76p	-0.08p	-0.74p	Loss both

Holway/SYSTEMHOUSE SCS Share Prices and Capitalisation

	SCS Cat.	Share Price 31-Jan-02	Capitalisation 31-Jan-02	Historic P/E	PSR Ratio Cap./Rev.	SCSI Index 31-Jan-02	Share price move since 31-Dec-01	Share price % move in 2002	Capitalisation move since 31-Dec-01	Capitalisation move (£m) in 2002
Actinic	SP	£0.04	£5.2m	Loss	3.44	52	41.67%	41.67%	£1.54m	£1.54m
AFA Systems	SP	£1.00	£23.4m	Loss	5.45	833	9.29%	9.29%	£1.68m	£1.68m
Affinity Internet Holdings	CS	£3.05	£91.1m	Loss	8.06	23462	0.83%	0.83%	£9.47m	£9.47m
AIT Group	CS	£7.23	£146.7m	37.4	4.33	4817	-13.47%	-13.47%	-£22.83m	-£22.83m
Alphameric	SP	£1.09	£111.2m	29.0	2.04	500	0.00%	0.00%	-£0.04m	-£0.04m
Alterian	SP	£0.73	£28.4m	Loss	13.67	363	-1.36%	-1.36%	-£0.40m	-£0.40m
Anite Group	CS	£1.70	£504.5m	25.7	2.62	994	-0.29%	-0.29%	£15.20m	£15.20m
Argonaut Games	SP	£0.54	£49.6m	Loss	11.28	563	-13.60%	-13.60%	-£7.75m	-£7.75m
Autonomy Corporation	SP	£3.50	£440.6m	Loss	12.15	107	7.03%	7.03%	£28.94m	£28.94m
Aveva Group	SP	£4.09	£69.2m	21.3	2.46	2045	-7.36%	-7.36%	-£5.48m	-£5.48m
Axon Group	CS	£1.88	£96.2m	15.8	2.25	1071	7.14%	7.14%	£6.43m	£6.43m
Azlan Group	R	£1.40	£152.7m	11.0	0.26	609	4.87%	4.87%	£7.11m	£7.11m
Baltimore Technologies	SP	£0.12	£58.9m	Loss	0.79	1179	-24.59%	-24.59%	-£19.23m	-£19.23m
Bond International	SP	£0.85	£12.2m	12.6	1.30	1308	13.33%	13.33%	£1.50m	£1.50m
Business Systems	CS	£0.12	£9.5m	Loss	0.25	99	-12.96%	-12.96%	-£1.38m	-£1.38m
Capita Group	CS	£4.25	£2,799.7m	63.3	6.98	114886	-13.31%	-13.31%	-£430.47m	-£430.47m
Cedar Group	SP	£0.05	£3.8m	Loss	0.05	48	25.00%	25.00%	£0.77m	£0.77m
Charteris	CS	£0.87	£31.6m	46.4	2.38	961	-2.26%	-2.26%	-£0.70m	-£0.70m
Clarity Commerce	SP	£0.83	£11.5m	Loss	3.19	660	-9.84%	-9.84%	-£1.16m	-£1.16m
Clinical Computing	SP	£0.31	£7.7m	Loss	3.39	246	1.67%	1.67%	£0.13m	£0.13m
CMG	CS	£2.46	£1,506.2m	25.5	1.86	6779	1.13%	1.13%	£16.99m	£16.99m
Comino	CS	£1.23	£16.9m	25.1	0.79	942	-27.94%	-27.94%	-£6.63m	-£6.63m
Compass Software	SP	£0.77	£8.9m	25.0	3.72	510	-16.85%	-16.85%	-£1.83m	-£1.83m
Compel Group	R	£0.74	£23.0m	Loss	0.10	592	-12.43%	-12.43%	-£3.22m	-£3.22m
Computacenter	R	£3.60	£667.2m	13.4	0.34	537	4.35%	4.35%	£27.75m	£27.75m
DCS Group	CS	£0.24	£6.0m	Loss	0.04	400	-15.79%	-15.79%	-£1.13m	-£1.13m
Delcam	SP	£1.60	£28.9m	7.6	1.70	615	11.89%	11.89%	£20.20m	£20.20m
Diagonal	CS	£1.03	£90.4m	12.8	1.09	1490	0.00%	0.00%	£0.01m	£0.01m
Dicom Group	CS	£4.38	£91.0m	13.4	0.65	1341	3.18%	3.18%	£2.74m	£2.74m
DRS Data & Research	SP	£0.14	£4.9m	12.9	0.60	130	-6.56%	-6.56%	-£0.34m	-£0.34m
Earthport	SP	£0.03	£3.4m	Loss	4.18	24	-88.60%	-88.60%	-£26.57m	-£26.57m
Easynet	CS	£1.85	£114.8m	Loss	2.75	51	-29.92%	-29.92%	-£48.94m	-£48.94m
Easyscreen	SP	£0.40	£17.5m	Loss	9.08	232	-16.40%	-16.40%	-£3.43m	-£3.43m
ECSoft Group	CS	£5.45	£63.8m	58.2	0.98	302	7.39%	7.39%	£4.40m	£4.40m
Eidos	SP	£1.71	£237.1m	Loss	1.40	8546	-5.00%	-5.00%	-£12.53m	-£12.53m
Electronic Data Processing	SP	£0.42	£10.4m	Loss	1.00	1271	-17.00%	-17.00%	-£2.20m	-£2.20m
