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ovum HOLWAY

SYSTEMHOUSE

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

THINGS CAN ONLY GET BETTER

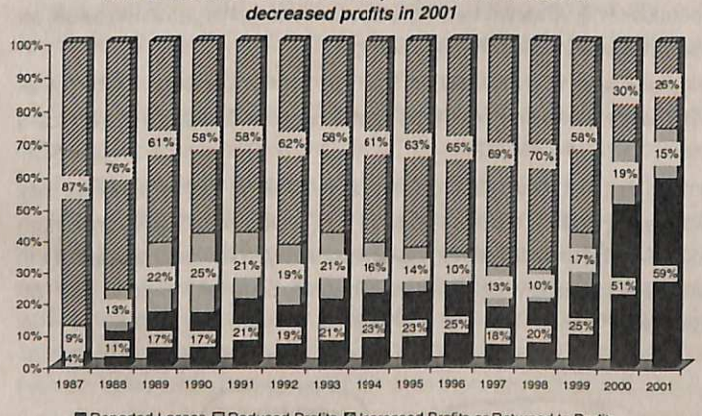
With nearly all the results for financial years ending in 2001 now declared, it's pretty safe to say that it has been the worst year *"since records began"*. Indeed, it's the first year when UK S/ITS plc – i.e. all the 150 S/ITS companies quoted on the London market added together - collectively reported a loss. *And what a loss too!* On total revenues of £14bn, a loss of £2.9bn was reported. Although profits had already plunged in 2000, at least a profit of £285m was then reported on revenues of £11.9bn. *A 2% margin is, afterall, better than nothing!*

It would be very easy to dismiss these quite disturbing statistics by pointing to a small number of huge losses at the likes of **Dimension Data**, **CMG** or **Baltimore** due mainly to goodwill right offs. But even if you EXCLUDE this 'exceptional bad stuff', UK S/ITS plc would still have lost nearly £500m. Anyway, why should the costs of laying off staff or the costs of adjusting for overpaying for previous acquisitions, be excluded?

The loss-making malaise was wide spread;

- 59% of all quoted S/ITS companies reported a loss in 2001. That's up from the 51% reporting losses in 2000 – itself an all-time record. It is true that, through bad times and good, around 20% of all companies report losses. But 2001 was over twice the historic norm.

74% of the UK Quoted SCS Companies reported losses or decreased profits in 2001



■ Reported Losses □ Reduced Profits ▨ Increased Profits or Returned to Profits

- It gets worse. Even amongst those reporting *any* profits at all, in around a third of cases these were *lower* than in 2000.

But, given the difficulties of the last period, perhaps we should be amazed that *anyone* managed to record a better performance. 21% of all companies managed to increase profits and a further 5% reported a return to profits in 2001 from losses in 2000.

We are not going to list the top % risers as they are dominated by companies with miniscule profits in 2000. If we were going to hand out any awards for 2001 they would go to:

- **Logica** for largest absolute rise in PBT (from £98m to £136m).

- **Northgate** for swinging a loss of £47.4m in 2000 to a PBT of £2.2m in 2001 (closely followed by **ITNET** with a swing from losses of £1.4m to a PBT of £10.5m).

It's also worth recording that total revenues actually grew by 18% in 2001. Half of this growth can be accounted for by acquisitions made in 2000. But even so, an organic growth of 9% was pretty good! However, as you know already, this organic growth is pretty much all down to outsourcing with the likes of **Capita**, ITNET, **Xansa** and even Logica and **Marlborough Stirling** reporting very strong revenue growth in IT outsourcing and BPO in particular.

What now?

We see a mixed picture for 2002.

- Around a quarter of quoted S/ITS companies are tiddlers with revenues of <£5m. They are pretty much all loss making at the moment. We suspect a significant number of these will not survive the next 12 months on the market. They will be swallowed up...*or worse.*

- We see no dramatic recovery in the 'new project' market which will continue to depress performance at the ITSAs, IT consultancies, system houses and those reliant on selling software product into new users. As these make up a majority of the quoted companies in the UK, we suspect that earnings will continue to be depressed – possibly even continuing in negative territory - in 2002.

- Organic revenue growth will remain "modest" and certainly sub

10%.

- Conversely the outsourcers will have continued good fortune. Indeed, earnings could be *enhanced* as staff costs are depressed by market conditions. A situation they should be aware of when the marketplace recovers, staff demand salary increases again but their long term contracts are fixed in price!

2003 and beyond?

Longer term - i.e. 2003 and beyond – we see the cost reductions (which started in 2001, accelerated apace in 2001 and remain on-going at present) will start to make a major and positive impact on earnings in 2003 and beyond. In the last recession of the early 1990s, earnings growth of 25%+ followed the bad years even though revenue growth was pretty modest for some years during that period of recovery too.

That's why we are much more bullish about the sector (markets and stocks) than we have been for several years.

If earnings grow by 25%+ from 2003, perhaps current average P/Es of around 24 are not so off the mark?

But, as always, averages cover extremely wide variations. It's only today's quality players that are going to be in the upper quartile of earnings growth in 2003. That not only includes the outsourcers and the *usual suspects*, but the 'quality' ITSAs too – they have always led previous recoveries.

And we have written so much about how to spot them that you must be getting **Bored** by now....

LIES, DAMNED LIES AND AUDITED ACCOUNTS... *THE SEQUEL*

Following on from the **SYSTEM**HOUSE front page article last month on the various different treatment of Goodwill, we have had several other examples (like **Morse**'s three year write down etc.) to add to the list. We also highlighted the different 'carrying values' and suggested that there was a time bomb ticking in various companies which had 'bought at the top' in 1999/2000 but had not adjusted the carrying value of that Goodwill on their balances sheets since. **CMG** took the message and wrote off £564m of Goodwill resulting from its purchase of **Admiral** (and others) at the height of valuations in early 2000. We are sure **Xansa** will have to follow suit.

Anyway, this all seems minor compared to **AOL**'s write down of $54 billion announced this month. This basically occurred due to Time Warner 'merging with' AOL (AOL bought Time Warner to be accurate) in late 2000. Since then the combined group's share price is down 54% .

This might just result in the largest reported corporate loss in US history. But on the other hand it's all funny money so does it really matter? Indeed AOL are trumpeting the fact that, because of this, they will take lower amortisation charges in the future so their future earnings stream will look much better!

Mind you, it plays hell with the Balance Sheet. If the principle was adopted by all in the UK S/ITS sector, most companies would show negative net assets/shareholders funds.

But perhaps that just means that Balance Sheets don't matter either as they mean nothing really. Indeed, the solution to all this, which would solve the Enron problems too, would be to dispense with R&As completely. This would save billions in audit and accounting fees. Investors would, of course, be left in the dark...but "***no change here then...***"

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INDICES (changes in Mar. 02)

Holway SCS	3.5%	4197
Holway Internet	0.3%	2819
FTSE IT (SCS)	4.2%	724
techMARK 100	0.2%	1200
FTSE 100	3.4%	5272
Nasdaq	-4.5%	1479

LEARNING THE M&A LESSONS

One of the very first "Holway-isms" to hit the poor media-reading public in the UK was "*Acquisition Indigestion*" back in 1988. All around us companies were suffering – some like Headland, EIT, Ferrari etc. actually going bankrupt – as a result of eating too big a meal, of the wrong type, too often.

Top Twenty UK S/ITS Acquisitions 1988 (May) - 2002 (Mar.)						
Rank	**Buyer**	**Acquired**	**Acq.Value at the time**	**Date**	**Current Market Cap. Of Buyer**	**Comment**
1	Schlumberger (France)	Sema	£3,600m	Feb-02	£8,841m	Too early
2	Sema	LHS Group Inc. (US)	£2,700m	Mar-00	n/a	Failure
3	Pearson Group	National Computer Systems Inc. (US)	£1,700m	Jul-00	£6,785m	Too early but signs good
4	Wanadoo (France Telecom)	Freeserve	£1,648m	Dec-00	£5,676m	Overpaid?
5	CMG	Admiral	£1,353m	Apr-00	£1,616m	Overpaid?
6	Vedior (Neth.)	Select Appointments	£1,145m	Sep-99	£1,552m	Overpaid?
7	Xansa (was FI Group)	Druid	£800m	Mar-00	£938m	Overpaid?
8	Misys	Medic (US)	£566m	Sep-97	£1,782m	Qualified success - but taken a long time
9	Invensys	Baan (Neth)	£467m	Aug-00	£3,980m	Verging on the failure
10	Baltimore Technologies (Eire)	Content Technologies Holdings	£450m	Oct-00	£56m	Not good
11	Network Associates (US)	Dr Solomons	£391m	Jun-98	£2,786m	Good buy
12	Marconi	(MSI) Metapath Software International (US)	£386m	Apr-00	£653m	One of straws to break Marconi back
13	Logica	Pdv GmbH (Germany)	£370m	Oct-00	£1,975m	Qualified success
14	Merant (Micro Focus)	Intersolv (US)	£334m	Oct-98	£153m	Overpaid
15	Phone.com (US)	Paragon Software	£310m	Feb-00		Qualified success
16	Pearson Group	Software Toolworks (US)	£310m	Apr-94	£6,785m	Sold at loss
17	CGS (France)	Hoskyns	£286m	Feb-90	£6,419m	Success
18	Dialog	Knight-Ridder (US)	£286m	Aug-97	£0m	Failure
19	Sage Group	BEST Software (US)	£272m	Feb-00	£2,850m	Success
20	NSB Retail Systems	STS Systems (Canada)	£271m	Nov-00	£67m	Over ambitious

It was interesting that when Walter Hewlett contended this month that no large technology merger had ever worked…nobody, including HP, actually raised any evidence to rebut this but the shareholders seemed to have ignored the evidence and voted for the merger anyway! We have long jested that if a company in which you hold stock announces an acquisition valued at >50% of its own current valuation – SELL. Even at the risk of offering financial advice, this is a tip which so far has never failed as stock inevitably falls by c30% in the period afterwards.

Every year, together with **Regent Associates,** we monitor upwards of 1000 M&A transactions which involve UK S/ITS companies (as buyer or seller). Clearly this is a fraction of the number of global technology deals.

So with this weight of evidence that BIG acquisitions don't work, too many/ multiple acquisitions kill companies too and acquisitions of the wrong type don't work either…*why on earth does anyone do it?* Is it like smoking? No one argues against the facts anymore but a third of the world's population still puffs away! Of course, they think it will never happen to them, it makes them feel good, boosts their self confidence and, anyway, if it does them any harm it will be a long time in the future. *Oh dear, the similarities with M&A are too close for comfort!*

Why on earth does anyone do it?

The table contains a list of the Top Twenty S/ITS-related M&A deals involving a UK company as buyer OR seller (by value at the time the deal was done) since we started our research back in 1987.

Geographic expansion

As you might expect, the list is firmly biased towards those deals consummated in the last four years as valuations have soared. But the very earliest deal to make it to the Top 20 was **Cap Gemini**'s purchase of **Hoskyns** in the UK back in 1990 – a deal which few would argue has been anything else but a success (but see note below).

But here was a much bigger mainland European S/ITS company *"sticking to the knitting"* and buying a UK S/ITS company thus expanding its geographic spread.

Indeed, if you look at the success stories on the list many have this same characteristic. Like **Sage** buying **Best Software** in the US, **Logica** buying **PDV** or, the other way around, US **Network Associates** buying UK **Dr Solomons** or **Phone.com** and **Paragon**. We would even include **Pearson**'s acquisition of US **National Computer Systems** as a success which followed a similar pattern as it formed an important part of Pearson's existing Education division in the US and, although a bit too early to call, current signs are encouraging with integration cost savings boosting divisional profits by 47% in 2001.

Conversely the least successful deals – well some real failures - on the list involved expanding into whole new geographies with acquisitions which were (relatively) far too large for the purchaser. **Dialog** and **Knight Ridder** is a classic. **Sema**'s almost crazed desire for a US acquisition hastened its fall as an independent company when it 'bet the bank' with its £2.7bn acquisition of **LHS**. Nikki Beckett at **NSB** just got too big for her boots with a series of overseas acquisitions of which Canadian **STS** was the biggest. The same applies to **Baltimore** & **Content Technologies** and **Merant** & **Intersolv**.

(**Note**: Shame that Cap Gemini threw away the pattern when they let Hoskyns' market-leading outsourcing business wither on the vine. Two years back they bought

[continued on page four]

[continued from page three]

Ernst & Young's consulting business in one of the biggest M&A deals ever in the sector - *and are still suffering very serious indigestion as a result!)*

Lesson One – When expanding geographically 'stick to the knitting' of your home based business and don't bet the family home on it.

"Joe. I've had a good idea. Why don't we move into software?"

There is a flip side to 'stick to the knitting' and it seems to affect those outside our sector too. Indeed the other group of failures (actual or potential!) comes from non S/ITS companies buying their way in. **Pearson Group**'s early foray into software via US **Software Toolbox** and others ended up with the whole lot being sold for a fraction of that paid as Pearson reversed its policies. Although engineering group **Invensys** has been in software in some way for many years, it was its purchase of **Baan** (and with it CODA) which brought them to the forefront. Again hardly a success story! And we all know what happened when **Marconi** moved out of its home turf...**MSI Software** was but a straw on the camel's back.

*How does this all bode for **Schlumberger** and **Sema**?* Too early to make judgment but don't hold your breath!

Lesson Two – M&A is hard enough anyway, but if you know little about the S/ITS sector, buying a company can be an expensive way to learn!

"*Buy at the bottom, Sell at the top*"...or is it the other way around?

The next group consists of sensible "stick to the knitting" type acquisitions where the only problem relates to valuation. **CMG** & **Admiral**, **Vedior** & **Select Appointments**, **Xansa** & **Druid** – even **Wanadoo** and **Freeserve** – were all of pretty sound companies buying other pretty sound companies thus increasing critical mass. The 'problem' was that they were all consummated in late 1999/ early 2000 at the time when S/ITS valuations were "North of Stupid" (to quote a certain analyst!). Given that most of the consideration was paid in the shares of the buyer (which were equally inflated at the time) some would say that the valuations were therefore relatively reasonable. Of course, carrying goodwill will have to be adjusted (see CMG & Admiral and our **SYSTEM**HOUSE article last month) but that might be considered a reasonable price to pay.

Lesson Three – If you're the buyer, mitigate against a volatile market with all-share deals. If you are seller, insist on cash!

The exception?

In just three lessons, we have grouped all but one of the deals in the Top 20.

The exception is **Misys** buying **US Medic** in Sept 97 for $923m. It broke all the guidelines above. Misys had little US exposure and NO healthcare experience at the time. The valuation looked well over the top...and was nearly 50% of Misys' own market capitalisation at the time. Misys shares dived by 10% (to around 300p – roughly where they stand today nearly 5 years later) but had RISEN by 60% within six months of the deal.

Misys Healthcare operations in the US contributed £186m and £36m profits in FY01 - both modest increases. This month Misys announced the first major healthcare sales in the UK (a £3m contract to supply pathology information systems to five NHS hospitals).

We had our doubts on the Medic move in 1997 and said so. We had doubts on the ACT purchase in 1994 for exactly the same reason – and said so. But it formed the bedrock (with other acquisitions) of Misys becoming the world leader in banking systems. Misys would argue that the same will happen in healthcare.

Lesson Four – If you have guts and experience (and Misys and its Executive Chairman Kevin Lomax has these in spades) you can make a success even if you break all the previous three lessons...*but it will probably take a minimum of 5 years!*

ANDERSENMANIA

ANDERSEN

As we go to press it is still unclear what will happen to **Andersen** here in the UK. The 'bombshell' was the accusation that Andersen staff in the UK had also been involved in the Enron shredding debacle. This might pull UK partners into the liability mess.

During the month it was announced that **KPMG** was in discussions to acquire Andersen's activities outside the US but this has run into problems with regulators in several countries – clearly the UK shredding allegations could scupper this.

In answer to queries, Andersen in the UK makes about £85m from its IT consultancy and outsourcing activities. We feel that this part (i.e. excluding the audit bit) might well fit better with another pure play S/ITS operation. Even Accenture! Those involved might well prefer an MBO which, we are sure, would attract much interest from the VC community.

