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ovum HOLWAY

SYSTEMHOUSE

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

IN ONE WORD...GRIM

We have just completed the second part of the new **Holway@Ovum** report on the UK S/ITS sector. Market Trends was published last month and Industry Trends will be published in July.

Our analysis of the profit performance of the 1000+ S/ITS companies operating in the UK market – some UK-owned, some publicly quoted, some private, some UK divisions of international S/ITS players like EDS and IBM Global Services – makes pretty grim reading.

WHERE DID ALL THE PROFITS GO?

As you can see from the chart on this page, our industry has suffered profits downturns before – most notably in the last major recession to hit the UK economy in the early 1990s. But then, although profits growth went into reverse, at least collectively the sector made a profit!

After severe cost cutting in 1990-1992, the industry recovered quite sharply in 1993 (even though revenue growth was still modest). Then the 'white heat' of new technology fuelled the market until the end of the decade.

We must remember that this period was awash with 'New Things' from client-server, Windows, emails, Internet, mobile telecoms, e-business, text messaging and, lest we forget, Y2K.

In profits terms 1998 was indeed, as we said at the time *"A Vintage Year"*. The year, which Geoff Unwin as CEO of CGEY described as *"Making profits in 1998 was like shooting fish in a barrel"*.

Since then profits have really suffered. Profits reduced by a massive 89% in 2000 to the point where collectively UK S/ITS companies were reporting a wafer thin Operating Profit margin of just 0.3%. This compared to 7.3% in 1998 – albeit still pretty meagre - it was an industry record!

But in 2001, profits went off the scale. Well, what happened is that collectively UK S/ITS companies reported a thumping loss of £2.5 billion. The first time such a collective loss has ever been recorded. It was the software product companies in our database that were mostly to blame. Although wafer thin, resellers, IT staff agencies and the all powerful systems houses were at least collectively in positive territory.

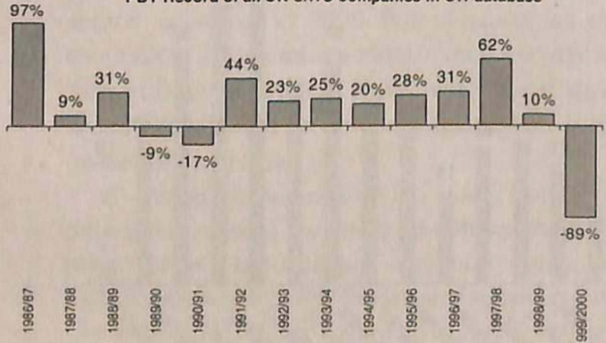
Cynics amongst you might initially write off this massive £2.5b loss as "funny money". You might think that it is all to do with exceptionals relating to mostly goodwill write off. We have already given our views of the treatment of Goodwill (**SYSTEM**HOUSE May 02). We think the current situation is highly unsatisfactory and want to see some kind of industry accounting standard introduced. However although this, and staff restructuring costs, were responsible for £2b of the PBT losses, the UK S/ITS sector still lost £500m at the operating profit level.

The problem is that our sector always seem to "***Live in Denial***" in these situations. It has fixed costs and experienced staff and is initially unwilling to dispose of these. However, as profits and cash resources plunge, eventually (and always too late) it acts. It is now doing so. Hence the exceptional "restructuring costs" we are currently seeing.

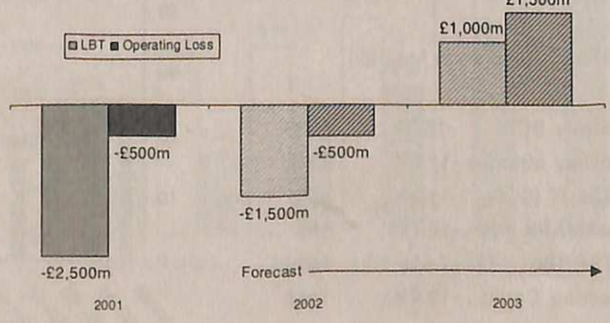
THE FUTURE?

With announcements already made in 2002 – we have seen more profits warnings in the first six months of 2002 than at any time in our history

PBT Record of all UK S/ITS companies in OH database



Collectively UK S/ITS companies remain in loss in 2002. Modest recovery in 2003



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of 2002 than at any time in our history – we are pretty confident that UK S/ITS will continue to be loss making in 2002. Making, at the operating level, about the same £500m loss but with marginally less Goodwill writeoffs (many companies like Baltimore, CMG etc have already bitten that bullet).

If history repeats itself (which it has a habit of doing) these cost cuts will flow though into a modest profits recovery in 2003. But even at a collective £1b, that's still a PBT margin of just 2.5%. Hardly excessive!

It's also worth pointing out the concensus broker forecasts (Source – Multex Global Estimates) for the 180 S/ITS companies quoted on the London Stock Market would put the profit recovery much stronger than that. Maybe brokers are still "living in denial" too? If so, that could spell further misery for share prices.

WHERE IS THE NEXT BIG THING?

As readers will know from our Market Trends report (summarised in **SYSTEM**HOUSE May 02), we expect only modest revenue growth in the 3-7% range for the foreseeable future. This is a quite different picture to that experienced after the last slowdown in the early 1990s. The reason is that, this time, there is no 'Next Big Thing' (NBT) in the offing.

Assuming that most of our readers are computer literate and likely to be 'early adopters', it might be interesting to ask yourself when you were last excited about a new innovation? Here at Ovum Holway we haven't adopted anything new since 1999 – and we are pretty sure we are not alone. NBTs always take time to move from early adopters to the masses which actually make us all the money from these developments. We reckon that it takes about five years. In other words, even if we discovered a NBT tomorrow, it would be 2007 before it had a real effect on the profits of our sector.

WITHOUT A NBT CAN YOU EVEN JUSTIFY TODAY'S VALUATIONS?

The chart below shows that with the massive falls in the stock market valuations of S/ITS companies, P/Es are now back within the ranges experienced between 1986 and 1997. But during that period we were both forecasting AND experiencing much higher growth. On top of that we had an abundance of NBTs to look forward to as we described above. Neither of these applies today.

If you subscribe to that, we could see further falls in valuations – maybe down to the mid-teen P/Es of the last slump in the early 1990s.

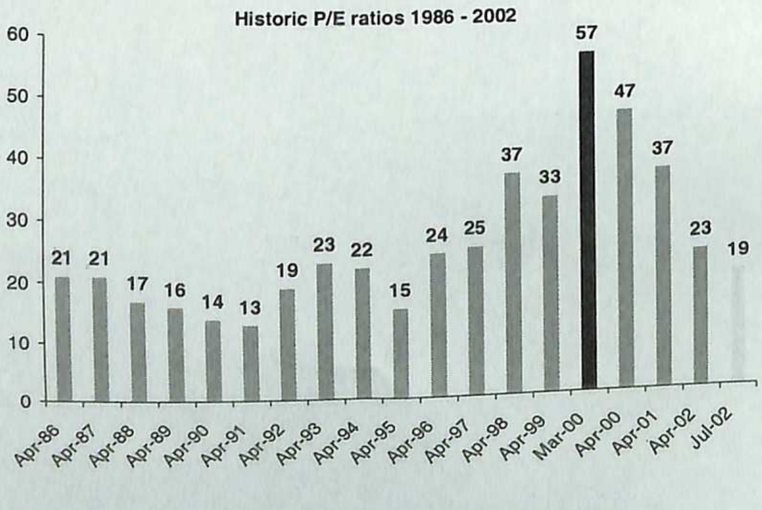
But even at our most optimistic, we do not see a recovery in S/ITS share prices to match March 2000 levels in our lifetime.