Epic Group	CS	£0.82	£20.6m	12.8	2.56	776	-6.86%	-6.86%	-£1.49m	-£1.49m
Eurolink Managed Services	CS	£0.45	£47.1m	17.3	5.67	445	-1.11%	-1.11%	£42.41m	£42.41m
Flastfill	SP	£0.04	£1.8m	3.1	4.16	33	-23.81%	-23.81%	-£0.57m	-£0.57m
Financial Objects	SP	£0.74	£28.8m	15.5	1.57	320	-11.45%	-11.45%	-£3.81m	-£3.81m
Flomerics Group	SP	£0.78	£11.3m	11.5	0.96	3000	-2.50%	-2.50%	-£0.30m	-£0.30m
Focus Solutions Group	SP	£1.02	£25.5m	Loss	11.21	521	-0.98%	-0.98%	-£0.23m	-£0.23m
Gresham Computing	CS	£0.26	£12.7m	Loss	0.54	282	1.94%	1.94%	£0.22m	£0.22m
Guardian iT	CS	£1.03	£71.5m	7.9	0.83	402	-33.87%	-33.87%	-£36.63m	-£36.63m
Harvey Nash Group	A	£0.94	£28.5m	7.1	0.13	537	-21.67%	-21.67%	-£7.40m	-£7.40m
Highams Systems Services	A	£0.15	£2.8m	Loss	0.14	403	-1.69%	-1.69%	-£0.05m	-£0.05m
I S Solutions	CS	£0.31	£7.6m	22.4	0.68	1137	-6.15%	-6.15%	-£0.50m	-£0.50m
IBNet	SP	£0.05	£2.5m	Loss	6.18	82	-50.00%	-50.00%	-£2.48m	-£2.48m
ICM Computer Group	CS	£2.50	£49.5m	14.8	0.74	1389	-16.67%	-16.67%	-£9.85m	-£9.85m
I-Document Systems	SP	£0.15	£19.6m	Loss	16.33	20	1.67%	1.67%	£0.40m	£0.40m
IDS Group	SP	£0.68	£39.0m	Loss	3.12	756	41.67%	41.67%	£11.47m	£11.47m
Innovation Group	SP	£3.45	£640.0m	54.2	11.07	1507	-4.17%	-4.17%	-£27.82m	-£27.82m
Intelligent Environments	SP	£0.04	£2.4m	Loss	0.27	43	-23.81%	-23.81%	-£0.74m	-£0.74m
Intercede Group	SP	£0.51	£8.3m	Loss	4.10	842	-9.01%	-9.01%	-£0.82m	-£0.82m
Internet Business Group	CS	£0.03	£2.1m	Loss	1.12	81	-18.75%	-18.75%	-£0.47m	-£0.47m
IQ-Ludorum	SP	£0.06	£4.6m	Loss	2.14	77	-53.06%	-53.06%	-£5.20m	-£5.20m
iSOFT Group	SP	£3.17	£372.4m	47.3	11.96	2877	22.91%	22.91%	£69.38m	£69.38m
ITNET	CS	£2.33	£166.8m	25.1	1.21	666	-6.24%	-6.24%	-£11.12m	-£11.12m
Izodia (was Infobank)	SP	£0.30	£17.2m	Loss	6.38	4683	-6.35%	-6.35%	-£1.18m	-£1.18m
Jasmin	SP	£2.24	£10.5m	27.4	2.64	1490	-11.31%	-11.31%	-£1.39m	-£1.39m
Kalamazoo Computer Group	CS	£0.09	£3.8m	Loss	0.08	250	0.00%	0.00%	-£0.00m	-£0.00m
Kewill Systems	SP	£0.38	£28.9m	Loss	0.42	751	-12.14%	-12.14%	-£4.09m	-£4.09m
Keystone Solutions Group	SP	£0.11	£12.0m	Loss	2.67	117	-25.00%	-25.00%	-£3.99m	-£3.99m
Knowledge Management Software	SP	£0.12	£13.8m	Loss	2.29	92	2.13%	2.13%	£0.29m	£0.29m
Knowledge Support Systems Group	SP	£0.13	£9.6m	Loss	4.37	59	-26.76%	-26.76%	-£3.52m	-£3.52m
Knowledge Technology Solutions	SP	£0.07	£5.4m	Loss	35.63	1350	-3.57%	-3.57%	-£0.32m	-£0.32m
Logica	CS	£5.34	£2,386.3m	21.1	2.11	7313	-16.56%	-16.56%	-£473.86m	-£473.86m
London Bridge Software	SP	£1.48	£250.3m	33.6	4.41	3688	-17.37%	-17.37%	-£52.60m	-£52.60m
Lorien	A	£0.74	£14.5m	10.6	0.13	740	17.46%	17.46%	£2.20m	£2.20m
Lynx Group	R	£1.20	£210.0m	39.5	0.77	3006	0.21%	0.21%	£0.50m	£0.50m
Macro 4	SP	£1.45	£30.1m	5.5	0.64	585	-42.57%	-42.57%	-£22.36m	-£22.36m
Manpower SoftWare	SP	£0.20	£4.8m	Loss	1.73	206	-20.00%	-20.00%	-£1.20m	-£1.20m
Marlborough Stirling	CS	£2.23	£507.6m	38.9	10.14	1593	8.78%	8.78%	£40.94m	£40.94m
MERANT	SP	£1.08	£145.1m	11.8	0.67	519	-2.71%	-2.71%	-£4.03m	-£4.03m
Microgen	CS	£0.98	£49.6m	38.4	1.96	417	-4.88%	-4.88%	-£2.50m	-£2.50m