Hays
THE BUSINESS SERVICES GROUP

HAYS - FINGERS IN ALL SORTS OF PIES

Hays – the FTSE100 business services group with interests as diverse as recruitment and HR outsourcing, business process outsourcing, mail delivery and logistics - has announced interim results for the six months to 31st Dec. 01. Total revenue declined 5%, however continuing operations held steady at £1,199m. Operating profit was down 17% at £122.8m and PBT was down 15% at £103m. Diluted EPS, previously 4.71p, is now 3.91p. Commenting on the outlook, Chairman and acting CEO, Bob Lawson, said: "*The first priority is to maintain and develop our existing customer relationships and to continue our organic development. We are continuing to invest in our businesses through the downturn and this investment will position the Group to benefit when the economies of Europe begin to improve*".

Hay's onward march into 'traditional' S/ITS activity territory

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Comment: Having sat through the inevitable Q&A about pallets and mail deliveries at the Hays briefing, we are able to report that the group's S/ITS activities are alive and well! If you are in any doubt about Hays' onward march into 'traditional' S/ITS territory, read on:

· In the largest (and most profitable) of its three divisions, **Hays Personnel**, is Hays IT, one of the UK's largest IT staff agencies. The Personnel division inched forward during the six months, to report £506.9m of revenue, and is reported to be performing better in the early months of FY02 than Hays had predicted a few months ago. The division is proving to be quite resilient in the current climate, although with the inevitable shift in clients' hiring patterns away from permanent to contract staff, Hays Personnel is making less profit. Consequently, margin for the division dropped a couple of percentage points to 12.2%. Hays is notoriously coy about its revenues from IT recruitment, but the company did disclose that IT staffing made £1m *less* operating profit in the six months than in the same period last year (a small cheer will go up from rival ITSAs at this point, many of whom made losses in 2001). Executive Director, Denis Waxman said that the division has "*stabilised*", although traditionally, a lot depends on performance in March and April. With Hays' year-end in June, he would only commit to being "*a little optimistic*" about the outcome for the full year. Meanwhile Hays Personnel is getting stuck into servicing the recruitment needs of the public sector (who isn't?) and has cut headcount by 450 (almost 11%).

· Turning to the **Logistics division**, you'll find Hays' proprietary SCM software – Logistar – underpinning its efforts to move up the value chain. Bob Lawson commented that Logistics continues to win new business, at "*good margins*", primarily because of its ability to add value via the use of in-house IT and consulting expertise. During the period, two new clients went live using Hays' e-tracking software. We reckon IT-related activities in the Logistics division generated c£35m during the six months.

· Then there's the **Commercial division**, where undoubtedly the jewel in the crown is Hays' BPO offering. Revenue from BPO services was up 16% during H1, and together with BPO-related IT and consulting, makes up almost half of the division's total revenue. Roughly put, that's c£240m on an annualised basis! Hays' core business intelligence software, developed for use in a variety of sectors, formed the backbone of the recent 5-year contract win with the Department of Health, where Hays is providing hospital performance statistics and management information. Admittedly the contract value, at just over £5m, is tiny, but Hays' views the project as a strategically important win in the public sector. So, here again, is evidence of Hays' strategy in action – proprietary software, processes and infrastructure being used to underpin its core offerings. But it was not all plain sailing for the Commercial division, as Executive Director Keith Charlton admitted: reduced project work and a slower than expected rollout of NMIS (Hays' business intelligence solution for police forces throughout England), is holding back profits. They also took the decision to close the profitable, but non-core, SAP implementation operation in order to concentrate on core activities.

So, all in all, it's not a bad picture. The Hays' board talked a lot about continuing investment, like the opening of further Hays Personnel offices in France, Spain and Belgium, customer retention and development, and a focus on organic growth.

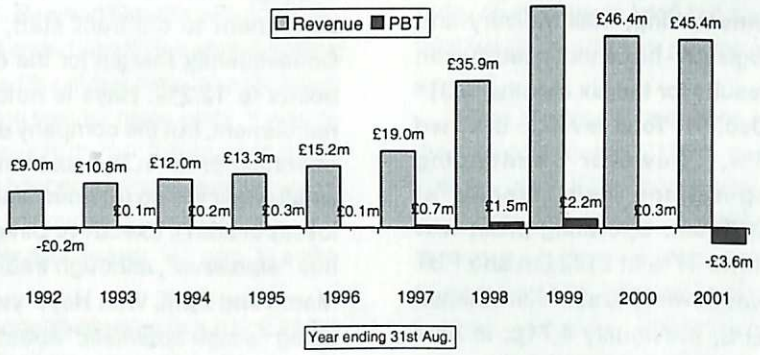
As for the CEO vacancy, Bob Lawson explained that the search is proving to be "*more difficult than originally anticipated*". Just as its own permanent recruiters are probably finding right now, high calibre candidates are not easily prised away from their current companies!

-43%
11p

SBS: 2002 TO *"REMAIN CHALLENGING"*

AIM-listed ITSA **SBS Group** sneaked in its full year results this month without warning and some three months later than expected. Turnover for the year ended 31st Aug. dropped 2% to £45.4m though gross profits held steady at £9.1m (a creditable 20% margin). However, SBS (like many others) have reviewed the goodwill they were carrying on previous acquisitions and wrote off some £3m in impairment and amortisation for US specialist telco staffing company **Applied Concepts Inc. (ACI)**, which they paid £6.5m for in Oct. 99. This left SBS with an operating loss of £2.9m compared to a £923K profit in 2000. Pre-tax losses were £3.6m (FY00: +£285K) and loss per share was 39.5p (FY00: +2.1p). They have also negotiated a two-year deferment of capital debt repayment. 'New' (Mar. 01) chairman Peter Toynton advised that *"the current year will remain challenging"*.

SBS Group
10 year Revenue & PBT Record
From 1992



Comment: Well, no surprises here. SBS started life as a software house back in 1969, but gradually switched over to contract staffing. They moved into Europe (organically) and US (by acquisition) and are now in that uncomfortable space of being a mid-sized ITSA caught in the market maelstrom. Most (c60%) of their revenue comes from US and Europe, which is why their gross margins are so good. It sounds like they're hanging on in there by their fingernails, but with a market capitalisation bordering on small change (c£1.7m), this would be a cheap way for another player to pick up their some 500 contractors currently on assignment. However, founding ex-CEO and now non-exec Deputy Chairman Gary Jones still holds 35% of the equity, so that wouldn't even buy him a nice house in Farnham!

+20%
15p

RETAIL DECISIONS - DECISIVE ACTION NEEDED

"International supplier of payment card fraud detection", **Retail Decisions** has announced results for the year to 31st Dec. 01; a year in which it claims it has *"taken significant steps to extend its product offering and markets to become a truly international company providing fraud prevention, wider risk management services, and value-added transaction processing"*. Total turnover increased by 26% to £22.2m, whilst turnover from continuing operations increased by 22% to £21.6m. Loss before tax was £2.3m compared to £2.9m in 2000. This was after £2.5m of goodwill amortisation and £2.0m of goodwill impairment. The goodwill impairment arose as a result of the acquisition of Australian, **International Card Enterprises** (ICE), in Sep. 00. Since the acquisition, Retail Decisions has acquired another Australian payment card processing company, **Motorcharge**, and has decided that all future processing should be undertaken on Motorcharge's systems thus making ICE's systems redundant.

The UK and US operations reported revenues ahead of last year but it was really the Australian operation that boosted the performance. The acquisition of ICE is said to have exceeded expectations and now represents 17.4% of the Group's turnover. Australia and South Africa now contribute c20% of total revenues up from 9% in 2000. The acquisition of Motorcharge since the year-end will further bolster international revenues.

Also since the year-end, Retail Decisions has completed a rights issue to raise £9.65m net of expenses in order to fund future growth. With the possibility of new methods of card payment being introduced, Retail Decisions will need to use this capital wisely to improve and expand its technology and products so as not to get left behind. In the meantime, Chief Executive, Carl Clump believes that, *"the increasing prevalence of payment card fraud and the growing requirement for payment card transaction services should continue to drive demand for the Company's products and services across all territories in the future"*.

+9%
60p

HARRY POTTER WORKS HIS MAGIC AT ARGONAUT

The UK-based games developer, **Argonaut Games**, has announced results for the six months to 31st Jan. 02, and it has put in its most successful period as a public company. The company moved into profitability with pre-tax profit of £4.0m, compared to the comparative six months when it reported a loss before tax of £1.6m. This was on a six-fold increase in turnover to £9.3m. £336K of this came from acquisitions. Diluted EPS was 3.82p compared to a loss per share of 1.75p in the comparative period.

One of the reasons for the impressive numbers was the success of the company's *Harry Potter* title, which helped push royalty income up from £0.2m to £5.4m. This increase was also helped by the company's new strategy of negotiating a lower advance during the development phase of the title in return for improved royalty rates on the sale of the game. Despite this, income from advances also increased, from £1.3m to £3.9m, with the company in the process of developing eight new games compared to five in 2001.

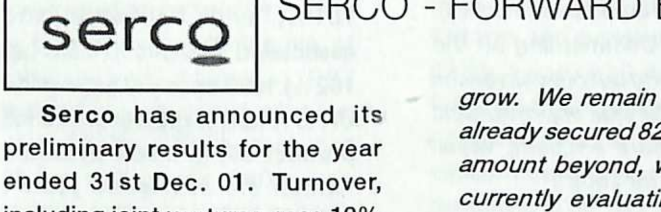
The next few months are promising for computer games developers such as Argonaut, and Chairman, Julian Paul, believes the company has, "*the infrastructure, technology and high quality development teams to create world beating games*" for its blue chip publishers. Unfortunately, in the games industry, one successful period does not a *boring* company make. The European launch of Microsoft's Xbox and Nintendo's GameCube consoles will be a welcome boost, but nonetheless, Argonaut will always be at the mercy of consumer's fickle tastes and of economic booms and recessions, particularly with a higher proportion of revenue coming from royalties.

SERCO - FORWARD EARNINGS HIGHLY VISIBLE

Serco has announced its preliminary results for the year ended 31st Dec. 01. Turnover, including joint ventures, rose 19% to £1.1bn, PBT rose 21% to £41.2m and diluted EPS was 7.12p (5.79p in 2000). Commenting on the outlook, CE, Kevin Beeston, said, "*We have laid the foundations for continued future growth. Our forward earnings are highly visible and our margins have continued to grow. We remain a highly predictable business. Because we have already secured 82% of our forecast turnover for 2002 and a significant amount beyond, we continue to anticipate strong growth... we are currently evaluating contract opportunities worth a total of some £15bn*".

Serco describes itself as "*bewilderingly diverse*" and it's this diversity that makes analysis of its results all the more problematic. Its main business is really all about facilities management and outsourcing in its widest sense, and particularly in the public sector and defence industries, which accounted for over 80% of total revenues. High points of the year included, strong growth in continental Europe, a new education business that reported first-year turnover of over £35m and a £160m/10-year PFI contract to design, build and operate England's National Traffic Control Centre.

Serco Plc Revenue by Geography 2001



In the UK the company reported revenues of £794.2m (70% of total revenues), up 30% on 2000. Many of Serco's contracts include an IT element; indeed the company reports that its IT support activities are "*continuing to expand*". An actual breakdown of revenue by IT services activities is not supplied but in the past, we have estimated that c35% of Serco's turnover is from IT services. The other area of interest to us is its BPO activities, and these will be examined in more detail in our forthcoming report on the BPO market.

+10%
23p

DCS GROUP PLC

NOT EXPECTING ANY MAGIC IN 2002

DCS, a company providing software and services, historically to the automotive, transport/logistics and manufacturing sectors has announced its preliminary results for the year ended 31st Dec. 01. Turnover from continuing ops fell 18% to £93.2m (compared to turnover from continuing ops in 2000). Total turnover was £104.9m, down 25%. LBT 'improved' to £4.6m (£14.5m). Loss per share was 22.58 compared to 25.11p in 2000. DCS has three divisions:

· In Transport and Logistics, revenue was static at £13m, but OP increased 8% to £1.3m.

· In the Automotive division, which provides consultancy, hardware and software solutions (including the provision of ERP based dealer management systems mainly in Germany and an eBusiness division in the UK), turnover fell 17% to £50.8m but operating loss 'improved' to £0.8m from £2.2m

· In Industry solutions which comprises DCS's eIntegration company and a Belgium

[continued on page nine]

+37%
30p

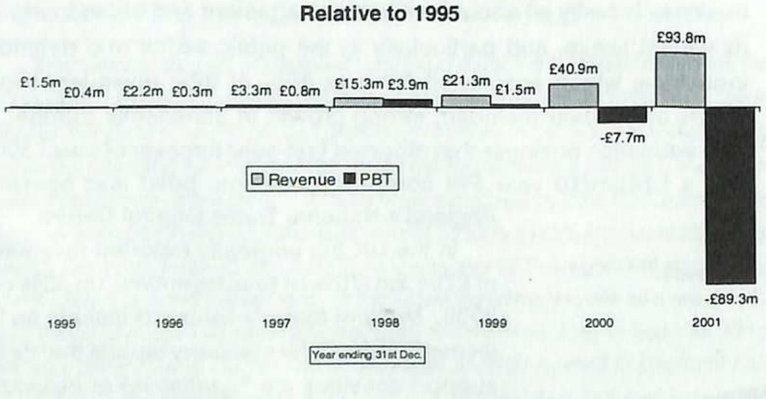
the nsb group

GETTING BACK TO BASICS

NSB Retail Systems has announced its preliminary results for the year ending 31st Dec. 01. As with many companies this year, NSB has changed its accounting policy for revenue recognition to adopt the principles of US GAAP, which means that 2000 figures have been restated.

Turnover rose nearly 200% to £93.8m, the increase comes mainly from a first time contribution from STS, (acquired in Nov. 00) of £57m. LBT ballooned to £89.3m from £16.5m (this includes £93.5m goodwill amortisation charge in line with the Group's four year amortisation policy). Loss per share deepened to 22.63p from 7.87p. Commenting on the outlook, CE, Nikki Beckett, said, "*Our pipeline is strong but our conversion of the pipeline into contracted business needs further improvement. This, combined with our ongoing drive to be more efficient, whilst improving customer service, represents our focus for 2002*".

NSB Retail Systems plc
7 year Revenue and PBT Record
Relative to 1995



2001 was really a year of getting back to basics, bedding down the acquisitions and managing the cost base, with headcount reduced by 15% to 1,221 and its previous high level of debtor days reduced. The acquisitions that helped to fuel growth in the US, caused confusion in Europe, leading to reduced order intake. However, earnings benefited from recognising £7m of contracted business deferred from the previous year. Thus, Europe rose 22% with revenues of £35.1m, and accounted for 37.4% of turnover. North America rose 1000% to £58.7m and accounts for 62.5% of revenues. In terms of breakdown by activity, software licences generated £23m (up 270%), services and support £54.3m up 181%, and hardware and associated services £16.5m (up 162%). NSB does not expect the UK to return to growth until a full product set is made available "*within the next three years*". After three years the company will almost have to start from scratch in the UK. For now its priority is to focus on North America which is the largest market and offers the best growth potential.

There were also a few Board changes, with the appointment of Angus Monro as NED the most significant, as Nikki Beckett has always been a strong believer in mentors, right from the day she founded NSB in 1995 (when Peter Johnson was her 'rabbi' - and start-up investor). Rather than just looking for a fancy name to add gloss to the annual report, Beckett has brought on board a player whose rich experience will undoubtedly be called on frequently and, we hope, profitably.

[continued from page eight]

based programming consultancy business, sales declined by 26% to £29.4m, but an operating loss of £3.5m was converted into an OP of £0.3m.

38% of revenues were generated in the UK, 56% US, 5% Europe and 1% Asia.