Scary stuff.

WHAT TO DO

Our best, most sincere, advice to the sector is to accept that **"What you see is what you are going to get"**. Adjust to the market and current valuations as it is today. Do not expect it to improve. If you can adjust your cost base to make profits in today's market you should survive and be around to take advantage of the NBT.

But accept that you might have a long, long wait this time!



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OTHER ARTICLES

INDICES (changes in May. 02)

Holway SCS	-13.5%	3383
Holway Internet	-12.9%	2312
FTSE IT (SCS)	-11.3%	468
techMARK 100	-12.7%	866
FTSE 100	-7.6%	4656
Nasdaq Comp	-10.2%	1465

HOLWAY COMMENT

PLAYING FANTASY S/ITS COMPANY

As we write this month's article, the whole country seems to have gone mad on football. Given the problems on the stock market this month, this is one time when we might agree with the tabloid press - *"Footie is better than the FTSE"*. All this press speculation on choosing a "*fantasy England football team*" set us thinking. If you were going to build a ***"Fantasy UK S/ITS company"*** what would it look like?

1 – It would be heavily involved in **public sector** type work. As our research shows, growth in public sector S/ITS spend in 2001 was nearly three times "the rest" and is forecast to be the strongest growth area through to 2004 at least.

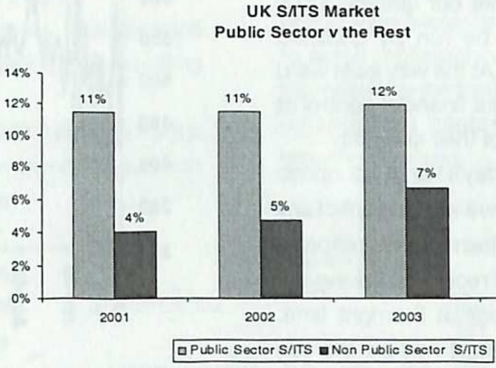
2 – Of course it would have to have a strong presence in **IT outsourcing** – in the private as well as the public sector. As readers know, without IT outsourcing, the UK S/ITS sector would have been in recession in 2001.

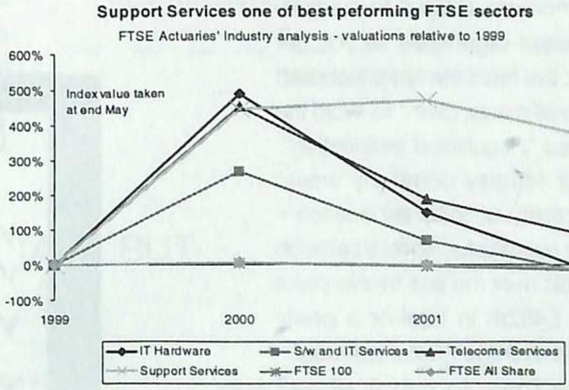
3 – But IT outsourcing has a prefix which currently has a rather negative connotation. We have witnessed a period when anything connected with 'technology' has slumped – or worse. One paper wrote this month that, as technology stocks only represented 1% by value of the FTSE350, it was *now "thankfully irrelevant to investors"*.

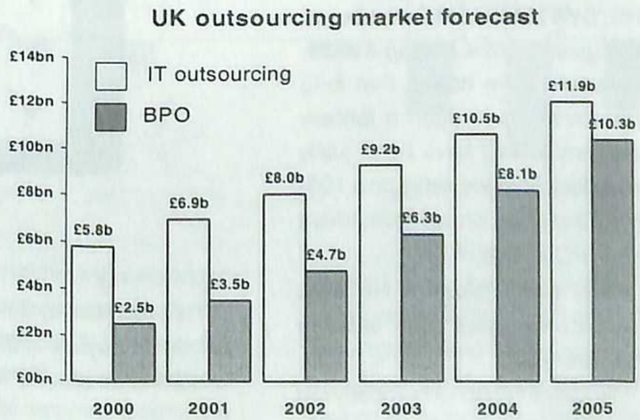
So what you really needed to have done is **distance yourself from technology** right from the start. Indeed don't get classified by the FTSE under "Software & Computer Services", go for "Support Services" instead. As the chart shows, "Support Services" has shown a 400% gain since the start of 1999 whereas "Software & Computer Services" is back to where it started (as is the FTSE100 by the way!).

4 – Indeed you really ought to brand yourself as a **Business Process Outsourcing** company. As you will have read in **SYSTEM**HOUSE last month, BPO is growing even faster than IT outsourcing and will be of approx. equal size by 2005. But, of course, as we shout about this, more-and-more companies want to "play in BPO-Land". How much better if you were already established as far-and-away the UK BPO market leader already.

5 – What we (and now an increasing number of others) have always valued about outsourcing is its **long term contracted revenue stream.** Outsourcing is one of very few ways of achieving this. Our fantasy S/ITS company would have high visibility







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of forward performance. If contracted revenues could be several times current annual revenues, then even better!

6– Our views on companies are, ultimately, all based on **"Management, management, management"**. Given all the current problems over accounting issues, we'd rather like our fantasy S/ITS company to be run by qualified accountants. At the very least we'd like them to put financial control at the very top of their skills list.

Also in today's harsh economic environment, we would respect any management team that was capable of, and had a record of, taking the tough decisions at the right time. "Ruthless" might not be the tag some directors would be proud of, but it is what is needed today.

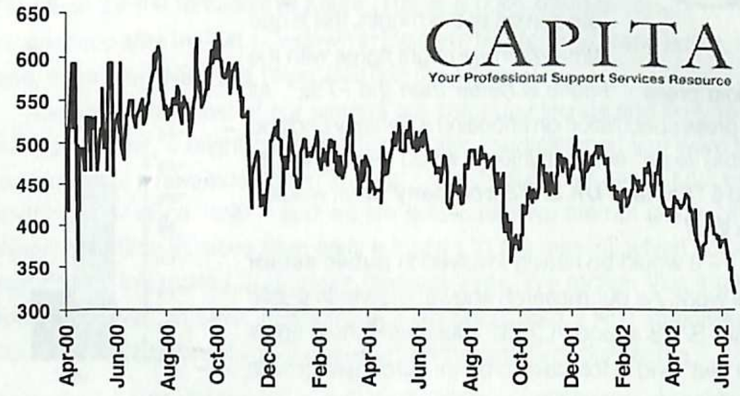
7 – Clearly M&A is important…**a successful M&A track record** even more so. Difficult to outgrow the market organically as you get bigger. We have always advocated "eat small meals, often" to avoid the dreaded "Acquisition Indigestion". So our fantasy company would have plenty of M&A experience – mostly successful. So let's settle on 47 deals over the last twelve years worth £432m in total or a pretty modest average £9.2m per deal.