Note: Main **SYSTEMHOUSE** SCS Index set at 1000 on 15th April 1989. Any new entrants to the Stock Exchange are allocated an index of 1000 based on the issue price. The SCS Index is not weighted; a change in the share price of the largest company has the same effect as a similar change for the smallest company.
Category Codes: CS= Computer Services **SP** = Software Product **R** = Reseller **A** = IT Agency **O** = Other

Holway/SYSTEMHOUSE SCS Share Prices and Capitalisation

	SCS Cat.	Share Price 31-Jan-02	Capitalisation 31-Jan-02	Historic P/E	PSR Ratio Cap./Rev.	SCSI Index 31-Jan-02	Share price move since 31-Dec-01	Share price % move in 2001	Capitalisation move since 31-Dec-01	Capitalisation move (£m) in 2001
Mission Testing	CS	£0.85	£14.6m	13.3	2.92	311	-47.69%	-47.69%	-£13.33m	-£13.33m
Misys	SP	£3.22	£1,851.8m	22.8	2.16	4000	-1.08%	-1.08%	-£19.78m	-£19.78m
MMT Computing	CS	£0.90	£10.9m	Loss	0.35	536	-18.18%	-18.18%	-£2.39m	-£2.39m
Mondas	SP	£0.28	£5.6m	Loss	2.07	373	1.82%	1.82%	£0.10m	£0.10m
Morse	R	£1.58	£201.7m	8.1	0.34	630	-17.11%	-17.11%	-£41.60m	-£41.60m
MSB International	A	£0.81	£16.5m	22.1	0.10	426	-4.14%	-4.14%	-£0.71m	-£0.71m
Myratech.net	CS	£0.04	£1.0m	Loss	0.61	33	0.00%	0.00%	-£0.12m	-£0.12m
Ncipher	SP	£0.95	£120.3m	Loss	8.94	380	19.50%	19.50%	£19.70m	£19.70m
NetBenefit	CS	£0.13	£2.0m	Loss	0.32	64	-1.92%	-1.92%	-£0.04m	-£0.04m
Netstore	CS	£0.15	£14.1m	Loss	3.96	98	-26.25%	-26.25%	-£3.57m	-£3.57m
Nettec	CS	£0.08	£9.5m	Loss	0.55	34	-25.00%	-25.00%	-£3.97m	-£3.97m
Northgate Information Solutions	CS	£0.29	£82.9m	9.0	0.77	112	-13.43%	-13.43%	-£12.87m	-£12.87m
NSB Retail Systems	SP	£0.24	£76.8m	10.9	1.88	2109	-1.02%	-1.02%	-£0.84m	-£0.84m
OneclickHR	SP	£0.30	£15.8m	Loss	3.89	750	-28.57%	-28.57%	-£6.27m	-£6.27m
Orchestream	SP	£0.10	£13.4m	Loss	4.88	55	-50.00%	-50.00%	-£13.40m	-£13.40m
Parity	A	£0.44	£67.5m	14.2	0.25	7333	-10.20%	-10.20%	-£7.64m	-£7.64m
Patsystems	SP	£0.09	£11.3m	Loss	4.49	82	-16.67%	-16.67%	-£2.32m	-£2.32m
Planit Holdings	SP	£0.46	£38.2m	15.0	2.00	1917	-16.36%	-16.36%	-£7.53m	-£7.53m