Over the past two years the company has been in a continuous state of restructure, this must make for uneasy feeling for both employees and customers. This year saw the disposal of Digica, its outsourcing business, in Jul. 01 which provided a profit of £9.1m, thereby helping to lessen LBT. DCS has continued on its programme of headcount reduction that has seen the average number of employees fall by 22% to 1,271 and the closure of 17 offices. It doesn't look like DCS will be pulling any rabbits out of the hat in 2002 as Chairman R Lodge, commented "*The outlook for 2002 would suggest that we should be cautious and that business will not start to develop momentum again until 2003*".

-2%
345p

PSD : SITTING TIGHT ON THE CASH

PSD, "*the international recruitment services group*" has announced its preliminary results for the year ended 31st Dec. 01. Revenue for the year fell 19% to £71.7m, with net fee income falling 28% to £39m (NFI is a more useful measure when comparing staffing companies with differing mix of contract/perm business). PBT suffered a larger reversal of fortune, down 77.5% to £4.8m (including £1.3m written off PSD's own shares), with EPS pulled down to 10.2p from 57p. Commenting on the outlook, Francesca Robinson, Chief Executive, said "*The current financial year has started with trading levels showing no sign of improvement from the levels achieved in the last quarter of 2001. Our future prospects are clearly linked to a recovery in our clients' trading activities; and it is only when we see a substantial improvement in their prospects that we would expect to see an increase in demand for our services*".

Comment: PSD's results held no great surprises, having been preceded by a trading statement last month, but they are a disappointment nonetheless. This was the first time in the company's eleven history that it has suffered a decline in net fee income (NFI) *and* profits. PSD derives more than half its NFI from technology staffing, and it was this area that was hardest hit: in the UK, technology staffing was down 39% to £12.25m, and overseas (mostly technology-related recruitment) it fell 26% to £7.7m. Indeed PSD decided to close its loss-making US office in Nov. 01. Francesca Robinson commented that having spent four years trying to build a US presence, they decided to quit, saying that the operation never reached critical mass and was distracting the management. We reckon this was the right thing to do, as PSD has created a far stronger business in Europe and Asia where management time would be better spent.

PSD Group	Net Fee Income £m		
FYE: 31st December	2001	2000	Change
Technology UK	12.3	20.2	-39.4%
International	7.7	10.4	-26.0%
Commercial & Prof. Svcs.	9.1	10.0	-9.6%
Finance & Banking	3.4	4.2	-19.5%
Hoggett Bowers	6.6	9.6	-31.3%
TOTAL	39.0	54.4	-28.4%

Many of the other messages coming out of the briefing were familiar ones: the value of long-term customer relationships when times are tough; the role of management in controlling costs and ensuring acceptable terms with clients; the importance of credit control; and the continuing pressure on margins in IT contract recruitment. PSD's IT contractor business is small compared to the likes of Spring, Hays IT, SThree et al (c150 contractors on assignment at the year end), mostly because it has shied away from the volume Preferred Supplier deals that the bigger players dominate. But even so, PSD has seen margins squeezed, from upward of 20% in FY00 to 15% in 2001.

What sets PSD apart from many of its rivals in the IT staffing sector, is its cash - £24m at the year-end. The company's cash balance is virtually unchanged from a year ago, and Ian Moss, Group FD, reckoned it would remain above £20m this year. PSD is dipping in to the cash to pay this year's dividend (covered only 0.86 times by earnings), but is not tempted to spend it on any acquisitions right now. Indeed, Peter Hearn, PSD's founder and Chairman, remarked in his inimitable way that of the many companies approaching PSD week after week, not one was worth acquiring!

When conditions in PSD's markets improve, it has the capacity to grow the business with current staff numbers – in the meantime, the business is being run on the assumption that conditions will remain difficult throughout 2002. A safe, if unexciting, strategy.

-5%
231p

A CALM RIDE IN THE HURRICANE'S EYE

Affinity Internet has announced its preliminary results for the year ended 31st Dec. 01. Turnover (including share of joint ventures of £15.6m) rose 366% to £52.8m, LBT deepened to £30.1m from £26.1m, and was in line with expectations after adjusting for exceptional charges of £10.22m. Loss per share 'improved' to 109.81p from 128.82p.

Affinity's activities changed significantly during 2001 as a result of both acquisitions and the ceasing of certain operations. **Hurricaneseye** (50% owned by Powergen), a *"fully-fledged licensing carrier of its own proprietary telecoms services"*, is the joint venture which was launched in Feb. 00. It contributed £15.6m to the total turnover. The balance of business shifted considerably following the acquisition with telecoms contributing 78% of total turnover in Q4.

The Group and its joint venture made a number of acquisitions both in the UK and Australia, including that of **breathe.com** (ISP and portal) from Great Universal Stores, the Blue Carrots portal from **Cube8** and 150,000 residential customers from **Atlantic Telecom**. All of the acquisitions are said to have been integrated into the existing Affinity business at little additional cost, and hence have *"significantly increased the Group's gross margins"*. Acquisitions contributed £1.8m to the total revenue. Organic growth was 342%.

Terry Plummer, Chairman, commented, *"The strategic acquisitions and development we have undertaken over the last year...has enabled Affinity to grow aggressively and has positioned the business in such a way to allow the Company to approach its 2002 profit target with confidence"*. Affinity now describes itself as a Communications Services Provider, *"specialising in brand extension"*.

Looking at the activities in more detail:

- The **telecoms** division, now the main focus, saw revenue increase by 1700% to £38.8m. The division generated 74% of total turnover, up from 19% in 2000. Indeed it achieved a pre-tax profit of £537K in the final quarter.

- In the **Internet** division, where Affinity is targeting the SME market, revenues rose by 52% (no figures supplied). But the business was not profitable on a stand-alone basis, although the Board optimistically believes that it will *"have a profitable year in 2002"*.

- Following a disappointing year the activities of the **e-commerce** division have been *"curtailed"*, as selling new CRM solutions became *"unsustainable"*. During the year the TransAffinity business ceased operations, as did the South African operations. Operations in Finland and Holland are set to cease by the end of Q102. The main focus will now be on Affinity portals, and the remaining activities will now be run through the Internet division. The cessation resulted in exceptional costs of £8.3m.

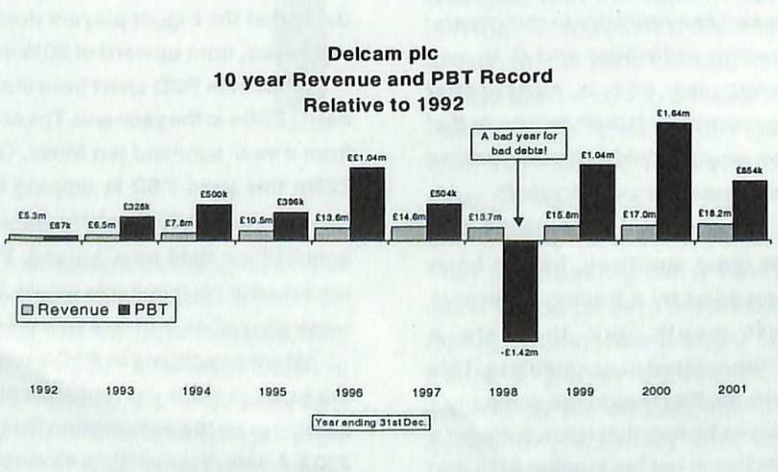
Looking forward, Affinity believes it will reach profitability in 2002. In Q401 it made a gross profit for the first time and reports that it has reduced its costs base with cash burn in Q4 reduced to £1.6m from £1.95m. Plummer commented on the outlook, *"The management team has worked hard to build an organisation that is at the heart of the converging Internet and telecoms market. With current trading progressing well, the Board currently have every confidence that the management will deliver upon their objectives again this year and with the company will meet the market's expectations in 2002"*.

0%
155p

ANOTHER EXCITING YEAR FOR DELCAM

AIM-listed Delcam, a provider of CADCAM systems for the design, manufacture and inspection of complex shapes, has announced results for the year to 31st Dec. 01. Turnover increased by 7% to £18.2m, whilst PBT almost halved to £854K, and diluted EPS decreased by 51% to 9.7p. It is unclear how much of the revenue growth came as a result of Delcam's acquisition of Alcami jewellery service bureau during

Delcam plc
10 year Revenue and PBT Record
Relative to 1992



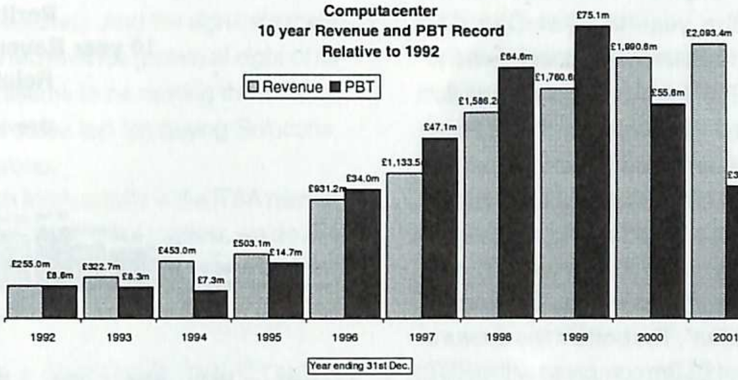
[continued on page eleven]

+9%
359p

Computacenter

COMPUTACENTER - SATISFACTORY PERFORMANCE

UK's leading reseller **Computacenter** got through 2001 in reasonable shape under the circumstances. Total turnover rose 5% to £2.1bn, though operating profit dropped 9% to £52.8m, taking operating margins down to 2.5% from 2.9% the prior year. Pre-tax profits fell 37% to £34.9m taking into account a £16m hit on selling the loss-making German operation to GECITS and closing e-commerce arm iGroup. EPS halved to 9.9p. There are two big highlights though. Firstly, Computacenter is highly cash generative – net funds almost tripled to £53.3m, including some £110m cash in the bank. This was 'aided' by poor product sales – i.e falling demand reduced stock requirement and the associated costs. Secondly, services revenue grew 18% to £314m. Ron Sandler remains "*cautious*" for the rest of 2002.



Comment: This looks pretty good at first blush and Computacenter seems to have knocked itself mostly into shape. The results were very much as presaged in its trading update earlier in the year (see Feb. 02 System House). We did (almost) get to the bottom of the services numbers. Mike Norris confirmed that services represents around 15% of total revenues at c£314m. Of that, the UK managed services contract base stands at £105m and CC is expecting 20% growth this year. This excludes the BT contract which is expected to be worth c£150m over the next five years. The rest is accounted by hardware maintenance and professional services. Despite competing against **IBM**, **EDS** and **CSC** and subsequently winning the **BT** contract, CC is realistic about its services aspirations. It wants to develop that side of the business (no figures given) but stay within the realms of its current business proposition, i.e. *stick to the knitting* and service its product customers with infrastructure outsourcing, product consultancy etc. It definitely isn't looking to be the next IBM et al.

In its remaining European operations, France was the star, with revenue growth of 22.4% to £262.5m and operating profit up to £6m from £1.7m. But the pressure will be on to repeat this performance next year. That will involve turning round its recent acquisition, GECITS France, which Norris described as in a "*more distressed state*" than the UK and German businesses. Benelux delivered a disappointing performance; no separate figures were given, although we estimate sales to be around £14m.

The company is still very cautious in its outlook. It reports that it is continuing to work towards performance improvement over 2001 but that assumes some improvement in market conditions later in the year. Given the current conditions CC has done what is necessary; tightened its belt, sharpened its focus and developed its services business.

[continued from page ten]

the year. UK software sales "*remained steady*" despite problems in the manufacturing industry, but their was some reduction in service income. Tom Kinsey, Chairman, commented, "*The Board believes that as a result of our increased investments in product development and marketing last year, we start 2002 in a strong competitive position. Whilst the outlook in many markets remains uncertain, the recovery in orders at the end of last year and the level seen at the start of the current year give me confidence that we will see an improved financial result this year*".

Comment - Delcam increased turnover mainly as a result of a diversification and expansion in its customer base. Some of this was down to the acquisition of Alcami which contributed to the sale of software to the jewellery industry. The main improvement in software sales was in the "*Rest of Europe*" i.e. not including Italy, UK, France and Germany. Sales increased by 89% in Austria, 47% in Czech Republic and 26% in Sweden. Without this expansion in its customer base, turnover growth would have been more or less flat. Delcam makes no mention of services activities – obviously they have yet to get the message. Meanwhile, they look destined to remain a rather lacklustre player in a niche market.

Delcam's shares ended the month at 155p, an 40% discount to its Nov. 97 IPO price of 260p.

+29% 49p PARITY

PARITY - OUT TO WIN MARKET SHARE

Parity has announced results for the year to 31st Dec 01. Headlines show revenues down 8% at £246.9m. Actually the 'organic' decline was worse than that as Parity acquired **Prime Selection** early in 2001. *"Prime was fully integrated into the Resourcing Solutions division in the first half of 2001 and its results cannot be separately identified*". The bottom line shows a LBT of £3.3m compared with a PBT of £12.8m in 2000. Fully diluted EPS slipped from 5.53p to a loss per share of 2.03p. Commenting on the results, Parity's Chairman, Bill Cockburn said: *"Overall, the Group's strategy is working well....while market conditions remain difficult, we believe the new focus and competitive strengths of Parity will enable it to take market share in its key accounts and add new customers*".

But, as per everyone else, Parity's headline quotes a Group PBT of £3.3m (compared with £13.9m in 2000) before all the bad stuff – like £1.4m goodwill amortisation and £5.2m (net) of exceptional costs (£6.6m from *"restructuring"*, £0.5m of bad debts offset by a £1.9m gain on the settlement of a long standing litigation case). Although Parity's net debt increased from £2.3m to £12.7m, it has *"headroom of £14.7m against the Group's total banking facilities"* so should have the resources to carry it through.

Looking at Parity's lines of business, **Business Solutions & Training** (in the UK and Europe) saw revenues decline by 15% to £65.2m with profits slashed from £7.9m to £2.6m. Parity has delivered over 70 projects for Consignia (where Parity's non executive Chairman Bill Cockburn was once the CEO). Parity does not currently separate revenue and profits for the Solutions and Training activities, but we were told that training revenue rose 7%, and profits also increased in 01 – a sterling performance compared to many other training organisations.

Resourcing Solutions (the IT staff agency operation), reported revenues up 4% to £97.5m in the UK although in mainland Europe revenues fell 6% to £47.4m. The net effect was no change. Indeed, Resourcing Solutions would have reported negative organic growth if Prime had been separated. Contractor numbers are down 16% at the year-end. All in all, Parity thinks is *"a very commendable performance in the toughest staffing market for a decade"*. Cost cutting measures included the closure of offices in Amsterdam, Rotterdam and Stuttgart during 2001, with Winnersh (UK) and Switzerland due to close in Q1 2002.

Parity US (which undertakes all three of Parity's business lines) saw revenues decrease by 24% to £36.9m and profits halve to £2.6m.

Comment – At the headline level, these results reflect the overall dismal state of the ITSA/Consultancy market. Parity believes that *"the Group's strategy is working well"*. This might look contrary to the headline results, but readers should remember that new CEO Ian Miller (who we rate highly) was only appointed in Mar. 01. He has acted fast to put the ship in better sailing order to meet the harsh weather conditions, simplifying the offerings and structure, and focusing on winning longer term/higher quality business. Indeed, Parity announced contracts with BAT, ICI and an outsourced training service for HBOS, on the day of the results, which combined are worth £15m-£20m over the next three years. At the end of 2000, Parity's forward order book was measured in just weeks. One year on, 24% of 2002 revenues are already contracted – and that was before these three wins. This kind of repositioning always takes time – and is even more difficult when the market is against you – but it is the right policy.

Parity Group FYE: 31st December		Turnover £m 2001	2000	Change
Business Solutions		65.2	76.9	-15.2%
	UK	59.4	69.7	-14.7%
	Europe	5.8	7.2	-19.8%
Resourcing Solutions		144.9	144.0	0.6%
	UK	97.5	93.8	3.9%
	Europe	47.4	50.2	-5.6%
Parity US		36.9	48.3	-23.7%
	TOTAL	246.9	269.2	-8.3%

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Parity is not content to wait for an upturn in its core markets, instead talks confidently of winning market share in all three areas. And the signs are there that Parity is succeeding: the company reported revenue growth at eight of its top ten accounts during 2001, and, at last, seems to be making the most of the opportunities to cross-sell, with eight of these top ten buying Solutions, Training and Resourcing services from the group.