8 – Then, to cap it all, our fantasy S/ITS company would have to have an **unblemished earnings growth record.** Ideally it would be 12 years without a single reversal in EPS. **SYSTEM**HOUSE might even have given them a ***Boring* Award**. We would have hoped that long term investors in such a fantasy company would have been justly rewarded. Shall we settle on a 103-times increase on an investment since IPO in 1989?

But don't be daft Holway. Such companies only exist in your dreams.

And even if such a company did exist, the current stock market sentiment would probably have hammered them, just like everyone else, this year too. Wouldn't it be ironic if you issued three performance upgrades (yes, upgrades, not profit warnings) in 2002 and *still* found your share price down by 36% since 1st Jan. 02.

But even after 3 performance upgrades and >£850m new contracts so far in 2002, Capita shares down >30%



Note – Any similarity between the Fantasy S/ITS Company in this article and **Capita** is purely coincidental.

Ovum Holway's new Industry Trends report will be published in July and is available as part of the new Holway@Ovum research service. Please contact Andrew Randles (ajr@ovum.com).

-1.5%
99p

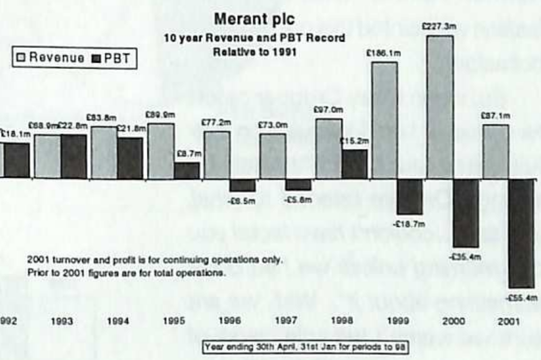
MERANT

MERANT - IN THE MONEY

Merant, nee **Microfocus**, has announced results for the year to 30th Apr. 02. Turnover from continuing operations fell 8% to £87.1m, LBT, which included goodwill amortisation costs of £29m, deepened dramatically to £55.4m from £27.8m increasing loss per share to 46.8p from 37.9p. Commenting on the outlook, Gerald Perkel, President and CEO said, "*The company remains cautious regarding revenue and earnings performance in the short term...It remains the company's goal to achieve profitability during our fiscal year 2003*".

Licence fees fell 21% to £33.4m (38% of total revenues) maintenance subscription rose 13% to £40m (46% of total revenues) and training and consulting fell 22% to £13.9m.

Comment: It's been a year of change for Merant. But its transition from a provider of development tools to a provider of software configuration management tools has not been a smooth one, and the company still has some way to go. At a briefing in Mar. 02, Gerry Perkel outlined the main priority of the group - to get its cost base under control. To this end Merant has undertaken a restructuring program at a cost of £13.3m. This saw the sale of its Micro Focus business, the disposal of properties and a 25% reduction in headcount to 675 employees. The results of all this activity are slow in coming. Between Q3 and Q4 total expenses reduced by just 3% (although Q4 did include a £6m restructuring charge relating to the relocation of the company's headquarters in the US). Following its disposal programme, Merant is in the unusual position of having more money that it can use, £71.6m in cash and marketable securities. It has used a proportion of this (£9.9m) to repurchase 8.5m shares, as this was seen as "*the most effective method to return excess capital to shareholders*" and it is proposing to buy back additional ordinary shares later in June. Merant is not expecting to reach profitability until FY 03, in the meantime the focus is very much on reducing costs- rather than growing revenues.

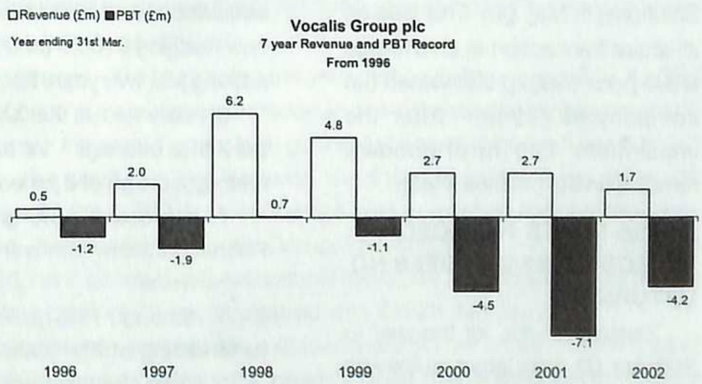


-44%
4p

vocalis

TALKS A GOOD TALK BUT...

Vocalis, "*a provider of voice driven business solutions to the call centre industry*" has announced its results for the year ended 31st Mar. 02. Turnover fell 36% to £1.7m, (revenue from continuing operations fell 12%), LBT 'improved' to £4.2m as did loss per share from 15.82p in 2001 to 5.41p. Commenting on the outlook, Paul Wright, CE, said, "*Early progress suggests the changes we have introduced will lead to success and we look forward with increasing confidence*".



Comment: The company stated that the year "*has been one of significant progress for Vocalis*". Yet despite introducing "*a focused strategy aimed at meeting the specific requirements of our marketplace*", and making significant operational and personnel changes (including another round of Board changes), revenue fell, forcing the company to concede that it did not "*realise the full benefit of its operational changes*". This is the company's third consecutive year of reporting losses, but it remains as optimistic as ever. It still has £4m in cash balances following a placing in Dec. 01 which raised £4.1m (previous placings in 1999 and 2000 raised £8.7m and £5m respectively). Investors don't appear to share its optimism though, its shares have fallen 44% over the month.

-28%
104p

XANSA BITES GOODWILL IMPAIRMENT BULLET

Readers will know that we have become increasingly concerned about the carrying value of goodwill arising from acquisitions made in the heydays of S/ITS company valuations in 2000. As, one-by-one, the companies concerned *"bit the bullet"*, **Xansa** increasingly stood out as an exception. Indeed, it got to the point where goodwill on Xansa's balance sheet was TWICE its market cap! Clearly crazy! In the normal 'robust' Ovum Holway fashion we pointed this out on many occasions.

So, when Hilary Cropper called for our usual 1-to-1 interview on their full year results she started by saying, *"OK, we listened to what you said...couldn't have faced you this morning unless we had done something about it"*. Well, we are sure we weren't the sole cause of Xansa writing down Goodwill by a massive £497m.

Xansa reviewed the carrying value of the goodwill arising from the acquisitions of Druid, Synergy and OSI, but only found it necessary to impair the goodwill relating to the acquisition of Druid (now Enterprise Solutions) in Mar. 00. This was an all-share transaction at an average share price of 807p that valued the company at £725m. After the impairment, £261m of goodwill remains on the balance sheet.