Protogana (was Recognition)	SP	£0.04	£13.1m	Loss	1.49	54	-6.25%	-6.25%	-£0.88m	-£0.88m
PSD Group	A	£4.20	£105.4m	8.9	1.19	1909	-8.20%	-8.20%	-£9.41m	-£9.41m
QA (was Skillsgroup)	CS	£0.46	£40.2m	Loss	0.29	204	-1.09%	-1.09%	-£0.41m	-£0.41m
Quantica	A	£0.59	£23.0m	7.7	0.97	472	6.36%	6.36%	£1.39m	£1.39m
Raft International	SP	£0.11	£6.9m	Loss	0.73	167	2.44%	2.44%	£0.17m	£0.17m
Rage Software	SP	£0.06	£24.7m	Loss	4.32	240	-21.88%	-21.88%	-£6.34m	-£6.34m
RDL Group	A	£0.59	£11.2m	5.3	0.69	650	8.33%	8.33%	£0.80m	£0.80m
Retail Decisions	SP	£0.16	£44.3m	Loss	2.51	213	-17.11%	-17.11%	£15.05m	£15.05m
RexOnline	A	£0.34	£4.5m	65.4	2.23	405	-15.00%	-15.00%	-£0.79m	-£0.79m
Riversoft	SP	£0.10	£23.6m	Loss	4.56	104	-18.75%	-18.75%	-£5.41m	-£5.41m
RM	SP	£2.30	£215.9m	18.5	0.89	6571	-3.16%	-3.16%	-£7.04m	-£7.04m
Rolfe & Nolan	SP	£0.82	£11.5m	Loss	0.45	970	-1.21%	-1.21%	-£0.08m	-£0.08m
Royalblue Group	SP	£5.63	£171.3m	43.9	2.98	3309	-8.16%	-8.16%	-£13.13m	-£13.13m
Sage Group	SP	£2.41	£3,049.8m	36.5	6.30	92596	5.36%	5.36%	£155.33m	£155.33m
SBS Group	A	£0.18	£1.6m	13.5	0.03	175	-18.60%	-18.60%	-£0.37m	-£0.37m
Science Systems	CS	£4.53	£114.0m	25.8	2.30	3508	-12.98%	-12.98%	-£17.00m	-£17.00m
SDL	CS	£0.62	£25.9m	77.6	0.87	410	-9.56%	-9.56%	-£2.78m	-£2.78m
ServicePower Technologies	SP	£0.20	£10.2m	Loss	3.11	200	-11.11%	-11.11%	-£1.28m	-£1.28m
Sherwood International	SP	£1.35	£61.6m	Loss	1.14	4498	2.27%	2.27%	£2.56m	£2.56m
Sirius Financial (was Policymaster)	SP	£0.93	£15.6m	8.8	0.91	617	-5.13%	-5.13%	£0.00m	£0.00m
Smartlogik	SP	£0.01	£3.7m	Loss	0.06	11	-37.50%	-37.50%	-£2.21m	-£2.21m
Sopheon	SP	£0.25	£20.8m	Loss	2.69	353	-15.52%	-15.52%	-£3.88m	-£3.88m
Spring Group	A	£0.65	£97.6m	Loss	0.26	722	-16.13%	-16.13%	-£18.80m	-£18.80m
Staffware	SP	£4.35	£62.7m	Loss	1.66	1933	29.85%	29.85%	£14.48m	£14.48m
StatPro Group	SP	£0.31	£10.0m	Loss	3.16	388	-27.91%	-27.91%	-£3.89m	-£3.89m
Stilo International	SP	£0.05	£2.0m	Loss	23.24	90	-59.09%	-59.09%	-£2.89m	-£2.89m
Superscape VR	SP	£0.26	£9.5m	Loss	4.41	131	-8.77%	-8.77%	-£0.90m	-£0.90m
SurfControl (was JSB)	SP	£6.20	£187.0m	Loss	4.43	3100	25.89%	25.89%	£38.48m	£38.48m