We don't see Parity engaging in too much M&A activity in the ITSA market – even though it could pick up some *"bargains"* right now. However, we do see it looking selectively at higher end outsourcing/AM–type businesses. This is an area where founder Philip Swinstead is playing a major role.

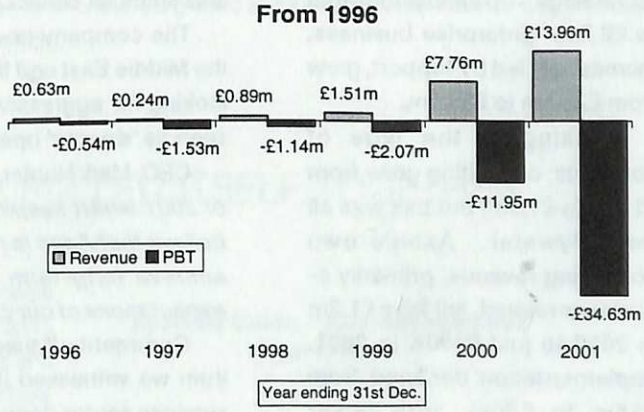
When there is an upturn in the IT market, Parity could well be amongst the first to benefit. It has taken steps to trim costs so the effect on the bottom line could be both rapid and significant.

-41%
11p

SOPHEON'S LOSSES IN SPIRAL ORBIT

In the year to 31st Dec. 01, **Sopheon,** *"the international provider of software-based solutions and services for knowledge intensive business-process applications"*, made two further acquisitions; a division of **Aventis Research & Technologies** in Germany in June, and **Orbital Software Holdings** in the UK in November. The former contributed £2.8m of revenues for the six months from 1st Jul. 01, whilst Orbital contributed £0.1m for the six week period from 16th Nov. 01. Total revenues increased by 80% to £14.0m, with organic revenue growth of 43%.

Sopheon plc
6 year Revenue & PBT Record
From 1996



Operating losses before amortisation of goodwill deepened from £7.2m to £13.4m as a result of *"continued high levels of investment in product development, sales and marketing, and implementation capabilities"*. Administrative, sales and marketing expenses increased by 122% to £14.1m in the period. Sopheon accelerated the goodwill amortisation relating to its acquisitions of **AppliedNet** in 1999 and of **Teltech** in 2000. Total goodwill amortisation was £24.1m including an exceptional impairment charge of £9.1m. This led to a pre-tax loss of £34.6m, compared to £11.9m for 2000.

The acquisitions, and increased costs, led to the reorganisation of the company in the final quarter of the year. Sopheon is now structured into two divisions: Information Management (research services including outsourcing), which made up 74% of total revenues, and Business Process Services (sales of Accolade and Organik software, and the related consultancy) which made up the remaining 26% of revenues. The reorganisation led to £1m of redundancy and restructuring costs.

Barry Mence, Executive Chairman, commented, *"With some early 2002 wins under our belt, all efforts are now being concentrated on revenue growth and operational excellence to build towards the stated goal of being profitable and a leading provider of software and services to major corporations within the R&D market"*.

Comment: The big question is *when* will they be profitable? With losses deepening year by year, their growth strategy appears to be mainly based on acquisition, the most recent of which was the troubled (i.e. loss-making) Orbital. Sopheon's operating losses (pre-exceptionals) for the year were over £13m and net current assets were £8.4m. Meanwhile they are trying to integrate and/or support and market an increasing portfolio of products. So, what's wrong with this picture? The other big problem is that knowledge management is such an esoteric application that it's always going to be a tough sell. Sopheon's shares have been in almost constant decline over the past couple of years, and ended the month at 11p, down 89% over the previous 12 months and 62% since the beginning of the year.

+2%
174p

AXON STUMBLES

Axon has announced its results for the year to 31st Dec. 01. Turnover was the same as last year - £42.8m compared with £42.7m – but this included a £1.1m contribution from Bywater, the consultancy acquired at the end of October. Without it revenue would have been down 2.6%. PBT fell 24% to £5.5m and EPS was down to 7.5p from 8.6p.

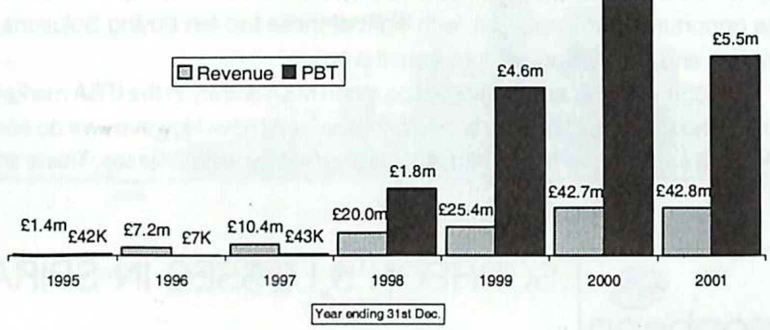
The news is in the business mix. Pure Internet projects down 75% in revenue terms to just £3m, but SAP collaborative solutions - MySAP, CRM, portal technology – up almost four-fold to £8.7m. Enterprise business, increasingly led by support, grew from £28.5m to £30.1m.

Looking at the type of contracts; consulting grew from £1.2m to £1.5m, but this was all from Bywater. Axon's own consulting revenue, primarily e-business related, fell from £1.2m in 2000 to just £400K in 2001. Implementation declined from £35m to £30m, with fewer projects and rates under pressure, as well as off-shore pressures. But application management, which ranges from 2nd line support through to full outsourcing, was up from £6.5m to £11.3m.

UK revenue was down a significant 17% to £33.2m, although the company's gloss on this is that it shows an increased globalisation. The UK now constitutes 78% of revenue (from 93%), Continental Europe 18% (£8m) and the Rest of the World 4% (£1.6m).

Developments during the year include the establishment of a number of vertical teams, in process industries (oil, gas, chemicals and pharmaceuticals), discrete industries (consumer goods, manufacturing, telco and high tech) and the services industries (business and financial services).

Axon Group plc
7 year Revenue and PBT Record
Relative to 1995



The company now has regional offices servicing Europe, the USA, the Middle East and the Rest of the World. However, the company is not looking for aggressive growth from the US and ME offices, which are seen as 'sleeper' operations.

CEO, Mark Hunter, commented, *"We addressed the market challenges of 2001 whilst keeping the business profitable and cash generative. I believe that Axon is now more focused, in better shape and is ready to achieve long-term success in delivering to, and exceeding the expectations of our clients".* At least he didn't use the 'Confident' word.

Comment - If there were such a thing as a company rite of passage then we witnessed it at the Axon briefing. The *enfant terrible* of the services sector donned a tie and applied to join the grown ups. Shame really. There's nothing as refreshing as a self-assured Mark Hunter (CEO) shooting from the hip. But, as anyone who has been on the receiving end of an Ovum Holway briefing in recent months knows, the *boring* will inherit the earth.

Axon shot to fame on the back of the Internet explosion, but those days are now over (revenues from pure Internet projects dropped 75% last year) and the company is being ignominiously (at least for Axon) compared with Diagonal. Growth objectives are to focus on a business sell, rather than technology, use Bywater to get higher up client companies, establish long-term relationships with clients and build operations across Europe through actively pursuing partnerships (read acquisition for the right outfit).

To its credit, Axon has done some neat ducking and diving over the last 18 months to re-focus the company and retain credibility and it has come out the other side, battered but not bowed. But it's not over yet. Now the company is in the long game. To compete in this 'grown up' market it needs critical mass and geographical coverage, and quickly. Having broken the duck (successful) with Bywater, Axon needs to be a little less coy (and picky) about acquisitions. There is still £12m in the bank.

+18% 470p ecsoft

NOT A GOOD YEAR FOR ECSOFT

ECsoft, an IT consultancy and systems integrator, announced its results for the year ended 31st Dec. 01. Turnover fell 19% to £59.3m, PBT of £1.4m in 2000 was converted into LBT of £18.3m and loss per share deepened to 169.7p from 4.8p.

Of its three core markets - public sector, financial services and TMT - the company reports that the public sector business *"continued to grow"* and now accounts for 21% of total revenues (13% in 2000). The main problem area was the UK, with revenue down 38% (mostly as a result of the divestment of the UK's Managed Support division in the first half of the year) and making up most of the loss on the year - £16.4m. Revenue from the Dutch operation was also down and, as a consequence, Scandinavia's share of revenues has increased from 42% to 53%.

As a result of difficult trading conditions the company reduced headcount by 20% to 841 and restructured its operations. But it's that goodwill impairment, which we've been discussing quite a lot over the past few weeks, that has helped pull ECsoft's profits down - a £19.3m provision, principally relating to investments in its Dutch and German operations. Granted small fry, compared to some of the recent whoppers we have reported (e.g. CMG), but for a company with revenues of £59.3m – a significant dent.

Comment - Not a good year for ECsoft, nor for any IT consultancy/systems integrator (the areas worst hit by the downturn), particularly the smaller companies. Actions taken to address the difficult market in H1 proved insufficient, particularly after September 11th, and had to be addressed again in the second half of the year. By the sound of it the public sector didn't even do that well; *"continued to grow"* sounds like limited success, compared with others in the sector who have reported more positive achievements in 2001.

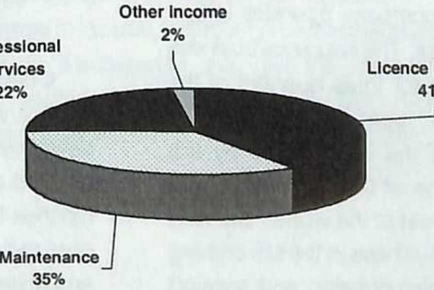
Hopefully the company now has its costs under control and with £38m in the bank has some protection against the storm. But it needs to start building on that base to regain some of the lost ground and it's not obvious where that business is going to come from.

+4% 94p Systems Union

SYSTEMS UNION - PULLED ITSELF TOGETHER

Following a torrid couple of years that has seen **Systems Union** jettison its loss making dot-com activities (at great cost), acquire two financial software developers, change its name and deliver huge losses in its 2000 results, the company seems to have turned itself around with its 2001 results. In the year ended 31st Dec. 01 turnover rose 46% to £78.4m, an LBT of £106m was converted to a profit before tax of £2.2m and loss per share of 8.4p became EPS of 3.8p. Commenting on the outlook, Paul Coleman, CE said, *"We look forward to 2002 being a year of further improvement to sales and productivity levels. We expect to increase business from our existing customer base and from our competitors".*

Systems Union - 2001 Business mix
Total = £78.4m



EMEA generated approximately 50% of total revenues (£45.7m - up 55% on 2000) within which the UK is the largest market (no separate figures given). The Americas delivered revenues of £16.2m, up 59%, and Asia Pacific £16.5m, up 46%.

We commented last year that sound management was going to be the decisive factor for Systems Union and this has been the case. The company is reaping the benefits from sharper market focus, improved penetration of its customer base and product development. Recurring revenues rose 100% to £27.5m, licence revenue was up 45% to £31.6m and services revenue up 23% to £17.6m. Its net funds improved by £11.5m aided by £8.9m from the disposal of properties.

The company is focusing upon five *"key"* markets, hospitality, oil & gas, not for profit, financial services and global organisations. Its ebusiness division which provides consultancy and implementation of web systems and website hosting services is still hanging on in there (just) accounting for c1% £784K. Even Pegasus has shown a small increase in turnover up 6% to £7.5m and is reported to have returned to profitability. We would still question whether there is a long term future for UK based financial products company Pegasus within the Group as Systems Union positions itself as an international ERPII solution provider, providing *"collaborative business, domain-focused expertise and web-enabled architecture"*. Maybe there could be

[continued on page sixteen]

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an opportunity for **Sage** to take another look at this one. In the meantime Systems Union's new strategy is to build out from its core competencies in financial intelligence applications and move away from being a pure product vendor to become a solutions provider. Aiming high it ranks **SAP**, **JD Edwards** and **Great Plains** amongst its peers. Certainly it is a global player with over 12,000 installed sites across 42 countries, but not yet of the stature of the 'big boys'. Indeed the company operates in both the large enterprise and SME space, but its relatively low ticket price makes it an attractive proposition for the SMEs. We hope that in the early days of its rejuvenation SunSystems will retain the focus that has enabled it to return to profitability and not waste its energies taking tilts at its much larger competitors.

+18%
133p

Sherwood INTERNATIONAL

SHERWOOD MUST BATTEN DOWN THE HATCHES

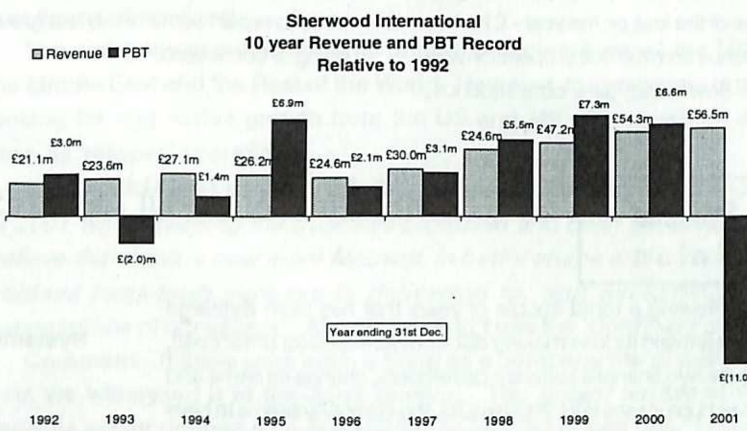
Sherwood has announced results for the year to 31st Dec. 01: turnover is up 4% to £56.5m, with all of the growth coming from acquisitions. However a PBT of £6.6m in 2000 has become a LBT of £11m, and an EPS of 13p is now a loss per share of 25.6p.

Sherwood's losses in 2001 were caused by exceptional charges of £11.5m, mostly arising from the settlement of a court judgement against them from a solution sold as long ago as 1993 and since discontinued. Sherwood is looking to recover some of the costs from its insurers, but in the meantime this, combined with write downs of goodwill, led to an LBT of £11m. A restructuring charge of £3.8m will be incurred this financial year.

The company operates in two main areas. The insurance business accounts for three quarters of the revenue, split roughly 50/50 between the US (helped by the acquisition of **Concise** in Apr. 00) and the rest of the world. But with 74% of business in the US coming from implementation and support (on major projects services account for 8-10 times the licence sale) the slowdown in sales in the first half impacted services for the rest of the year. Government business is entirely in the UK. BPO also got the statutory mention after a £4m contract win with **Capita**.

Commenting on the results, Mike Shinya, CEO, said: "*This year has been a year of great change for Sherwood..we experienced a general slowing down in the placing of orders from the insurance industry as recessionary forces began to bite. In the second half, particularly the last quarter, however conditions have improved and companies are once again committing to orders*".

Amongst the changes during the year were many new faces on the board - Mike Shinya, CEO, joined in Sep. 01, Mark Williams, CFO, and Martyn Lambert, Chief Marketing Officer, both joined in Jan. 02.



Comment - The exceptional cost of the court case rather clouds the issue for Sherwood. There were some highlights amongst the results, including news that its government business, established as a separate division in 2001, enjoyed strong growth. But it seems to be a case of battening down the hatches for the company now. A new organisational structure and "*decisive cost reduction measures*" have been implemented, including an 18% cut in employee numbers. Having made five acquisitions over the past two years, Sherwood is now concentrating on maximising the value from these purchases - "*superior organic growth*" is the focus going forward. With the reduction in costs, and a "*good pipeline*", Sherwood enters 2002 "*cautiously optimistic*" of reaching market expectations.