XANSA MEETS REDUCED EXPECTATIONS BUT SEES NO UPTURN

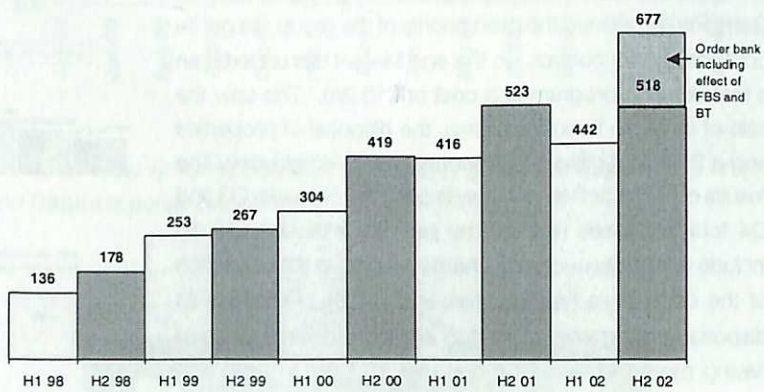
Xansa's results, for the year to 30th Apr. 02, were largely in line with the reduced expectations emanating from previous warnings. Headline figures were quoted BGAAIDOSFTTPOSOOSARC (I.e. before goodwill amortisation (£42.6m) and impairment (£497m), distribution of shares from the trusts (£3.1m), profit of sale of own shares (£1.6m) and reorganisation costs (£13.2m)). These headline figures showed an increase in turnover of 18% to £515.1m, an increase in PBT of 10% to £46.5m, and a decrease in diluted EPS of 2.23p to 7.55p.

Indeed, even at the headline figure level, it is not a like-for-like comparison, as FBS (First Banking Systems) was not fully consolidated in the comparative period. If we treat FBS as if it was fully consolidated in the comparative period, turnover increased by 15%, whilst pre-tax profits were down 9% to £46.5m.

The actual pre-tax loss was £507.8m. But let's look on the bright side:

1. Xansa still made a decent operating profit
2. It has an order bank of £518m (albeit down 1% on a year back).

Order Bank - Contractually Committed (£m)



3. Cash flow pretty good (in today's climate, almost "brilliant"!)

4. New BPM unit started to motor with the BT contract signed and staff transferring next month. This contract puts the order book up to £677m, even after taking account of the notice to terminate the FBS contract.

5. Very impressive growth overseas. 18% organic – 50% growth including acquisitions (in particular Synergy acquired in the last year). Overseas revenue now nudging £100m (c20%). Readers will remember it was the square root of nothing just two years back.

6. Hilary tells us that Xansa's Top 30 clients now buy bits from every part of the Xansa offerings - *"All the wood behind the one arrow"*. In our view, that's a really good sign of a joined up business.

7. Impressive 60% growth from Enterprise Solutions and even Xansa Recruitment saw turnover increase by 39%.

However:

1. Although 14% growth in Systems integration, Xansa has lost the DfES re-tendering which resulted in a reverse transfer of 106 people.

2. It has also lost the First Banking Systems deal as HBOS gave notice to terminate (see below) which was worth c11% of Xansa's revenues or £50m pa.

3. Business Change turnover was down 22%

Outlook - Cropper in her statement said "*...there was a marked slowdown in discretionary spend across most of our client base in the second half resulting in a down-grading of expectations and a restructuring of the cost base on an international basis...we remain cautious about the economic environment and*

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do not expect a significant upturn in IT spending before the start of calendar 2003 at the earliest."

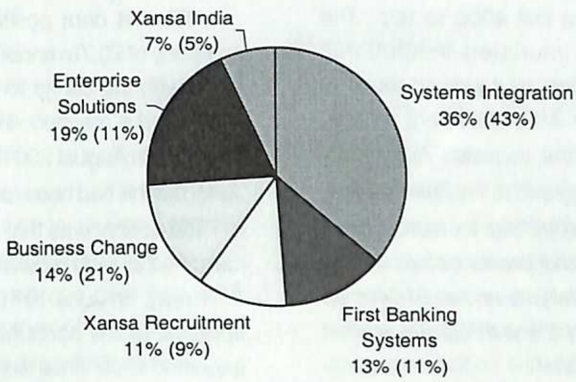
If we think this of Xansa, God help many of the others...

In our interview, we told Cropper that many other CEOs had recently told us *"We thought it couldn't get any worse...but it is"*. Cropper disagreed and said, ***"It's not getting any better...but it isn't getting any worse either"***. She felt that Xansa had taken all the difficult "*restructuring*" (i.e. job loss) actions required. Xansa has made 350 redundancies and a reduction of 184 contractors. About one third of their "*flexible contractor workforce*" has gone.

We have our doubts. We think Xansa's marketplace will continue to deteriorate for the rest of this year at least. Further cost cutting might well be required. Also Xansa mustn't lose any more of its existing long-term contracts.

On the other hand, let's face it; Xansa is at the quality end of our sector. If we think this of Xansa, God help many of the others.

Turnover by Division FY02



-1%
39p

XKO MAKES SOME HEADWAY.

XKO Group, "*the managed services provider*" that primarily serves SMEs, has announced its preliminary results for the year ended 31st Mar. 02. Turnover remained virtually static at £38.9m (£38.2m in 2001), LBT 'improved' to £14.9m from £19.6m, as did loss per share which went from 73.8p in 2001 to 56.4p.

The source of revenue remained much the same as last year, with managed Internet services accounting for £7m, managed solutions and integration for £10m and managed infrastructure services for £22m. The lack of growth in turnover was attributed to a fall in infrastructure business in the second half. The side effect, though, was that margins increased in the second half as the proportion of higher margin business increased.

XKO's strategy is to focus upon extending and enhancing applications in its existing customer base, although the company admits that "*the prospects for our sector seem to be no clearer than six months ago*".

Commenting on the outlook, CE, Simon Beart, said, "*Customer spending remains cautious and it remains difficult to see a robust recovery in our markets. However, despite these conditions the first quarter witnessed the commitment by new and existing customers to an encouraging number of larger transactions and we are planning for growth since the recent recovery is not regarded as sufficient*".

Comment - XKO has spent the year getting its house in order. It spent £933K on a "*substantial redundancy and re-organisation programme*" and shortened the period over which goodwill is amortised from 5 years to 2-3 years. The result was that the remaining £16m of goodwill was written off (up from £7.9m in 2001), most of which was from when the company was formed - from Xavier Computer Group, KSE and Xenon – in 1999. Without the £16.7m in goodwill and exceptional items, XKO would have recorded an operating profit of £2.1m (compared with £162K last year).

The company plans to pay a dividend of 0.5p per share, but the level of dividend payment *"reflects the board's belief that current balance sheet strength can best be exploited for shareholders by examining suitable acquisition opportunities which are now becoming available"*. XKO is also funding the start-up of a high level, business change consultancy, which had losses of £0.2m to Mar. 02 but it is hoped will break even this year. This is a brave move when even the company itself describes the IT consultancy market conditions and pricing as very difficult. But it's good to see someone trying to capitalise on the opportunities the market has created.

-93%
33p

ait

R.I.P. FOR AIT?

On the 19th June financial services CRM specialist **AIT** announced the suspension of its shares pending the sale of the company.The story started on the 31st May with a totally unexpected profits warning, as a result of which AIT shares lost 400p to 92p. The warning infuriated institutional shareholders as it was so much at odds with AIT's statement on May 2nd that *"the business has had a satisfactory end to the financial year and is expecting to report both turnover and profits before tax for the financial year ended 31 Mar. 02 that are in line with current market expectations"*.