Synigence	CS	£0.10	£4.3m	Loss	2.15	183	-32.14%	-32.14%	-£2.02m	-£2.02m
Synstar	CS	£0.75	£121.0m	Loss	0.51	452	7.97%	7.97%	£8.95m	£8.95m
Systems Integrated	SP	£0.34	£4.6m	17.1	2.76	296	-1.45%	-1.45%	-£0.06m	-£0.06m
Systems Union (was Freecom)	SP	£0.90	£92.9m	10.6	155.01	692	7.78%	7.78%	£6.75m	£6.75m
Telecity	CS	£0.14	£27.1m	Loss	1.93	17	3.85%	3.85%	£1.00m	£1.00m
Telework Systems	SP	£0.32	£56.9m	46.5	2.59	0	-22.22%	-22.22%	-£16.21m	-£16.21m
Telme.com	CS	£0.09	£6.8m	Loss	0.37	55	0.00%	0.00%	£0.00m	£0.00m
Terence Chapman Group	CS	£0.35	£24.3m	Loss	0.76	256	-15.85%	-15.85%	-£4.65m	-£4.65m
Tikit Group	CS	£1.15	£13.3m	19.4	1.43	996	0.00%	0.00%	£0.00m	£0.00m
Torex Group	CS	£7.23	£318.1m	35.3	3.60	14029	-0.69%	-0.69%	-£2.21m	-£2.21m
Total Systems	CS	£1.45	£15.0m	16.0	3.91	2736	11.11%	11.11%	£1.45m	£1.45m
Totalise	CS	£0.05	£3.2m	Loss	0.75	214	5.88%	5.88%	£0.18m	£0.18m
Touchstone Group	SP	£1.05	£10.6m	7.2	0.90	1000	-21.64%	-21.64%	-£2.92m	-£2.92m
Trace Computers	CS	£0.83	£12.5m	7.0	0.73	660	-12.70%	-12.70%	-£1.86m	-£1.86m
Transeda	SP	£0.27	£18.5m	23.0	2.85	540	10.20%	10.20%	£1.76m	£1.76m
Triad Group	CS	£0.67	£16.9m	5.2	0.32	493	-28.88%	-28.88%	-£6.86m	-£6.86m
Tribal Group	CS	£3.20	£141.5m	38.9	5.87	1939	-1.54%	-1.54%	£23.12m	£23.12m
Ultima Networks	R	£0.02	£4.3m	Loss	0.62	55	0.00%	0.00%	£0.00m	£0.00m
Ultrasis Group	CS	£0.04	£22.1m	Loss	22.44	77	7.14%	7.14%	£1.53m	£1.53m
Vega Group	CS	£1.38	£25.3m	Loss	0.71	1127	-1.79%	-1.79%	-£0.52m	-£0.52m
VI group	SP	£0.35	£8.8m	Loss	1.35	493	15.00%	15.00%	£1.24m	£1.24m
Virtual Internet	CS	£0.24	£5.1m	13.8	0.91	480	2.13%	2.13%	£0.11m	£0.11m
Vocalis Group	SP	£0.05	£6.9m	Loss	2.57	53	-28.57%	-28.57%	£3.71m	£3.71m
Warthog	SP	£0.55	£23.0m	Loss	6.08	1279	29.41%	29.41%	£5.18m	£5.18m
Wealth Management Software	SP	£0.15	£6.3m	Loss	0.41	115	-3.23%	-3.23%	-£0.21m	-£0.21m
Xansa (was F.I. Group)	CS	£2.98	£970.4m	Loss	2.48	7628	-15.96%	-15.96%	-£184.20m	-£184.20m
XKO Group	CS	£0.49	£13.0m	Loss	0.34	323	-4.90%	-4.90%	-£0.71m	-£0.71m
Xpertise Group	CS	£0.06	£4.0m	Loss	0.69	220	10.00%	10.00%	£2.41m	£2.41m