At least that hasn't stopped the company putting pegs in the ground, with five key objectives; to double turnover in three years, EPS to growth to average 25% for the next three years, licence sales to double in two years, to become the world's second largest provider of software solutions to the insurance markets and to be recognised as the world-class provider of technology solutions to the markets it serves. There's nothing like ambition, but first the company has to get through this year in much better shape.

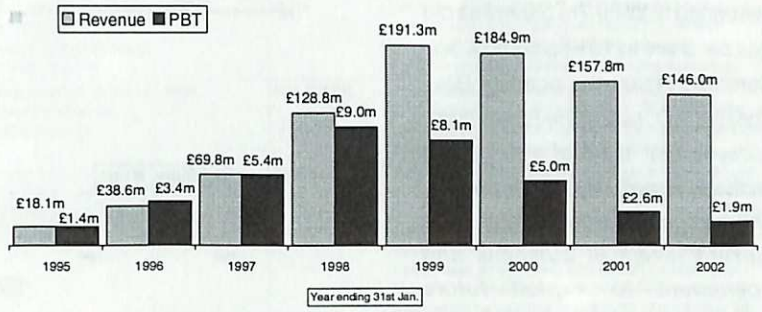
+4%
79p

MSB EXPECTS TO OUTPERFORM THE SECTOR

MSB, a leading UK IT staff agency, has announced results for the year to 31st Jan. 02: turnover is down 7.5% to £146m, PBT is down 27% to £1.9m and EPS is down from 7.6p to 6.4p. Commenting on the outlook, Chairman and Chief Executive John Bateman said: *"As originally planned, I will continue as Non-Executive Chairman of the Group and we will announce shortly the appointment of a new Group CEO. Although the business climate remains unpredictable, we are nonetheless confident that MSB can return to measured growth"*.

Comment: Given the parlous state of the UK ITSA market in 2001, these results from MSB are not bad: turnover may have declined, but at least the company remained profitable (unlike **Parity**, which was loss making in its most year-end, and **Harvey Nash** and **Glotel** at their most recent interims). Confirming Bateman's comments that the business environment continued to decline throughout the year, turnover in H2 was down 25% on H1 to £62.4m. But the company generated close to 80% of its profits in the second half, having stripped out quite a lot of costs. And the cash position was much

MSB International plc
8 year Revenue and PBT Record
Relative to 1995



improved, from £200K at the interim stage, to £3.5m at the year-end.

MSB has taken the expected measures to rein in expenditure, improve operational efficiencies, and align costs with corporate performance. These measures, it confidently predicts, will enable it to *"outperform the sector"* in 2002.

What did catch our eye in the results announcement, was the comment that MSB's permanent recruitment activities *"proved unable, in difficult markets, to leverage existing, or build new, client relationships and secure acceptable returns"*. The division is to be *"comprehensively evaluated, overhauled and re-skilled"*. This doesn't surprise us, as MSB was a late-comer to the permanent IT recruitment arena, having only formed the division in Sep. 99, and probably had not developed the kind of long-term customer relationships that it so needed before the downturn in the market. We also had reservations about the 'old' MSB image hindering their progress in establishing a consultative permanent operation, an image that they have worked hard to change.

Going forward, MSB is looking to target higher value opportunities, and to secure more Preferred Supplierships and Sole Vendor agreements. It will be broadening its sector coverage to include *"adjacent professional skills markets outside of IT"*, a move, which, if successful, may give the company greater resilience. As for the long awaited appointment of a new CEO promised by Bateman, will it be a seasoned staffing entrepreneur, or an 'outsider'?

-15%
32p

CLINICAL DIPS AND RISES

Clinical Computing, a developer of clinical information systems for the healthcare market, has announced its results for the year ended 31st Dec. 01. Turnover fell 4% to £2.2m, LBT deepened to £1.4m (£328K) and loss per share was 5.5p from 1.3p. Turnover from the UK fell 21%, but in the US turnover increased 2% to £1.77m and now accounts for 81% of group turnover. The group is attempting to extend its presence outside of its legacy market of renal medicine, but obviously has a long way to go as 95% of its revenue is generated by its legacy products.

Comment: A consistent set of results in that they continue to disappoint, with dips and rises in all the wrong places. And it would appear that we can expect more of the same in 2002 as the company reports that it is several months behind its initial development targets which has impacted 2001 results and *"may have an impact on 2002"*.

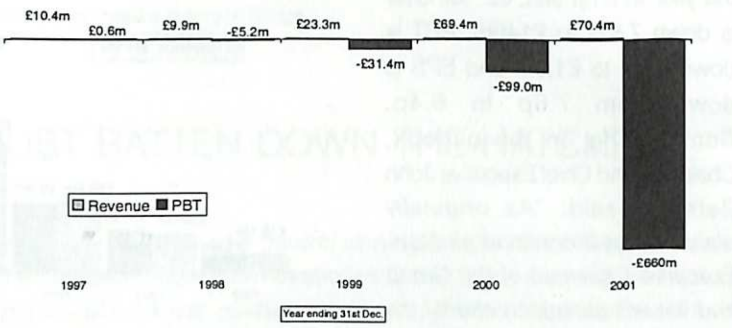
-3%
9p

BALTIMORE

BALTIMORE – LEAN, KEEN BUSINESS MACHINE?

Baltimore has announced its results for the year to 31st Dec. 01. Turnover rose just 1.4% to £70.4m, LBT deepened to £659.7m (£99m) as did loss per share to 131.8p from 24.3p. Commenting on the outlook, Bijan Khezri, CEO, said, "*The Board firmly believes that there is a long-term profitable opportunity for its business. The company is now structured for current levels of business and positioned to exploit future opportunities....While the business environment remains volatile, we firmly believe that .... the company is now in much better shape to face the challenges of 2002*".

Baltimore Technologies
5 year Revenue and PBT Record
Relative to 1997



It's been a year of lows for Baltimore, downsizing, headcount reductions and sell offs. **Content Technologies**, acquired during the dot.com frenzy for a total consideration of £450m, was divested for considerably less (c£20m). Whilst its stake in Baltimore Technologies Japan was reduced from 92% to 62%. The result was a write down of £426.9m, of which £368.2m related to Content Technologies. Of its other acquisitions, not surprisingly, given the timing of the purchases (2000), they have incurred a goodwill impairment charge of £389m.

So where does this leave Baltimore? Well it's certainly lean(er). Headcount has been reduced to 562, a 40% reduction from its peak of 1400. But not necessarily more keen. Stripping out revenues from the divested businesses, revenues for the on-going business were £39.2m a fall of 31% over the year. Drilling down, software was £15.2m (GP of £14.6m), professional services £10.1m (GP £180K), and hardware £2.7m (GP £1.4m). Baltimore reports that its rate of cash burn is "*now under control*". The cash outflow for Q4 was £11.7m compared to £21m in Q3 2001(£107.8m in 2000). The cash balance at year end was £21.2m. This will be boosted by proceeds from the sale of Content and its stake in Baltimore Japan that are expected to yield £16.7m cash by Apr. 02. But its break even date has been put back yet again, this time by a 6-9 months to the first quarter of 2003. The Board may believe "*that there is a long-term profitable opportunity for its business*" but like **InterX**, Baltimore may have trouble convincing potential customers, who could be wary of its financial stability.

amey

AMEY - AN ACCIDENTAL TOURIST?

Business support services company – and BPO 'unusual suspect' **Amey** is struggling a bit with its IT ambitions. Total turnover for the year ended 31st Dec. 01 rose 19% to £786.5m, a PBT of £5.7m was converted into LBT of £18.3m (much of the loss was due to a change in accounting policy that resulted in writing off substantial costs) and EPS of 7.2p became a loss per share of 1.6p. Turnover in its technology services business (includes all sorts of odds and ends like meter reading and asbestos removal!) fell by 5% to £63m. However, "*an increasing proportion of Amey's activity requires expertise in designing and delivering IT solutions coupled with the application of business process re-engineering and change management skills at the outset of a contract. We already have strong skill-sets in those areas.....but looking forward we will be seeking to add to those capabilities*".

Comment: Much like **Serco** and **WS Atkins**, Amey primarily lives in the world of large-scale facilities management services in the public and private sector. However, they have picked up a few IT companies over the years (including ITSA **World Systems**, which came along with **Comax**, acquired in Jul. 99). They have also scored the odd – but not insubstantial – IT/BPO contract e.g. a £100m/10 year deal at West Berkshire Council in Nov. 01, and in Jan. 02, a £36m/10 year "IT PPP" deal with the N. Ireland Education & Library Board. But there doesn't seem to us to be any real 'sense of purpose' behind their IT activities, so at current course and speed, Amey seems destined to remain an 'accidental tourist' in the UK S/ITS and BPO marketplace.

Mergers & Acquisitions

Buyer	Seller	Seller Description	Acquiring	Price	Comment
Altran Group	City Consultants Ltd	Banking technology consultancy	100%	n/a	Altran, the French technology consulting group, acquired City Consultants for an undisclosed amount.
Altran Group	Sutherland Consultants	Banking technology consultancy	100%	n/a	Altran also picked up Sutherland Consultants for an undisclosed sum.
Anite	Ideal Technology Services	Public sector software & consultancy	100%	max £4.97m	Anite paid £225K up front (in loan notes) with the remainder based on performance over 3 years.
i-documentsystems	The Planning Exchange	Content and IT services for economic/environmental planners	100%	c£1m	i-documentsystems paid c£1m (including further investment) for the Glasgow-based firm, whose customers include local authority planners, government departments and housing authorities.
Ingenta	HERON	Web-based supplier of course material to higher education	100%	max £260K	Ingenta paid an initial cash sum, with a royalty arrangement on future revenue, to HERON's three founding universities. Ingenta placed 830K shares at 150p raising £1.2m to fund the acquisition.
Retail Decisions	Payment Plus Inc.	Credit card and cheque processing software	100%	£1.6m	In the year to 31st Dec. 01 Payment Plus turned over c£1.2m and made an operating loss of c£105K.
Tribal Group	Secta	Consultancy	100%	max £16.25m	Secta consultancy to the health and social care sectors. Tribal paid £8.65m up front (a mix of loan notes, cash and shares) with £400K payable end Mar. 02, dependent on cash balances. A further amount wil be payable in the three years to Mar. 05 dependent on Secta's operating profit.

Recent IPOs

Name	Activity	SCS or Dotcom Index	Index Class	Market	Issue Price	Market Cap.	IPO Date	Price end Nov 01	Premium/ Discount
Pilat Media Global	Software for TV companies	SCS	SP	AIM	20p	£9.3m	26-Feb-02	21p	3%

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 Software developer	SCS	SP	TBA	tbc	£12.5m	Early 2002
Kinetic Information Systems	Financial Software	SCS	SP	MAIN	tbc	tbc	2002
McClaren	IT Consultancy	SCS	CS	TBA	tbc	£25.0m	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

ROBERT WALTERS

STAFFING MIX THE RIGHT RECIPE FOR ROBERT WALTERS

Multi-discipline staff agency, **Robert Walters**, has reported its preliminary results for the year ended 31st Dec. 01. Turnover rose 17% to £253.6m (12% organic), with an increase in net fee income of just 2.7% to £65.2m. PBT fell 64% to £6.5m and EPS fell to 4.9p from 14.7p.

The company's recruitment activities span a vast range including accounting, finance, banking, IT, management consultancy, general management, legal, sales and marketing. Unfortunately it doesn't provide a break down of its ITSA activities but we estimate maybe 15% of their business comes from IT staffing. However, the company does acknowledge that downsizing in the investment banking and IT sectors has *"proved particularly painful"*. In the UK, where the demand for IT staff declined significantly in both contract and permanent recruitment, turnover increased by 15.7% to £183.6m, but net fee income fell by 8.4% to £36.2m and operating profit declined to £5.1m from £9.9m. The results from abroad were mixed. In Continental Europe, revenues rose 32.6% to £10.1m, with an increase in net fee income of 12.6% to £6.1m, operating profit fell 30% to £1.2m. In Asia Pacific, organic growth would have been negative had it not been for the Dunhill acquisition which contributed £11.3m, total revenues rose 17.4% to £55.5m (and net fee income rose 18.1% to £19.6m), operating profit fell 72% to £1.1m.

No doubt that Robert Walters' mix of activities provided some cushioning from the fall in the ITSA market. However, the outlook is still looking grim, net fee income was £34.8m in H1 and £30.4m in H2. Indeed CE, Robert Walters, commented *"At this stage, the first quarter of 2002 is looking to be very similar in term of net fee income to the final quarter of last year and we will continue to manage our business on the basis of unchanged market conditions"*.

Quoted Companies - Results Service

Note: Highlighted Names Indicate results announced this month.

AFA Systems plc

	Final - Dec00	Final - Dec01	Comparison
REV	£4,291,000	£8,136,000	+89.6%
PBT	-£2,609,000	-£14,619,000	Loss both
EPS	-11.90p	-56.90p	Loss both

Affinity Internet Holdings Plc

	Final - Dec00	Final - Dec01	Comparison
REV	£11,312,000	£52,765,000	+366.5%
PBT	-£26,050,000	-£30,090,000	Loss both
EPS	-125.80p	-109.81p	Loss both

AIT Group plc

	Interim - Sep00	Final - Mar01	Interim - Sep01	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

	Final - Nov00	Final - Nov01	Comparison
REV	£54,408,000	£56,848,000	+4.5%
PBT	£3,891,000	-£1,677,000	Profit to loss
EPS	1.96p	-2.39p	Profit to loss

Alterian plc

	Interim - Sep00	Final - Mar01	Interim - Sep01	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 - Oct00	Final - Apr01	Interim - Oct01	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

	Interim - Jan01	Final - Jul01	Interim - Jan02	Comparison
REV	£1,451,000	£4,396,000	£9,271,000	+538.9%
PBT	-£1,634,000	-£3,131,000	£4,027,000	Loss to Profit
EPS	-1.75p	-3.35p	3.82p	Loss to Profit

Autonomy Corporation plc

	Final - Dec00	Final - Dec01	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 - Sep00	Final - Mar01	Interim - Sep01	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

	Final - Dec00	Final - Dec01	Comparison
REV	£42,737,000	£42,762,000	+0.1%
PBT	£7,174,000	£5,464,000	-23.8%
EPS	8.60p	6.70p	-22.1%

Azlan Group plc

	Interim - Sep00	Final - Mar01	Interim - Sep01	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

	Final - Dec00	Final - Dec01	Comparison
REV	£69,371,000	£70,421,000	+1.5%
PBT	-£99,038,000	-£659,711,000	Loss both
EPS	-24.20p	-131.80p	Loss both

Bond International Software plc

	Interim - Jun00	Final - Dec00	Interim - Jun01	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 - Sep00	Final - Mar01	Interim - Sep01	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

	Final - Dec00	Final - Dec01	Comparison
REV	£453,348,000	£641,940,000	+41.6%
PBT	£39,974,000	£53,026,000	+32.7%
EPS	3.75p	4.67p	+24.5%

Charteris Plc

	Interim - Jan01	Final - Jul01	Interim - Jan02	Comparison
REV	£4,829,000	£13,276,000	£8,725,000	+80.7%
PBT	£61,000	£828,000	£591,000	+868.9%
EPS	0.14p	1.52p	0.90p	+542.9%

Clarity Commerce plc

	Interim - Sep00	Final - Mar01	Interim - Sep01	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

	Final - Dec00	Final - Dec01	Comparison
REV	£2,259,201	£2,179,894	-3.5%
PBT	-£328,673	-£1,369,934	Loss both
EPS	-1.30p	-5.50p	Loss both

CMG plc

	Final - Dec00	Final - Dec01	Comparison
REV	£810,400,000	£920,400,000	+13.6%
PBT	£83,100,000	-£588,800,000	Profit to loss
EPS	7.80p	-99.60p	Profit to loss

Comino Group plc

	Interim - Sep00	Final - Mar01	Interim - Sep01	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

	Final - Nov00	Final - Nov01	Comparison
REV	£2,383,095	£4,266,677	+79.0%
PBT	£442,911	£356,253	-19.6%
EPS	3.71p	1.61p	-56.6%