The statement said that the company's cash requirements were now not covered by its currently available facilities and that in order to meet "*certain immediate payment obligations*" (presumably payroll) the directors had made an immediate/ emergency loan of £700K.

Things had got a lot worse by June 13th, though, the day when AIT's results for the year to Mar 31st 02 were due. The company said it was to postpone the announcement because of a number of issues that had arisen during the audit, which were still not finalised. It warned of a further £4.0m shortfall in revenue and £4.3m in profit, *in addition to* the £1.1m announced on 31st May. This was down to a combination of revenue recognition of licence sales with a channel partner (the sale had been expected to be recognised in FY02 but this is no longer the case) resulting in £2.5m reduction in revenue and PBT; the sale of licences and provision of consultancy to Rossbank (a CRM outsourcer in which AIT has a 20% stake), which also no longer satisfied AIT's revenue recognition policy, resulting in a £1.5m reduction in revenue and PBT; and a provision of £0.3m on an investment in a small consultancy.

AIT's net debt position was £11.3m (including the directors' loan to the company of £0.7m announced on 31st May), and further discussions were taking place with the banks to resolve liquidity issues. The company said that it had negotiated a rescheduling of the deferred payment to the vendors of **IMA Inc** (acquired in August 2001) - AIT had been due to pay a final instalment of $3.5m in June, but this had been renegotiated to $1m, with the balance still under discussion.

The upshot was that AIT was now "*actively pursuing*" a sale of the company - and had already received "*a number of expressions of interest*".

Finally, on June 19th the directors said that they were not able to give formal approval to the accounts for the year to 31st March 2002 and that this was expected to continue to be the case pending a sale of the business. Shares were suspended.

Comment - There has been a lot of scorn poured on AIT about the revenue recognition problems that have brought about its downfall- surely AIT must have know the situation in early May concerning their financial year that ended on 31st Mar. 02? But to be fair, many companies have faced this problem - AIT played it wrong and lost.

Basically, business that AIT thought it was going to contractually close in May didn't happen. But work had been expended (as it usually is!). If it had won it the company would have been able to include the WIP on the job undertaken to 31st Mar. in the full year accounts. Auditors will almost always allow this if you close the contract before the audit. Unfortunately AIT didn't.

But it has left a lot of egg on a lot of faces. **Dresdner Kleinwort Wasserstein** only began coverage on AIT in the last week in May with a 30 page report concluding that the shares were a "Buy" (Source - Mail on Sunday).

All in all its a very sad state of affairs for AIT, a once successful, niche company that floated on the LSE five years ago at 150p, valuing the company at £30.4m. At their height in 2000 shares were worth 1800p and still traded at 900p at the start of 2002.

-17%
286p

TRIBAL

GANGING UP ON THE PUBLIC SECTOR

Tribal Group, a provider of professional support services and consultancy business predominately to the UK public sector, has announced its results for the year to 31st Mar. 02. Turnover rose 161% (96% organic) to £45.7m, PBT was up 570% to £4.7m and EPS also rose from 0.3p in 2001 to 6.6p in 2002. Commenting on the outlook, David Telling, Chairman, said, "*We have had a good start to this year's trading and committed income already exceeds 50% of this year's budgeted turnover. In addition, we are currently short-listed for several important new contracts and have a pipeline of further high quality acquisition prospects...*"

Comment - Tribal has only been in existence since 1999 and floated on AIM in Feb. 01. Its original focus was on the education sector, where it provided white collar outsourcing services ranging from Ofsted inspections, property consultancy and IT solutions. Aided by acquisitions (we count 18 since it was

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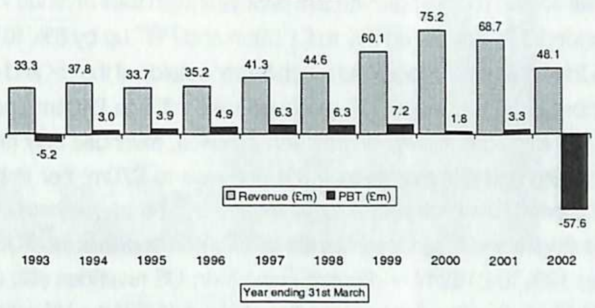
-36%
22p
KEWILL

BIG AMBITIONS AT LITTLE KEWILL

Kewill plc
10 year Revenue & PBT Record
From 1993



Kewill Systems announced results for the year to 31st Mar. 02 too late to catch last month's **SYSTEM**HOUSE. Hardly a bright story, with turnover down 30% to £48.1m, and pre-tax losses of £57.6m compared to a profit of £3.3m in 2001. Diluted loss per share was 75.2p compared to an EPS of 0.5p in 2001. Nonetheless, Kewill chairman Andy Roberts was optimistic: *"Despite the current difficult climate for IT companies, the Kewill Board remains convinced of the long-term growth prospects for our e-commerce division within supply chain management software and solutions. We will continue to seek opportunities to build our market position in this sector".*

Kewill also announced the disposal of its ERP division to **Exact Holding N.V.**, a Netherlands-based provider of e-business and ERP software and solutions for a cash consideration of US$19.0m (£13m) on a cash and debt free basis. Roberts believes, *"shareholder value will be maximised through the disposal, as the ERP division is no longer integral to the Company's long-term strategy".*

Comment: At the analyst briefing Kewill's CEO Bob Malley put on a spirited and enthusiastic portrayal of the company's future prospects, perfectly balanced by an impressive 'no frills' performance by FD Barbara Moorhouse. We think Kewill's decision to ditch the US ERP business and now focus on 'point' solutions in the supply chain management (SCM) arena is eminently pragmatic (as Malley puts it, *"we're not trying to solve world hunger").* Indeed, the disposal gives them a better chance of building the SCM business with strategic (but modestly sized) acquisitions to flesh out the product line, as this is a cheaper route than 'roll your own' given current market valuations (witness their canny acquisition of **Globeflow** for £350K) . But Malley's ambitions to grow this 'little British Battler' (Kewill, that is, not US-born Malley!) into a *"leader in SCM"* are unlikely to happen under their own steam. Already Kewill partners with global carriers like Fedex who in part act as a channel to market for Kewill in much the same way that other software players partner with the Big 4 (though Kewill does partner with Big 4 players on an opportunistic basis). It makes sense to us (as we have said before) that Kewill's IPR would make a very attractive addition either to a Big 4 player looking to beef up its SCM practice, or to a logistics company looking to make a bold move into end-to-end value-added logistics services. After all, this is just what UK-owned **Hays** did a couple or so years ago when it purchased French logistics software company **Logistar**. Whichever, if Kewill are to move up the value chain they will need more SCM consulting expertise - again another potential use for their enhanced cash pile.

Kewill's shares ended the month at 22p, 49% down since the beginning of the year and a miniscule fraction of the £30+ (yes, thirty quid) high point in those heady dotcom days in Mar. 00.