Note: Main **SYSTEMHOUSE** SCS Index set at 1000 on 15th April 1989. Any new entrants to the Stock Exchange are allocated an index of 1000 based on the issue price. The SCS Index is not weighted; a change in the share price of the largest company has the same effect as a similar change for the smallest company.
Category Codes: CS= Computer Services **SP** = Software Product **R** = Reseller **A** = IT Agency **O** = Other

FALLS FOR ALL TO START 2002

After the rally in Q4 01, 2002 has started badly for all categories of company in our SCSI index. The index as a whole experienced a drop of 7.8% to 4424.3. All categories of companies put in similar performances with falls ranging from 3.4% to 8.4%.

Our index was not alone in its descent. It was joined by the techMARK100 with an 8.5% fall, the FTSE IT SCS index with a 4% fall and Nasdaq performing better but still falling 1.7%.

Just over a quarter of the companies in our SCSI Index saw a rise in their share price in January. The best performing was **IDS Group** with a 42% rise to 68p. Also amongst the risers were **Marlborough Stirling** with a 8.7% increase and **Sage Group** with a 5.3% increase.

31-Jan-02		
	SCSI Index	4424.26
	FTSE IT (SCS) Index	810.21
	techMARK 100	1347.20
	FTSE 100	5164.80
	FTSE AIM	868.30
SCSI Index = 1000 on 15th April 1989	FTSE SmallCap	2526.92

Changes in Indices	SCSI Index	FTSE 100	techMARK 100	FTSE IT SCS Index	FTSE AIM Index	FTSE Small Cap
Month (02/01/02 to 31/01/02)	-7.79%	-1.01%	-8.52%	-4.04%	-3.29%	-2.03%
From 15th Apr 89	+342.43%	+151.50%				
From 1st Jan 90	+380.85%	+118.66%				
From 1st Jan 91	+525.01%	+139.07%				
From 1st Jan 92	+323.43%	+107.16%				
From 1st Jan 93	+177.63%	+81.44%				+82.14%
From 1st Jan 94	+164.99%	+51.09%				+35.22%
From 1st Jan 95	+195.11%	+68.48%				+44.69%
From 1st Jan 96	+95.89%	+39.99%	+70.69%		-8.93%	+30.15%
From 1st Jan 97	+65.24%	+25.40%	+47.29%		-11.04%	+15.75%
From 1st Jan 98	+45.77%	+0.57%	+41.21%	-18.98%	-12.47%	+9.24%
From 1st Jan 99	+12.25%	-12.20%	-7.47%	-43.97%	+8.32%	+22.02%
From 1st Jan 00	-61.43%	-25.47%	-64.35%	-78.21%	-55.07%	-18.43%
From 1st Jan 01	-47.16%	-17.00%	-47.49%	-58.43%	-39.61%	-20.62%
From 1st Jan 02	-7.79%	-1.01%	-8.52%	-4.04%	-3.29%	-2.03%

End Jan 02	Move since 1st Jan 99	Move since 1st Jan 00	Move since 1st Jan 01	Move since 1st Jan 02	Move in Jan 02
System Houses	-0.2%	-61.1%	-47.7%	-5.8%	-5.8%
IT Staff Agencies	-63.1%	-67.9%	-48.9%	-7.8%	-7.8%
Resellers	36.3%	-34.4%	-13.2%	-3.3%	-3.4%
Software Products	62.7%	-60.9%	-71.6%	-8.4%	-8.4%
Holway Internet Index	189.1%	-64.8%	-48.3%	-6.5%	-6.5%
Holway SCS Index	12.3%	-61.4%	-47.2%	-7.8%	-7.8%

The majority of companies had a bad month... the worst being **Earthport** with an 89% fall in its share price following the announcement of its full year results. The announcement of its results followed a shortfall in its working capital and a subsequent suspension in trading of its shares. **Logica** started the month well with with the announcement of a ten year PFI with the Crown Prosecution Service(CPS) of England and Wales to manage CPS's IT services. However, things went downhill during the month after Sunday newspapers ran stories surrounding the company's capex. There were also increased fears that Ericsson and Nokia would start to move more aggressively into bearer technology for multimedia messaging following their failure to capitalise on the opportunity on 2G networks; thus resulting in companies such as **CMG** and Logica losing market share. Logica's share price fell 16.6% during the month to finish on 534p.

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