Compel Group plc

	Interim - Dec00	Final - Jun01	Interim - Dec01	Comparison
REV	£162,688,000	£235,731,000	£32,003,000	-80.3%
PBT	-£1,866,000	-£13,367,000	-£258,000	Loss both
EPS	-4.70p	-47.00p	-0.90p	Loss both

Computacenter plc

	Final - Dec00	Final - Dec01	Comparison
REV	£1,990,620,000	£2,093,423,000	+5.2%
PBT	£55,571,000	£34,900,000	-37.2%
EPS	20.80p	9.90p	-52.4%

DCS Group plc

	Final - Dec00	Final - Dec01	Comparison
REV	£140,010,000	£104,900,000	-25.1%
PBT	-£14,451,000	-£4,600,000	Loss both
EPS	-55.46p	-22.58p	Loss both

Delcam plc

	Final - Dec00	Final - Dec01	Comparison
REV	£17,011,059	£18,248,122	+7.3%
PBT	£1,642,845	£853,565	-48.0%
EPS	19.60p	9.70p	-50.5%

Diagonal plc

	Final - Nov00	Final - Nov.01	Comparison
REV	£82,735,000	£82,182,000	-.7%
PBT	£4,840,000	£4,256,000	-12.1%
EPS	3.30p	2.26p	-31.5%

Dicom Group Plc

	Interim - Dec00	Final - Jun01	Interim - Dec01	Comparison
REV	£67,530,000	£140,290,000	£75,622,000	+12.0%
PBT	£3,735,000	£7,471,000	£4,216,000	+12.9%
EPS	11.10p	22.80p	12.30p	+10.8%

Dimension Data Plc

	Final - Sep00	Final - Sep01	Comparison
REV	£1,281,383,000	£1,474,501,000	+15.1%
PBT	-£33,441,000	-£1,152,888,000	Loss both
EPS	-96.70p	-11.15p	Loss both

DRS Data & Research Services plc

	Final - Dec00	Final - Dec01	Comparison
REV	£11,653,000	£10,054,000	-13.7%
PBT	£563,000	£665,000	+18.1%
EPS	1.12p	1.36p	+21.4%

Easynet Plc

	Final - Dec00	Final - Dec01	Comparison
REV	£41,742,000	£71,276,000	+70.8%
PBT	-£12,113,000	-£292,667,000	Loss both
EPS	-44.98p	-440.50p	Loss both

ECsoft Group plc

	Final - Dec00	Final - Dec01	Comparison
REV	£73,204,000	£59,327,000	-19.0%
PBT	£1,370,000	-£18,345,000	Profit to loss
EPS	-4.80p	-169.70p	Loss both

Eidos plc

	Interim - Sep00	Final - Mar01	Interim - Sep01	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 - Sep00	Final - Sep01	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

	Interim - Nov00	Final - May01	Interim - Nov01	Comparison
REV	£3,712,000	£8,041,000	£3,308,000	-10.9%
PBT	£567,000	£1,569,000	£205,000	-63.8%
EPS	2.20p	6.05p	0.70p	-68.2%

Eurolink Managed Services plc

	Final - Mar00	Final - Mar01	Comparison
REV	£7,596,000	£8,269,000	+8.9%
PBT	£340,000	£390,000	+14.7%
EPS	2.19p	2.57p	+17.4%

Eyretel Plc

	Interim - Sep00	Final - Mar01	Interim - Sep01	Comparison
REV	£18,945,000	£39,362,000	£24,151,000	+27.5%
PBT	-£2,461,000	-£2,325,000	£146,000	Loss both
EPS	-2.14p	-2.19p	n/a	Not comparable

Financial Objects plc

	Final - Dec00	Final - Dec01	Comparison
REV	£18,369,000	£17,526,000	-4.6%
PBT	-£887,000	£1,046,000	Loss to Profit
EPS	-2.61p	0.84p	Loss to Profit

Flomerics Group plc

	Final - Dec00	Final - Dec01	Comparison
REV	£11,763,000	£12,875,000	+9.5%
PBT	£1,182,000	£308,000	-73.9%
EPS	6.00p	1.72p	-71.3%

Focus Solutions Group plc

	Interim - Sep00	Final - Mar01	Interim - Sep01	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

Gladstone Plc

	Final - Jun00	Final - Jun01	Comparison
REV	£3,887,375	£6,022,092	+54.9%
PBT	-£3,664,681	-£16,336,496	Loss both
EPS	-21.29p	-47.45p	Loss both

Glotel Plc

	Interim - Sep00	Final - Mar01	Interim - Sep01	Comparison
REV	£81,358,000	£165,367,000	£60,142,000	-26.1%
PBT	£3,524,000	£757,000	-£2,054,000	Profit to loss
EPS	5.90p	1.40p	-3.90p	Profit to loss

Gresham Computing plc

	Interim - Apr00	Final - Oct00	Interim - Apr01	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 - Jun00	Final - Dec00	Interim - Jun01	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

Harrier Group Plc

	Interim - Jun00	Final - Dec00	Interim - Jun01	Comparison
REV	£4,868,437	£11,163,749	£10,214,100	+109.8%
PBT	-£309,858	-£1,325,523	-£412,077	Loss both
EPS	-1.26p	-2.69p	-1.29p	Loss both

Harvey Nash Group plc

	Interim - Jul00	Final - Jan01	Interim - Jul01	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 - Sep00	Final - Mar01	Interim - Sep01	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

Horizon Technology Group Plc

	Final - Jun00	Final - Jun01	Comparison
REV	£180,417,000	£249,091,000	+38.1%
PBT	£6,915,000	-£10,037,000	Profit to loss
EPS	7.86c	-15.30c	Profit to loss

Host Europe Plc

	Final - Dec00	Final - Dec01	Comparison
REV	£4,160,000	£9,529,000	+129.1%
PBT	-£14,364,000	-£34,419,000	Loss both
EPS	-1.78p	-3.38p	Loss both

IRevolution Plc

	Final - Apr00	17mths to Sep01	Comparison
REV	£1,997,000	£6,433,000	Not comparable
PBT	£308,000	-£4,153,000	Not comparable
EPS	1.00p	-14.50p	Not comparable

I S Solutions plc

	Interim - Jun00	Final - Dec00	Interim - Jun01	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

ICM Computer Group plc

	Interim - Dec00	Final - Jun01	Interim - Dec01	Comparison
REV	£31,520,000	£66,678,000	£32,384,000	+2.7%
PBT	£1,773,000	£4,668,000	£1,923,000	+8.5%
EPS	6.10p	16.00p	6.60p	+8.2%

IDS Group plc

	Final - Dec00	Final - Dec01	Comparison
REV	£12,855,000	£35,355,000	+175.0%
PBT	-£28,250,000	-£18,138,000	Loss both
EPS	-107.42p	-31.96p	Loss both

Innovation Group plc (The)

	Final - Sep00	Final - Sep01	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 - Jun00	Final - Dec00	Interim Jun01	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 - Sep00	Final - Mar01	Interim - Sep01	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

IQ-Ludorum Plc

	Final - Dec00	Final - Dec01	Comparison
REV	£2,146,000	£4,192,000	+95.3%
PBT	-£1,859,333	-£5,308,000	Loss both
EPS	-3.85p	-6.66	Loss both

ISOFT Group plc

	Interim - Oct00	Final - Apr01	Interim - Oct01	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

	Final - Dec00	Final - Dec01	Comparison
REV	£158,873,000	£176,446,000	+11.1%
PBT	-£1,423,000	£10,467,000	Loss to profit
EPS	-0.18p	9.12p	Loss to profit

Izodia Plc

	Final - Dec00	Final - Dec01	Comparison
REV	£2,697,000	£3,828,000	+41.9%
PBT	-£35,997,000	-£73,555,000	Loss both
EPS	-66.15	-156.33	Loss both

Jasmin plc

	Interim - Sep00	Final - Mar01	Interim - Sep01	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

K3 Business Technology Group Plc

	Interim - Jun00	Final - Dec00	Interim - Jun01	Comparison
REV	£8,729,000	£14,250,000	£3,449,000	-60.5%
PBT	-£1,463,000	-£5,191,000	-£881,000	Loss both
EPS	-11.90p	-29.20p	-2.30p	Loss both

Kewill Systems plc

	Interim - Sep00	Final - Mar01	Interim - Sep01	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 - Sep00	Final - Mar01	Interim - Sep01	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

	Interim - Dec00	Final - Jun01	Interim - Dec01	Comparison
REV	£2,947,556	£6,054,760	£4,110,971	+39.5%
PBT	-£5,773,764	-£12,771,898	-£6,200,776	Loss both
EPS	-5.51p	-12.20p	-5.39p	Loss both

Knowledge Support Systems Group plc

	Final - Dec00	Final - Dec01	Comparison
REV	£2,803,736	£1,020,520	-63.6%
PBT	-£2,116,580	-£9,768,556	Loss both
EPS	-3.00p	-12.17p	Loss both

Logica plc

	Interim - Dec00	Final - Jun01	Interim - Dec01	Comparison
REV	£505,000,000	£1,133,200,000	£600,200,000	+18.9%
PBT	£57,900,000	£136,200,000	£61,600,000	+6.4%
EPS	9.10p	20.60p	9.00p	-1.1%

London Bridge Software Holdings plc

	Final - Dec00	Final - Dec01	Comparison
REV	£56,702,000	£74,070,000	+30.6%
PBT	£4,662,000	£4,725,000	+1.4%
EPS	1.85p	1.73p	-6.5%

Lorien plc

	Final - Nov00	Final - Nov01	Comparison
REV	£111,588,000	£139,028,000	+24.6%
PBT	-£2,718,000	£1,997,000	Loss to profit
EPS	-12.10p	8.10p	Loss to profit

Macro 4 plc

	Interim - Dec00	Final - Jun01	Interim - Dec01	Comparison
REV	£21,952,000	£47,100,000	£19,393,000	-11.7%
PBT	£1,554,000	£5,034,000	-£3,505,000	Profit to loss
EPS	1.00p	9.40p	-15.60p	Profit to loss

Manpower SoftWare plc

	Final - May00	Final - May01	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

	Final - Dec00	Final - Dec01	Comparison
REV	£50,080,000	£73,369,000	+46.5%
PBT	£8,337,000	£9,277,000	+11.3%
EPS	2.80p	2.90p	+3.6%

MERANT plc

	Final - Apr00	Final - Apr01	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

Note: The companies listed on pages 20-23 are those companies in our S/ITS index with revenue of >£2m. Also included in our index are: **Actinic, Atlantic Global, BSoftB, Earthport, Easyscreen, Ffastfil, I-Document Systems, Internet Business Group, Knowledge Technology Solutions, Myratech.net, Netcall, PC Medics Group, Software for Sport, Stilo International, Superscape, Systems Integrated, Ultrasis Group**

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

Mettoni Group Plc

	14 Feb-31Dec00	Interim-Jun01	Comparison
REV	£3,962,000	£13,593,000	Not comparable
PBT	-£1,398,000	-£1,444,000	Not comparable
EPS	-2.30p	1.10p	Not comparable

Microgen plc

	Final-Dec00	Final-Dec01	Comparison
REV	£25,344,000	£21,009,000	-17.1%
PBT	-£3,086,000	£251,000	Loss to Profit
EPS	-5.20p	2.80p	Loss to Profit

Minorplanet Systems Plc

	Final-Aug00	Final-Aug01	Comparison
REV	£17,300,000	£52,900,000	+205.8%
PBT	£700,000	£5,300,000	+657.1%
EPS	0.78p	7.89p	+911.5%

Mission Testing Plc

	Interim-Dec00	Final-Jun01	Interim-Dec01	Comparison
REV	£4,988,000	£10,516,000	£9,028,000	+81.0%
PBT	£195,000	£967,000	£637,000	+226.7%
EPS	1.01p	4.43p	2.39p	+136.6%

Misys plc

	Interim-Nov00	Final-May01	Interim-Nov01	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-Aug00	Final-Aug01	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-Oct00	Final-Apr01	Interim-Oct01	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

	Interim-Dec00	Final-Jun01	Interim-Dec01	Comparison
REV	£307,986,000	£586,076,000	£226,001,000	-26.6%
PBT	£13,804,000	£19,194,000	-£3,385,000	Profit to loss
EPS	6.30p	7.70p	-4.80p	Profit to loss

MSB International plc

	Final-Jan01	Final-Jan02	Comparison
REV	£157,760,000	£145,987,000	-7.5%
PBT	£2,584,000	£1,889,000	-26.9%
EPS	7.50p	6.40p	-14.7%

Ncipher Plc

	Final-Dec00	Final Dec01	Comparison
REV	£13,455,000	£14,367,000	+6.8%
PBT	-£1,790,000	-£3,237,000	Loss both
EPS	-2.18p	-2.80p	Loss both

NetBenefit plc

	Interim-Dec00	Final-Jun01	Interim-Dec01	Comparison
REV	£2,656,000	£6,353,000	£3,004,000	+13.1%
PBT	-£15,103,000	-£21,663,000	-£633,000	Loss both
EPS	-93.40p	-134.40p	-3.40p	Loss both

Netcentric Systems Plc

	Final-Sep00	Final-Sep01	Comparison
REV	£2,705,000	£992,000	#REF!
PBT	-£12,350,000	-£654,000	Loss both
EPS	-9.64p	-1.27p	Loss both

Netstore plc

	Interim-Dec00	Final-Jun01	Interim-Dec01	Comparison
REV	£1,152,321	£3,563,923	£1,733,293	+50.4%
PBT	-£5,425,820	-£11,829,902	-£3,775,783	Loss both
EPS	-6.14p	-13.32p	-4.23p	Loss both

Nettec plc

	Interim-Jun00	Final-Dec00	Interim-Jun01	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-Oct00	Final-Apr01	Interim-Oct01	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

	Final-Dec00	Final-Dec01	Comparison
REV	£31,771,000	£93,818,000	+195.3%
PBT	-£16,505,000	-£89,319,000	Loss both
EPS	-7.87p	-22.63p	Loss both

OneclickHR Plc

	Final-Dec00	Final-Dec01	Comparison
REV	£4,083,781	£5,818,605	+42.5%
PBT	-£2,366,348	-£2,114,778	Loss both
EPS	-5.20p	-4.10p	Loss both

Orchestream Holdings plc

	Final-Dec00	Final-Dec01	Comparison
REV	£2,746,200	£14,784,000	+438.3%
PBT	-£10,541,300	-£35,017,000	Loss both
EPS	-10.40p	-30.70p	Loss both

Parity plc

	Final-Dec00	Final-Dec01	Comparison
REV	£269,228,000	£246,930,000	-8.3%
PBT	£12,810,000	-£3,265,000	Profit to loss
EPS	5.53p	-2.03p	Profit to loss

Patsystems plc

	Final-Dec00	Final-Dec01	Comparison
REV	£2,524,000	£5,811,000	+130.2%
PBT	-£9,612,000	-£15,161,000	Loss both
EPS	-7.80p	-11.40p	Loss both

Planit Holdings plc

	Interim-Oct00	Final-Apr01	Interim-Oct01	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

	Final-Sep00	Final-Sep01	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

	Final-Dec00	Final-Dec01	Comparison
REV	£88,549,000	£71,672,000	-19.1%
PBT	£21,385,000	£4,815,000	-77.5%
EPS	57.00p	10.20p	-82.1%

QA plc (was Skillsgroup)

	Final-Nov00	Final-Nov01	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

	Final-Nov00	Final-Nov01	Comparison
REV	£23,753,000	£33,418,000	+40.7%
PBT	£3,768,000	£2,860,000	-24.1%
EPS	6.80p	4.93p	-27.5%

Raft International Plc

	Final-Oct00	Final-Oct01	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

	Interim-Dec00	Final-Jun01	Interim-Dec01	Comparison
REV	£2,696,000	£5,731,000	£5,807,000	+115.4%
PBT	-£7,995,000	-£17,054,000	-£8,485,000	Loss both
EPS	-2.53p	-5.28p	-2.38p	Loss both