Kewill FYE: 31st March	Turnover £m			PBT*			Margin	
	2002	2001	Change	2002	2001	Change	2002	2001
Electronic Commerce	28.4	39.4	-28%	-4.0	5.0	Profit to Loss	-14%	13%
ERP	19.7	22.5	-12%	0.9	3.0	-71%	4%	13%
	48.1	*61.9*	*-22%*	*-3.1*	*8.0*	*Profit to Loss*	*-6%*	*13%*
Discontinued operations		6.8			0.1			
Group Admin costs				-2.0	-2.9			
TOTAL	£48.1m	£68.7m	-30%	-£5.1m	£5.1m	-199%	-10.6%	7.5%

[continued from page eight]

formed the company has moved into the healthcare and local authority markets.

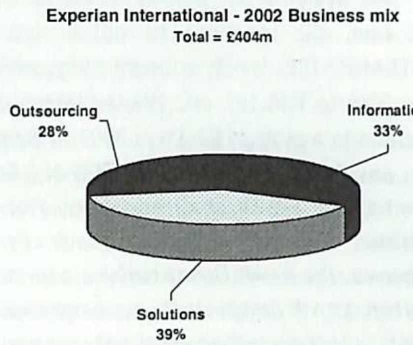
However, as its results show (96% organic growth) Tribal doesn't rely upon acquisitions alone to boost growth. It has increased its capacity in its existing businesses, and sought cross selling opportunities between the businesses. It has increased its market penetration by attracting new customers and thirdly it has used acquisitions to strengthen the Group's position in existing markets or to extend its services into new ones. The result is that the company is able to bid for larger scale contracts. And by undertaking smaller acquisitions Tribal seems to have, so far, avoided any ill effects of acquisition indigestion. Indeed it reports its acquisitions have *"exceeded (its) expectations"*.

We've said many times that the public sector is fertile hunting ground for suppliers with the right constitution (ie can cope with the costs of tendering and the elongated timescales). Tribal proves the point. And by positioning itself as a supplier of specialists services, Tribal is carving a very nice nniche for itself.

experian

EXPERIAN - LESS ENIGMATIC

Also announcing too late to make it into last month's **SYSTEM**HOUSE was BPO 'unusual suspect', **Experian**, part of retail giant **GUS**. Experian has shown modest growth this past year with total revenue for the year ended 31st Mar. 02 up 7% to £1.09bn and PBT up by 6%, to £229.1m, a 21% margin. Experian did much better outside of the UK and was much more profitable – non-US revenues rose 13% to £404m and OP rose 14% to £70m. However, in North America, revenues only grew 4% to £688m and OP managed a 3% rise also to £70m. For the first time, Experian has broken out its revenues by line of business. The S/ITS (software and IT services) bits are its solutions business (non-US revenues up 12% to £162m) and outsourcing (non-US revenues also up 12% to £112m). Credit solutions was the star outside of the US reflecting *"the strength of account processing and fraud prevention in the UK and of application processing, scoring and analytical services in all regions"*. The growth in outsourcing was mainly in Cont. Europe and was due to business growth in both existing and new clients. Experian has also taken over sibling division **Reality**'s third party (i.e. non-GUS) call centre and related activities *"to offer full business process outsourcing capabilities"*.



Comment: 'The enigma that is Experian' is becoming less of an enigma. Now that they have separated out their 'real' S/ITS activities from their database and direct marketing activities we have a much clearer picture of their scale in the universe that we are interested in. As such they are a c£500m 'BPO' player of which almost half comes from outside of the US. Their 'sweet spot' is financial transaction processing and related services which is needless to say where the 'usual' BPO suspects (i.e. IT outsourcing players like EDS, IBM, Unisys et al) are very active. But whereas the usual suspects find it hard to move much beyond payment processing, Experian can offer a full line service – and indeed set up and run an entire credit business if the client wants. Their 'problem', though, is explaining that to the outside world, but at least they are getting better at it. A couple of years ago, Experian was a spin-out-and-float candidate. But more recently, GUS sees them as core to their business. That's a moot point in our mind, and with the rapid growth in the BPO market, Experian could have much more value outside of GUS than within.

Experian FYE: 31st March	Turnover £m			Operating Profit £m			Margin	
	2002	2001	Change	2002	2001	Change	2002	2001
North America	688.0	661.0	4.1%	159.5	155.4	2.6%	23.2%	23.5%
International (UK & non-US)	404.0	357.0	13.2%	69.6	61.2	13.7%	17.2%	17.1%
TOTAL	1092.0	1018.0	7.3%	229.1	216.6	5.8%	21.0%	21.3%

-10%
7p

HIGHAMS
SYSTEMS SERVICES GROUP

GETTING ITS HOUSE IN ORDER

Highams Systems Services Group - supplier of IT contractors and business solutions to the insurance and finance sectors - announced results for the year to 31st Mar. 02. Revenue has fallen 19% compared to FY01, to £16.8m, however pre-tax losses have 'improved' from £2.0m to £298K, and Loss Per Share, previously 10.43p, is now 1.45p. Commenting on the results Chairman NN Graham Maw said: *"Although our markets remain patchy, they have improved slightly since the start of this calendar year....we believe that business will gradually improve over the next 12 to 18 months... we are exploring a number of strategic options to further the development of the group"*.

Comment: Having made losses of £370K at the interim stage (end Sep. 01), Highams results show some signs of improvement at the bottom line. We are told that continuing operations were profitable in H2 (Highams exited the consultancy market during the second half). Highams also seems to have its house in order, with net current assets of £2.3m, no further goodwill to be written off, no borrowings and some cash in the bank. The decision taken to exit the consultancy and IT training markets (Trainers Ltd ceased trading in Nov. 00) and focus on core activities was the right one. Indeed Highams was able to point to rising licence and rental income in FY02 from existing customers using its specialist factoring software, although no new licences were signed. The market for ITSAs is a tough one right now, so being a niche player must be helping to mitigate the pain.

The shares fell 10% to 7p in the month, affording Highams a market capitalisation of just £1.4m. At that price, it might be an attractive acquisition target for a bigger player looking for a niche ITSA operation.

-11%
331p

A MOUTHWATERING PERFORMANCE

Detica has announced its maiden results as a quoted S/ITS company. As the period in question was the year to 31st March 02 and the float was at the end of Apr. 02, it would surely have been a nasty surprise if it had not met the expectations set out in the Prospectus. But stranger things have happened! Anyway, having met expectations, the highlights were as follows:

· Revenues increased (entirely organically) by 23% to £32.8 million.

· Profit before tax and IPO costs of c£1.5m grew by 27% to £5.9 million, with pre-tax/IPO cost margins rising to 18.1%.