RDL Group Plc

	Final-Sep00	Final-Sep01	Comparison
REV	£16,246,000	£43,618,000	+168.5%
PBT	£1,092,000	£1,990,000	+82.2%
EPS	6.70p	7.93p	+18.4%

Retail Decisions plc

	Final-Dec00	Final-Dec01	Comparison
REV	£17,674,000	£22,195,000	+25.6%
PBT	-£2,292,000	-£2,895,000	Loss both
EPS	-1.78p	-2.15p	Loss both

RexOnline plc

	Interim-Oct00	Final-Apr01	Interim-Oct01	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

	Final-Dec00	Final-Dec01	Comparison
REV	£5,168,843	£6,515,238	+26.0%
PBT	-£26,641,044	-£39,415,841	Loss both
EPS	-39.90p	-16.30p	Loss both

RM plc

	Final-Sep00	Final-Sep01	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-Feb00	Final-Feb01	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

	Final-Dec00	Final-Dec01	Comparison
REV	£57,383,000	£66,253,000	+15.5%
PBT	£6,918,000	£4,197,000	-39.3%
EPS	13.70p	6.00p	-56.2%

Sage Group plc

	Final-Sep00	Final-Sep01	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

	Final-Aug00	Final-Aug01	Comparison
REV	£46,444,000	£45,402,000	-2.2%
PBT	£285,000	-£3,621,000	Profit to loss
EPS	2.10p	-39.50p	Profit to loss

Science Systems plc

	Interim-Jun00	Final-Dec00	Interim-Jun01	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

	Final-Dec00	Final-Dec01	Comparison
REV	£29,730,000	£33,659,000	+13.2%
PBT	£1,059,000	-£5,098,000	Profit to loss
EPS	0.93p	-11.56p	Profit to loss

ServicePower Technologies plc

	Interim-Jun00	Final-Dec00	Interim-Jun01	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

	Final-Dec00	Final-Dec01	Comparison
REV	£54,277,000	£56,513,000	+4.1%
PBT	£6,634,000	-£11,012,000	Profit to loss
EPS	13.00p	-25.60p	Profit to loss

Sirius Financial Plc

	Interim-Jun00	Final-Dec00	Interim Jun01	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-Jun00	Final-Dec00	Interim-Jun01	Comparison
REV	£12,707,000	£57,642,000	£1,738,000	-86.3%
PBT	-£910,000	-£131,694,000	-£10,438,000	Loss both
EPS	-0.60p	-79.20p	-6.00p	Loss both

Sopheon plc

	Final-Dec00	Final-Dec01	Comparison
REV	£7,763,000	£13,963,000	+79.9%
PBT	-£11,945,000	-£34,631,000	Loss both
EPS	-33.40p	-76.20p	Loss both

Spring Group plc

	Interim-Oct00	Final-Apr01	Interim-Oct01	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

	Final-Dec00	Final-Dec01	Comparison
REV	£37,857,000	£38,230,000	+1.0%
PBT	£3,042,000	-£3,250,000	Profit to loss
EPS	10.60p	-26.00p	Profit to loss

StatPro Group plc

	Final-Dec00	Final-Dec01	Comparison
REV	£3,172,000	£6,174,000	+94.6%
PBT	-£4,879,000	-£4,742,000	Loss both
EPS	-18.40p	-15.30p	Loss both

SurfControl plc

	Interim Nov00	Final-Jun01	Interim-Dec01	Comparison
REV	£10,682,000	£27,839,000	£16,725,000	+56.6%
PBT	-£25,234,000	-£60,940,000	-£27,067,000	Loss both
EPS	-88.78p	-207.78p	-89.31p	Loss both

Synstar plc

	Final-Sep00	Final-Sep01	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 Union plc

	Final-Dec00	Final-Dec01	Comparison
REV	£53,778,000	£78,385,000	+45.8%
PBT	-£105,924,000	£2,189,000	Loss to Profit
EPS	-125.30p	1.90p	Loss to Profit

Telecity Plc

	Final-Dec00	Final-Dec01	Comparison
REV	£14,053,000	£32,628,000	+132.2%
PBT	-£12,686,000	-£35,392,000	Loss both
EPS	-21.80p	-25.20p	Loss both

Telework Systems plc

	Interim-Sep00	Final-Mar01	Interim-Sep01	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-Aug00	Final-Aug01	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

	Final-Dec00	Final-Dec01	Comparison
REV	£9,310,000	£9,123,000	-2.0%
PBT	£876,000	£1,006,000	+14.8%
EPS	5.48p	6.10p	+11.3%

Torex plc

	Final-Dec00	Final-Dec01	Comparison
REV	£88,425,000	£132,206,000	+49.5%
PBT	£5,133,000	£8,915,000	+73.7%
EPS	9.00p	9.90p	+10.0%

Total Systems plc

	Interim-Sep00	Final-Mar01	Interim-Sep01	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-Apr00	Final-Apr01	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-Sep00	Final-Mar01	Interim-Sep01	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 Group plc

	Interim-Nov00	Final-May01	Interim-Nov01	Comparison
REV	£8,328,000	£15,656,000	£10,475,000	+25.8%
PBT	£1,085,000	£3,183,000	£771,000	-28.9%
EPS	5.25p	17.12p	3.12p	-40.6%

Transeda Plc

	Interim-Dec00	Final-Jun01	Interim-Dec01	Comparison
REV	£2,413,000	£6,510,000	£3,528,000	+46.2%
PBT	£46,000	£592,000	-£259,000	Profit to loss
EPS	0.08p	0.66p	-0.43p	Profit to loss

Transware Plc

	Interim-Dec00	Final-Jun01	Interim-Dec01	Comparison
REV	£4,313,635	£10,417,322	£6,284,764	+45.7%
PBT	£452,647	£1,550,188	£622,147	+37.4%
EPS	1.11p	3.59p	1.40p	+26.1%

Triad Group plc

	Interim-Sep00	Final-Mar01	Interim-Sep01	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-Sep00	Final-Mar01	Interim-Sep01	
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-Jun00	Final-Dec00	Interim-Jun01	Comparison
REV	£3,889,000	£6,952,000	£2,768,000	-28.8%
PBT	-£496,000	-£865,000	-£599,000	Loss both
EPS	-0.26p	-0.45p	-0.31p	Loss both

Universe Group Plc

	Interim-Jun00	Final-Dec00	Interim-Jun01	Comparison
REV	£21,963,000	£48,477,000	£27,281,000	+24.2%
PBT	£111,000	£577,000	£431,000	+288.3%
EPS	-0.60p	-0.4	0.10p	Loss to Profit

Vega Group plc

	Interim-Oct00	Final-Apr01	Interim-Oct01	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

	Final-Dec00	Final-Dec01	Comparison
REV	£5,642,000	£6,456,000	+14.4%
PBT	£465,000	£726,000	+56.1%
EPS	1.05p	2.12p	+101.9%

Vocalis Group plc

	Interim-Sep00	Final-Mar01	Interim-Sep01	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

	Interim-Sep00	Final-Mar01	Interim-Sep01	Comparison
REV	£1,779,168	£3,782,386	£4,770,285	+168.1%
PBT	£150,638	£314,150	£35,816	-76.2%
EPS	n/a	0.65p	0.03p	n/a

Wealth Management Software plc

	Interim-Jun00	Final-Dec00	Interim-Jun01	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-Oct00	Final-Apr01	Interim-Oct01	Comparison
REV	£182,212,000	£391,235,000	£269,230,000	+47.8%
PBT	-£5,746,000	£652,000	£848,000	Loss to Profit
EPS	-3.35p	-4.22p	-3.46p	Loss both

XKO Group plc

	Interim-Sep00	Final-Mar01	Interim-Sep01	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

	Final-Dec00	Final-Dec01	Comparison
REV	£5,758,000	£5,276,000	-8.4%
PBT	-£4,000,000	-£1,571,000	Loss both
EPS	-0.08p	-4.83p	Loss both

Note: The companies listed on pages 20-23 are those companies in our S/ITS index with revenue of >£2m. Also included in our index are: **Actinic, Atlantic Global, BSoftB, Earthport, Easyscreen, Ffastfil, I-Document Systems, Internet Business Group, Knowledge Technology Solutions, Myratech.net, Netcall, PC Medics Group, Software for Sport, Stilo International, Superscape, Systems Integrated, Ultrasis Group**

Holway/**SYSTEM**HOUSE SCS Share Prices and Capitalisation

	SCS Cat.	Share Price 28-Mar-02	Capitalisation 28-Mar-02	Historic P/E	PSR Ratio Cap./Rev.	SCSI Index 28-Mar-02	Share price move since 28-Feb-02	Share price % move in 2002	Capitalisation move since 28-Feb-02	Capitalisation move (£m) in 2002
AFA Systems	SP	£0.77	£18.0m	Loss	2.21	642	-6.67%	-15.85%	-£1.30m	-£3.72m
Affinity Internet Holdings	CS	£2.31	£69.8m	Loss	1.32	17769	-5.13%	-23.64%	-£3.83m	-£11.87m
AIT Group	CS	£5.13	£105.4m	26.5	3.11	3417	0.00%	-38.62%	£0.02m	-£64.10m
Alphameric	SP	£1.04	£105.6m	58.5	1.86	475	5.08%	-5.05%	£5.15m	-£5.60m
Alterian	SP	£0.61	£23.9m	Loss	11.50	305	-3.94%	-17.01%	-£0.95m	-£4.90m
Anite Group	CS	£1.44	£427.4m	21.8	2.22	842	9.92%	-15.54%	£38.63m	-£61.89m
Argonaut Games	SP	£0.60	£58.0m	24.3	13.18	625	9.09%	-4.00%	£4.80m	£0.62m
Autonomy Corporation	SP	£4.11	£523.4m	82.2	14.43	125	25.82%	25.54%	£112.71m	£111.70m
Aveva Group	SP	£3.91	£66.2m	20.4	2.36	1955	7.86%	-11.44%	£4.83m	-£8.50m
Axon Group	CS	£1.74	£89.3m	26.0	2.09	994	2.35%	-0.57%	£2.05m	-£0.50m
Azlan Group	R	£1.42	£154.9m	11.2	0.26	617	7.17%	6.37%	£10.35m	£9.30m
Baltimore Technologies	SP	£0.09	£47.4m	Loss	0.67	949	-2.63%	-39.34%	-£1.24m	-£30.78m
Bond International	SP	£0.70	£9.9m	10.3	1.06	1069	-4.14%	-7.33%	-£0.43m	-£0.76m
Business Systems	CS	£0.09	£6.9m	Loss	0.18	71	-5.56%	-37.04%	-£0.70m	-£4.02m
Capita Group	CS	£4.15	£2,790.4m	53.6	4.35	112183	-10.56%	-15.35%	-£265.98m	-£439.78m
Charteris	CS	£1.14	£41.5m	38.0	3.12	1261	37.58%	28.25%	£11.41m	£9.20m
Clarity Commerce	SP	£0.75	£10.4m	Loss	2.89	600	-5.66%	-18.03%	-£0.66m	-£2.24m
Clinical Computing	SP	£0.32	£8.0m	Loss	3.68	258	-14.67%	6.67%	-£1.38m	£0.50m
CMG	CS	£2.62	£1,625.7m	Loss	1.77	7228	8.49%	7.82%	£145.92m	£136.44m
Comino	SP	£1.76	£24.3m	36.0	1.13	1354	71.71%	3.53%	£10.14m	£0.80m
Compass Software	SP	£0.81	£9.4m	21.0	2.18	540	-1.22%	-11.96%	-£0.11m	-£1.31m
Compel Group	R	£0.85	£26.2m	Loss	0.11	676	2.42%	0.00%	£0.60m	£0.00m
Computacenter	R	£3.59	£665.3m	18.8	0.32	536	9.28%	4.06%	£56.52m	£25.87m
DCS Group	CS	£0.23	£5.6m	Loss	0.05	375	9.76%	-21.05%	£0.50m	-£1.51m
Delcam	SP	£1.55	£9.4m	7.4	0.51	596	0.00%	8.39%	-£0.00m	£0.65m
Diagonal	CS	£1.07	£94.0m	18.1	1.14	1548	16.39%	3.90%	£13.23m	£3.60m
Dicom Group	R	£4.45	£92.6m	13.1	0.66	1364	5.95%	4.95%	£5.15m	£4.30m
Dimension Data	R	£0.58	£747.0m	Loss	0.51	103	-9.38%	-31.36%	-£77.26m	-£341.00m
DRS Data & Research	SP	£0.21	£7.1m	18.2	0.71	186	46.43%	34.43%	£2.25m	£1.82m
Easynet	CS	£1.58	£97.7m	Loss	2.34	43	6.78%	-40.34%	£6.22m	-£66.00m
ECSoft Group	CS	£4.70	£55.0m	Loss	0.93	260	17.50%	-7.39%	£8.17m	-£4.35m
Eidos	SP	£1.42	£196.9m	Loss	1.16	7097	2.90%	-21.11%	£5.50m	-£52.71m
Electronic Data Processing	SP	£0.47	£11.5m	Loss	1.10	1424	13.41%	-7.00%	£1.20m	-£1.10m
Epic Group	CS	£0.67	£17.0m	14.0	2.11	638	-6.94%	-23.43%	-£1.20m	-£5.10m
Eurolink Managed Services	CS	£0.43	£4.5m	40.7	0.54	430	-4.44%	-4.44%	-£0.21m	-£0.21m
Financial Objects	SP	£0.81	£31.6m	20.6	1.81	350	28.80%	-3.01%	£7.12m	-£0.99m
Flomerics Group	SP	£0.77	£11.2m	33.2	0.87	2962	25.20%	-3.75%	£2.28m	-£0.40m
Focus Solutions Group	SP	£0.65	£16.3m	Loss	7.17	333	-24.42%	-36.59%	-£5.30m	-£9.40m
Gladstone	SP	£0.12	£4.3m	Loss	0.72	288	15.00%	-16.36%	£0.89m	-£0.40m
Glotel	A	£0.75	£28.4m	53.6	0.17	390	16.28%	82.93%	£3.91m	£12.90m
Gresham Computing	CS	£0.26	£12.3m	Loss	0.53	274	5.15%	-0.97%	£0.54m	-£0.18m
Guardian iT	CS	£0.54	£37.7m	4.1	0.44	212	14.89%	-65.16%	£4.85m	-£70.44m
Harrier Group	CS	£0.36	£10.2m	Loss	0.91	276	-10.13%	-30.39%	-£1.09m	-£4.00m
Harvey Nash Group	A	£1.29	£38.9m	9.8	0.17	734	114.17%	7.08%	£20.76m	£3.00m
Highams Systems Services	A	£0.10	£1.9m	Loss	0.09	264	5.56%	-35.59%	£0.10m	-£1.03m
Horizon Technology	R	£0.22	£12.5m	Loss	0.05	79	-15.69%	-31.75%	-£2.40m	-£5.90m
Host Europe	CS	£0.02	£16.8m	Loss	1.76	530	-14.29%	-22.68%	-£0.30m	-£3.30m
I S Solutions	CS	£0.25	£6.3m	18.4	0.56	932	-18.03%	-23.08%	-£1.37m	-£1.87m
ICM Computer Group	CS	£2.36	£46.7m	13.5	0.70	1311	6.55%	-21.33%	£2.91m	-£12.61m
IDS Group	SP	£0.82	£46.7m	Loss	1.32	906	8.67%	69.79%	£3.78m	£19.20m
Innovation Group	SP	£1.68	£318.5m	Loss	5.51	731	-30.93%	-53.47%	-£142.56m	-£349.30m
Intelligent Environments	SP	£0.05	£6.9m	Loss	0.78	56	51.43%	0.95%	£4.79m	£3.75m
Intercede Group	SP	£0.39	£6.4m	Loss	3.17	650	-2.50%	-29.73%	-£0.16m	-£2.70m
IQ-Ludorum	SP	£0.05	£4.0m	Loss	0.66	67	5.26%	-59.18%	£0.20m	-£5.80m
iRevolution	CS	£0.16	£7.1m	16.0	3.54	348	-22.50%	-24.39%	-£2.06m	-£2.28m
iSOFT Group	SP	£2.86	£335.9m	42.7	10.79	2595	3.25%	10.87%	£10.57m	£32.91m
IT NET	CS	£2.36	£168.8m	18.8	0.96	673	1.95%	-5.23%	£3.37m	-£9.13m
Izodia (was Infobank)	SP	£0.49	£28.3m	Loss	7.50	7699	49.23%	53.97%	£9.35m	£9.92m
Jasmin	SP	£2.33	£10.9m	Loss	2.74	1550	-4.12%	-7.74%	-£0.47m	-£0.98m
K3 Business Technology	SP	£0.12	£6.1m	Loss	0.43	92	-4.00%	-11.11%	-£0.25m	-£0.76m
Kewill Systems	SP	£0.19	£14.7m	38.0	0.21	380	-28.70%	-55.49%	-£5.88m	-£18.30m
Keystone Solutions Group	SP	£0.03	£0.2m	Loss	0.05	31	-66.67%	-80.36%	-£9.23m	-£15.79m
Knowledge Management Software	SP	£0.07	£7.8m	Loss	1.28	52	-38.64%	-42.55%	-£4.88m	-£5.78m
Knowledge Support Systems Group	SP	£0.15	£11.1m	Loss	11.10	68	15.38%	-15.49%	£1.51m	-£2.02m
Logica	CS	£4.61	£2,058.0m	16.9	1.82	6306	19.61%	-28.05%	£337.67m	-£802.12m
London Bridge Software	SP	£1.71	£290.2m	31.4	3.92	4275	3.32%	-4.20%	£9.39m	-£12.70m
Lorien	A	£0.84	£16.4m	10.3	0.12	835	11.33%	32.54%	£1.70m	£4.10m
Macro 4	SP	£1.44	£29.8m	14.5	0.63	579	-2.71%	-43.17%	-£0.90m	-£22.70m
Manpower SoftWare	SP	£0.13	£3.1m	Loss	1.13	134	-7.14%	-48.00%	-£0.24m	-£2.87m
Marlborough Stirling	SP	£1.96	£450.0m	67.6	6.13	1396	-7.57%	-4.63%	-£31.50m	-£16.70m
MERANT	SP	£1.18	£159.2m	Loss	0.74	570	10.28%	6.79%	£14.83m	£10.07m
Mettoni Group	CS	£0.13	£5.3m	Loss	1.24	115	-10.71%	-39.02%	-£0.63m	-£3.36m