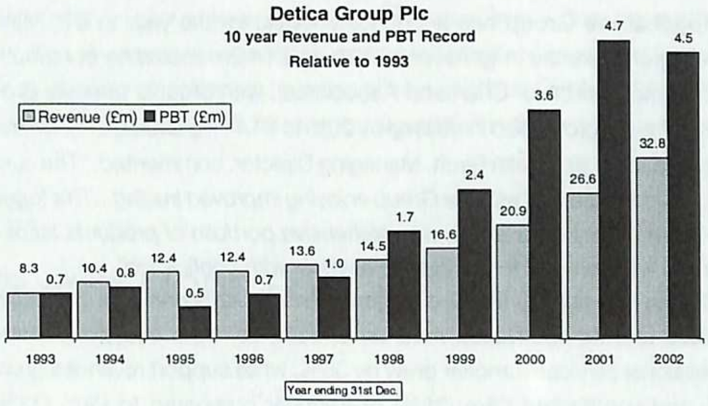
· Revenues from CRM services grew by 49% to £18.3 million (2001: £12.3 million), representing 56% of total turnover (2001: 46%). National Security services revenues grew by 25%, from £9.7 million in 2001 to £12.1 million in 2002, and at 37% of total turnover in both 2002 and 2001, National Security services have continued to represent a solid revenue base for the Group.

· 90% of turnover continues to be generated from the professional fees of Detica's staff. The balance of turnover comprises non-fee revenues resulting from the use of specialist sub-contractors, software or hardware purchases and other expenses for client assignments.

· 62% of turnover in 2002 was generated from assignments billed to clients on a time and materials basis, increasing from 51% in 2001.

· Fixed price assignments generated 38% of turnover in 2002, down from 49% in 2001.

· Average staff numbers increased by 28% to 214. This might be against the trend but Detica noted, *"From a total of 3,500 applicants, 51 fee-earning staff were recruited in the year"*.



The IPO - Detica raised £14.4m net from the IPO; giving Detica a year-end pro forma net cash position of £13.4m. The IPO had been planned at 440p-510p. In the end they settled for 400p. However the share price has slumped by 17% since the float, to finish the month at 331p. Not the ringing endorsement either they or other aspiring IPOers wanted, although it should be pointed out that the FTSE IT (SCS) Index is down 24% in the exact same period. So Detica's share price has done BETTER than its peers in the period. Hardly a failure and hardly an indication that it went at too high a price.

Outlook - CEO Tom Black commented, *"The market remains challenging for IT companies but the Group sees continued strong demand for its services and the business is trading in line with the Board's growth expectations. Detica continues to win new projects and the Board is therefore optimistic about the prospects for the current year."*

Comment – As well as attending the briefing, we also spoke to Tom Black, on the day of the results. The results contained no surprises. But it is worth commenting on WHY Detica can produce this kind of mouth-watering performance whilst all (well most!) around them are not. Even Black admits *"the market is really tough at the moment"*. An understatement methinks!

As a Hotnews/**SYSTEM**HOUSE reader you will be well aware of our "Making Do" theme. It's exactly this that has ensured Detica's success. In CRM they are not dependent on NEW implementations – rather making those that have been implemented from a variety of sources actually work together. Their work on the 14m-customer database with Centrica is a pretty good example. As Black says *"a company saving £10m from not implementing a new system will spend £8m on IT services to make what it already has work better"*. Exactly our message! Indeed as Black says, *"customers often find that they have already got, (i.e. already paid for!), the added functionality they want"*. That's why *"It's the vanilla-flavoured implementers that are feeling the cold wind"*, whereas the 'application integrators' are still doing rather nicely.

Detica makes 80% of its revenues from existing customers. Although the contracted relationship may not be measured in years as for the outsourcers, *"typical contract periods are 6-9-12 months"*.

Anyway Black is comfortable with current analyst forecasts. So we sincerely hope that Detica will be one new IPO that doesn't disappoint in its first year. The share price, however, as Black says is *"out of my control"*. But we can ask no more of him than that he keeps making the numbers.

9%
130p

TOUCHSTONE

HITTING THE RIGHT SPOT

Touchstone Group has announced results for the year to 31st Mar. 02 revealing an increase in turnover of 20% to £14.2m (including contributions from the acquisition of **Chartland Associates**), with organic turnover growth of 7%. Pre-tax profits also increased by 20% to £1.77m. Diluted EPS increased from 9.8p to 10.9p. Keith Birch, Managing Director, commented, "*The current year... has started well with the Group enjoying improved trading...This together with good order books and a comprehensive portfolio of products leads the Board to look forward to the year as a whole with confidence*".

During the period, the Group grew both its turnover from professional services and its contracted revenue stream, i.e. from support contracts. Professional services turnover grew by 36%, while support revenues grew by 30% and contributed £5m (35%) of turnover compared to £4m (33%) in 2001.

Comment: This is the eighth consecutive year of profits growth for Touchstone (but unfortunately its inconsistent EPS growth means that it's still some way off before it could be considered for a *boring award*). Touchstone is a reseller of mid-market accountancy solution software. Indeed, the company reports that it has been recognised as the most successful European partners for SunSystems Union and Microsoft Great Plains. In line with

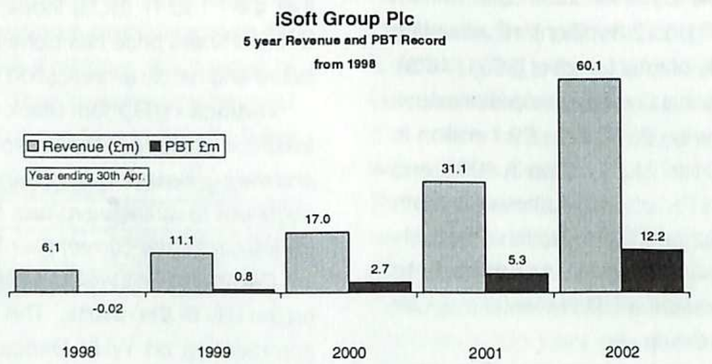
[continued on page thirteen]

9%
248p

iSOFT
THE HEALTH INNOVATOR

PARTNERING WITH THE IT OUTSOURCERS

iSoft Group, "*a leading supplier of application systems to the hospital sector*", has announced results for the year ended 30th Apr. 02. Turnover (77% organic) almost doubled to £60.1m (£31.1m in 2001). PBT increased 129% to £12.2m and diluted EPS rose 149% to 7.61p. Commenting on the outlook, CE Patrick Cryne, said, "*The outlook remains extremely favourable for our clearly differentiated proposition*".



Building on its acquisition strategy, which has seen iSoft acquire three other healthcare businesses (**ACT Medisys** in Feb. 01, **Eclispys Ltd** in the UK and **Eclipsys Pty** in Australia in May 01), iSoft also announced the £33m acquisition of **Northgate Information Solutions'** healthcare systems business (see page 13). In the year to 20th Apr. 02, the Northgate Healthcare business had revenues of £10.6m and turned a pre-tax loss to a profit of £0.4m. Approximately 80 employees will transfer to iSoft.

Comment - This is iSoft's second year as a public company and the second time that it doubled its profits. While other application healthcare systems suppliers have changed direction and decided to concentrate on application service provision in response to government initiatives, iSoft has stuck it out and continues to differentiate itself as a specialist "*application content provider*" and provider of "*light-touch services*", i.e. it is not trying to be an outsourcer.

That is not to say it hasn't recognised that the IT services companies, and in particular, the outsourcers, now 'own' the customer. iSoft already partners with the likes of CSC and EDS and expects such relationships to continue. This is not surprising considering it also believes that "*supplying application content to service organisations for information systems delivery ... under ASP arrangements*" will be a more common approach for specialist software suppliers over the next few years.