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

Holway/SYSTEMHOUSE SCS Share Prices and Capitalisation

	SCS Cat.	Share Price 28-Mar-02	Capitalisation 28-Mar-02	Historic P/E	PSR Ratio Cap./Rev.	SCSI Index 28-Mar-02	Share price move since 28-Feb-02	Share price % move in 2002	Capitalisation move since 28-Feb-02	Capitalisation move (£m) in 2002
Microgen	CS	£0.88	£56.3m	15.4	2.68	374	-7.89%	-14.63%	£7.91m	£4.17m
Minorplanet Systems	SP	£3.12	£228.0m	39.5	4.31	6371	19.31%	4.52%	£46.43m	£22.30m
Mission Testing	CS	£1.18	£20.2m	18.2	4.05	430	42.42%	-27.69%	£6.00m	-£7.69m
Misys	SP	£2.93	£1,689.1m	20.8	1.97	3648	12.14%	-9.77%	£183.25m	-£182.52m
MMT Computing	CS	£1.09	£13.2m	Loss	0.42	649	19.13%	-0.91%	£2.12m	-£0.10m
Mondas	SP	£0.24	£4.7m	Loss	1.74	313	4.44%	-14.55%	£0.20m	-£0.80m
Morse	R	£1.94	£248.5m	14.4	0.42	776	10.23%	2.11%	£23.08m	£5.20m
MSB International	A	£0.79	£16.0m	12.3	0.11	413	3.97%	-7.10%	£0.60m	-£1.20m
Ncipher	SP	£0.91	£115.2m	Loss	8.02	364*	-3.70%	14.47%	-£4.43m	£14.60m
NetBenefit	CS	£0.11	£1.7m	Loss	0.27	54	-10.42%	-17.31%	-£0.20m	-£0.36m
Netcentric Systems	SP	£0.00	£1.1m	Loss	1.09	16	-20.00%	-23.08%	-£0.13m	-£0.26m
Netstore	CS	£0.15	£14.5m	Loss	4.07	102	-7.58%	-23.75%	-£1.20m	-£3.18m
Nettec	CS	£0.07	£8.3m	Loss	0.48	28	-10.00%	-38.64%	-£0.92m	-£5.24m
Northgate Information Solutions	CS	£0.21	£60.1m	6.5	0.56	81	-7.69%	-37.31%	-£4.96m	-£35.69m
NSB Retail Systems	SP	£0.30	£93.4m	Loss	1.00	2565	37.21%	20.41%	£25.31m	£15.81m
OneclickHR	SP	£0.37	£19.2m	Loss	3.31	913	1.39%	-13.10%	£0.24m	-£2.90m
Orchestream	SP	£0.12	£15.7m	Loss	1.06	65	100.00%	-41.46%	£7.85m	-£11.11m
Parity	A	£0.49	£74.4m	Loss	0.30	8083	29.33%	-1.02%	£16.87m	-£0.77m
Patsystems	SP	£0.11	£13.6m	Loss	2.34	98	35.48%	0.00%	£3.55m	-£0.05m
Planit Holdings	SP	£0.46	£37.8m	14.8	1.98	1896	1.11%	-17.27%	£0.40m	-£7.90m
Protagona (was Recognition)	SP	£0.03	£8.7m	Loss	0.99	36	-23.08%	-37.50%	-£2.57m	-£5.27m
PSD Group	A	£3.45	£86.6m	17.3	1.21	1568	-2.13%	-24.59%	-£1.89m	-£28.20m
QA (was Skillsgroup)	CS	£0.42	£36.6m	Loss	0.26	186	-10.75%	-9.78%	-£4.42m	-£4.00m
Quantica	A	£0.71	£27.7m	12.0	0.83	569	16.53%	28.18%	£3.90m	£6.10m
Raft International	SP	£0.08	£5.4m	Loss	0.57	131	3.13%	-19.51%	£0.16m	-£1.31m
Rage Software	SP	£0.03	£13.2m	Loss	2.30	125	-31.58%	-59.38%	-£5.60m	-£17.87m
RDL Group	A	£0.42	£8.2m	3.7	0.19	461	-10.75%	-23.15%	-£0.77m	-£2.26m
Retail Decisions	SP	£0.15	£41.5m	Loss	1.87	199	20.41%	-22.37%	£6.99m	£12.25m
RexOnline	A	£0.33	£4.3m	62.5	2.13	387	6.56%	-18.75%	£0.27m	-£0.98m
Riversoft	SP	£0.11	£27.2m	Loss	4.17	120	28.57%	-6.25%	£6.09m	-£1.80m
RM	SP	£0.79	£74.1m	6.3	0.31	2257	7.48%	-66.74%	£5.11m	-£148.80m
Rolfe & Nolan	SP	£0.59	£8.3m	Loss	0.33	702	-13.24%	-28.48%	-£1.27m	-£3.28m
Royalblue Group	SP	£6.30	£191.9m	39.4	2.90	3706	9.09%	2.86%	£15.98m	£7.50m
Sage Group	SP	£2.26	£2,863.4m	34.0	5.91	86923	9.05%	-1.09%	£238.23m	-£31.10m
SBS Group	A	£0.11	£1.0m	Loss	0.02	105	-43.24%	-51.16%	-£0.72m	-£1.00m
Science Systems	CS	£4.43	£111.5m	25.3	2.25	3430	7.93%	-14.90%	£8.14m	-£19.50m
SDL	CS	£0.66	£35.4m	Loss	1.05	440	13.79%	-2.94%	£4.29m	£6.69m
ServicePower	SP	£0.16	£8.2m	Loss	2.48	160	-8.57%	-28.89%	-£0.76m	-£3.32m
Sherwood International	SP	£1.33	£60.5m	Loss	1.07	4414	17.78%	0.38%	£9.19m	£1.44m
Sirius Financial (was Policymaster)	SP	£0.93	£15.6m	8.8	0.91	617	0.00%	-5.13%	-£0.02m	£0.00m
Smartlogik	SP	£0.01	£1.8m	Loss	0.03	5	-50.00%	-75.00%	-£1.19m	-£4.13m
Sopheon	SP	£0.11	£9.4m	Loss	0.67	158	-40.54%	-62.07%	-£6.43m	-£15.36m
Spring Group	A	£0.60	£89.4m	Loss	0.24	661	-4.03%	-23.23%	-£3.75m	-£27.00m
Staffware	SP	£4.45	£64.1m	Loss	1.68	1978	10.56%	32.84%	£6.16m	£15.92m
StatPro Group	SP	£0.41	£13.0m	Loss	2.11	506	-10.00%	-5.81%	-£1.55m	-£0.90m
Superscape VR	SP	£0.23	£8.6m	Loss	3.99	116	-9.80%	-19.30%	-£0.69m	-£1.80m
SurfControl (was JSB)	SP	£6.18	£186.2m	Loss	11.13	3088	1.65%	25.38%	£3.00m	£37.70m
Synstar	CS	£0.58	£94.2m	Loss	0.40	352	-6.45%	-15.94%	-£6.54m	-£17.90m
Systems Union (was Freecom)	SP	£0.94	£96.5m	23.9	1.23	719	3.89%	11.98%	£3.65m	£10.40m
Telecity	CS	£0.11	£21.1m	Loss	1.50	14	-8.70%	-19.23%	-£2.00m	-£5.00m
Telework Systems	SP	£0.20	£36.1m	29.5	1.64	0	-11.11%	-50.62%	-£4.48m	-£37.00m
Terence Chapman Group	CS	£0.29	£20.1m	Loss	0.63	211	7.55%	-30.49%	£1.41m	-£8.85m
Tikit Group	CS	£1.15	£13.3m	18.9	1.46	996	0.00%	0.00%	£0.00m	£0.00m
Torex Group	CS	£7.54	£331.8m	76.2	2.51	14631	1.48%	3.57%	£4.90m	£11.50m
Total Systems	SP	£1.24	£12.8m	13.7	3.33	2330	-14.83%	-5.36%	-£2.31m	-£0.80m
Totalise	CS	£0.05	£3.2m	Loss	0.75	214	0.00%	5.88%	£0.00m	£0.18m
Touchstone Group	SP	£1.30	£13.1m	8.9	1.11	1238	0.78%	-2.99%	£0.10m	-£0.40m
Trace Group	SP	£0.71	£10.7m	6.0	0.63	564	-10.19%	-25.40%	-£1.29m	-£3.70m
Transeda	SP	£0.15	£10.6m	14.8	1.63	305	-21.79%	-37.76%	-£2.77m	-£6.14m
Transware	CS	£0.37	£13.0m	8.7	1.25	471	-10.98%	-18.89%	-£1.64m	-£2.50m
Triad Group	CS	£0.75	£19.1m	5.8	0.36	556	3.45%	-19.79%	£0.60m	-£4.70m
Tribal Group	CS	£3.30	£149.2m	40.1	6.19	2000	15.79%	1.54%	£23.20m	£30.80m
Ultima Networks	R	£0.02	£4.3m	Loss	0.62	56	2.22%	2.22%	£0.00m	£0.00m
Universe Group	SP	£0.36	£10.7m	Loss	0.22	1600	2.86%	-6.49%	£0.30m	-£0.70m
Vega Group	CS	£0.93	£17.0m	Loss	0.48	758	-22.92%	-33.93%	-£5.12m	-£8.80m
VI group	SP	£0.24	£5.0m	11.3	0.77	470	0.00%	-21.67%	£0.00m	-£2.57m
Vocalis Group	SP	£0.08	£10.4m	Loss	3.85	79	100.00%	7.14%	£5.19m	£7.17m
Warthog	SP	£0.37	£16.8m	56.9	4.44	849	-22.34%	-14.12%	-£2.79m	-£1.00m
Wealth Management Software	SP	£0.14	£5.7m	Loss	0.37	104	-8.47%	-12.90%	-£0.53m	-£0.84m
Xansa (was F.I. Group)	CS	£2.34	£761.8m	Loss	1.95	5987	-21.91%	-34.04%	-£213.63m	-£392.78m
XKO Group	SP	£0.46	£12.2m	Loss	0.32	303	13.75%	-10.78%	£1.40m	-£1.50m
Xpertise Group	CS	£0.05	£3.6m	Loss	0.68	200	0.00%	0.00%	£0.00m	£2.05m

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

INDICES BRING A LITTLE BRIGHTNESS

Following on from last month when all indices fell, this month the news is slightly brighter with most of the indices rising. It was only the FTSE AIM index that fell, and that was by only 0.25%. Of those that saw increases, the rises ranged from the techMARK with a small 0.21% rise and our S/ITS index with the biggest rise of 3.47%.

In our S/ITS index, the IT Staff Agencies provided the biggest boost with an increase of 12%. But it was Harvey Nash that had the biggest impact in this sector. Its rise of 114% to 129p came as a result of its fundraising activities. Its share price had fallen 50% in February as a result of the announcement but in March it has seen increased support from shareholders.

Other risers over the month included Autonomy and Logica. Autonomy's share price increased by 25.8% to 411p after it announced that Channel 4 had selected its technology for use within its new website. At the beginning of the month, Logica announced a three new contracts including its first two its first two MMS contract wins. Its share price finished the month up 19.6% at 461p.

Amongst the biggest fallers were The Innovation Group (TIG) and Xansa. Both companies released trading updated which left their share priced down 30.9% and 21.9% respectively.

28-Mar-02		
	SCSI Index	4196.95
	FTSE IT (SCS) Index	724.04
	techMARK 100	1200.00
	FTSE 100	5271.80
	FTSE AIM	840.20
SCS Index = 1000 on 15th April 1989	FTSE SmallCap	2543.78

Changes in Indices	SCSI Index	FTSE 100	techMARK 100	FTSE IT SCS Index	FTSE AIM Index	FTSE Small Cap
Month (01/03/02 to 28/03/02)	+3.47%	+3.35%	+0.21%	+4.17%	-0.25%	+3.41%
From 15th Apr 89	+319.70%	+156.71%				
From 1st Jan 90	+356.14%	+123.19%				
From 1st Jan 91	+492.90%	+144.02%				
From 1st Jan 92	+301.68%	+111.46%				
From 1st Jan 93	+163.36%	+85.20%				+83.36%
From 1st Jan 94	+151.38%	+54.22%				+36.13%
From 1st Jan 95	+179.95%	+71.97%				+45.66%
From 1st Jan 96	+85.83%	+42.89%	+52.04%		-11.88%	+31.02%
From 1st Jan 97	+56.75%	+28.00%	+31.19%		-13.92%	+16.52%
From 1st Jan 98	+38.28%	+2.65%	+25.78%	-27.60%	-15.30%	+9.97%
From 1st Jan 99	+6.48%	-10.38%	-17.58%	-49.93%	+4.82%	+22.83%
From 1st Jan 00	-63.41%	-23.93%	-68.25%	-80.53%	-56.53%	-17.88%
From 1st Jan 01	-49.87%	-15.28%	-53.23%	-62.85%	-41.56%	-20.09%
From 1st Jan 02	-12.53%	+1.04%	-18.52%	-14.24%	-6.42%	-1.37%

End Mar 02	Move since 1st Jan 99	Move since 1st Jan 00	Move since 1st Jan 01	Move since 1st Jan 02	Move in Mar 02
System Houses	-7.4%	-63.9%	-51.5%	-12.5%	0.2%
IT Staff Agencies	-61.4%	-66.4%	-46.4%	-3.4%	12.0%
Resellers	27.4%	-38.7%	-18.9%	-9.7%	1.5%
Software Products	52.4%	-63.4%	-73.4%	-14.3%	2.8%
Holway Internet Index	181.9%	-65.7%	-49.6%	-8.8%	0.3%
Holway SCS Index	6.5%	-63.4%	-49.9%	-12.5%	3.5%

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