We agree with iSoft's approach to this new-look environment. And with the public sector, and more specifically the healthcare sector, one of the only industries looking to replace legacy systems at the moment, iSoft is well placed to take advantage of the growth in the market. In our recently published report on IT services in the public sector, we forecast that between 2001 and 2004 the UK health S/ITS sector would display an AAGR of 28.9%.

[continued from page twelve]

many companies focusing on the smaller enterprises the group reports that sales have held up well.

Touchstone has also sought to expand its range of solutions from the back office (accountancy solutions) to the front office with CRM solutions. It did this through the acquisition of a CRM provider, Chartland Associates, and is already reaping rewards. The CRM division saw software sales increase by 50% to contribute 20% to total revenues.

Whilst the appetite for big software projects is still muted, companies targeting the smaller enterprises are doing rather well. Over the next few years, smaller project services companies will be better placed if they have an industry-specific or technology-specific offering, such as CRM, so Touchstone has done the right thing in bolstering its capabilities in this area.

29% 31p northgate

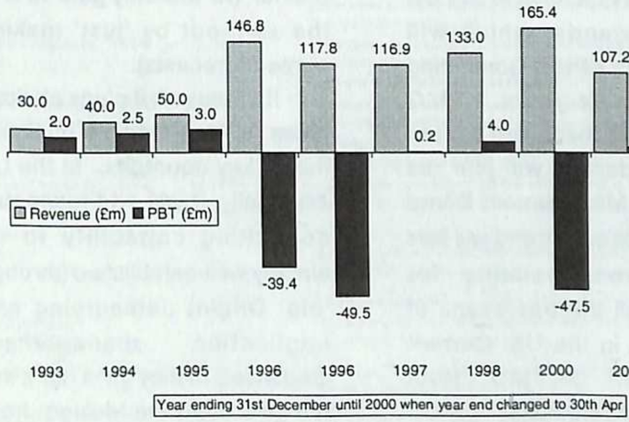
SLIMMER AND MORE FOCUSED

Northgate Information Solutions, supplier of applications, IT services and outsourcing to the public sector, HR and commercial markets, has announced results for the year to 30th Apr. 02, revealing a decrease in turnover of 13.6% to £92.6m. That might not look great at first sight but it is merely a case of 'things having to get worse before they can get better'. Chris Stone has often admitted that in the 90s, Northgate managed to "*minimise its opportunities*". There was just too much going on... but Stone has since set about trying to create a slimmer and more focused business (John Hawkin's undertook a similar (successful) exercise at Anite).

There is no escaping from the fact that the corporate sector suffered as a result of tough market conditions but a lot of the reduction in turnover (down by 38% to £28.1m) was due to the company's intentional exit from its stand-alone hardware reselling activities. Turnover from hardware resale fell by 47% and now contributes just £12m-£13m to total turnover. We can expect to see another drop in hardware resale revenues in FY03 to about £10m, but today, the only commitment Northgate has to supply stand-alone resale hardware is as part of the Police National Supply Contract.

Northgate also announced the disposal of its healthcare business to iSoft in another example of Northgate 'clearing out the cupboards'. Three year's ago, the healthcare business was a loss making, under performing, business. Since then, it has been given a greater degree of focus and moved into profitability in FY02. But as Chris Stone admits, Northgate has its finger in too many vertical markets for a Group of its size, and was unable to invest heavily enough in the business to compete with other major players. In our opinion, the reasoning behind the disposal was sound.

Northgate Information Systems plc
10 year Revenue and PBT Record
Relative to 1993



Both Northgate and iSoft (see page 12) have done well out of the deal. iSoft has significantly boosted its offering, whilst Northgate did well to negotiate a PSR of 3.1, thus adding to its £11.9m cash pile. In addition, Northgate has agreed to enter into a managed service agreement, under which it will provide services to customers as subcontractor to iSoft. We believe the turnover from this deal will be around £2m although this is unconfirmed by Northgate.

Of course what's really impressive about all this is that despite the decrease in revenues, Northgate increased pre-tax profits by 294% to £8.7m. Operating costs were down by 18.7% to £84.1m, highlighting the Group's improved financial controls.

As a result of the disposal, and the expected further fall in turnover from hardware resale, we may have to watch the headline organic revenue growth suffer again in 2003, but revenue from continuing operations is set to look much healthier. In addition, with the funds raised from the disposal of the healthcare business, Northgate is in a good position to make some selective acquisitions, and possibly pick up a bargain or two.

ATOS ORIGIN BAGS ITSELF A PRETTY GOOD DEAL!

French services firm **Atos Origin** has announced it is to acquire **KPMG Consulting** in the UK and The Netherlands for EUR657m of which EUR422m is cash and the balance in bonds redeemable in new Atos Origin shares a year after the deal closes. KPMG Consulting UK has revenue of around EUR400m, about twice that of KPMG Consulting Netherlands. Between them they have 2,800 employees. Atos Origin will set up separate service lines in the UK and Netherlands, which will trade as Atos KPMG Consulting for up to three years. KPMG Consulting UK managing partner Jeremy Anderson will join the Atos Origin Management Board when the deal closes and will also take on responsibility for managing all the operations of Atos Origin in the UK. Current Atos Origin UK MD, Paul Bingham, will continue to lead UK managed services and SI, reporting to new UK CEO Jeremy Anderson. The new management organisation is likely to be in place by the end of this month. Once the new shares have been issued, Atos Origin's major shareholder, Philips, will have its shareholding reduced from 48.6% to 44.9%.

Comment: To cut to the bottom line, we really do think that this is one of the best thought out and elegantly structured deals of its type that we have seen:

· The price looks good (a PSR of c1 representing some EUR 200K per employee), the mix of cash and shares is canny (KPMG audit guys get more cash than shares whereas the consultants get more shares than cash) and the earn-out is far from a 'no brainer' (KPMG only gets 40% of the earn-out by 'just' making agreed forecasts).

· It's focused; it plugs obvious holes in Atos Origin's business mix in key countries. In the UK especially, it will add respected consulting capability to its already well-established (through 'old' Origin) outsourcing and application management credentials. If they get it right, this will give them the 'design' front end that they need to drive the 'build' and 'run' business, which is now the essential formula for winning major deals in the UK.

· Unlike the still ill fitting acquisition of **Ernst & Young Consulting** by **Cap Gemini**, Atos Origin is only biting off a small chunk of KPMG Consulting relative to its own size (Atos Origin has c27,000 employees worldwide and total revenue of cEUR3bn).

· Keeping the consulting activities as a separate line of business for a few years, rather than trying to smash the two cultures together, gives them a much better chance of harmony ensuing.

· And there's no 'faffing about' with working groups trying to decide the meaning of life.

What we are really saying is that if any S/ITS industry acquisition 'deserves' to be successful, then this has to be a prime candidate. There are no guarantees, of course, and even Bourigeaud was chanting the usual mantra that they will be 'in a good position to benefit from the market recovery'. Fortunately for Atos Origin, we don't think that success for this deal is predicated on a major recovery in the consulting & SI market, which is just as well, because as we have told you before, that is just not going to happen.

If we're right, Atos Origin will become a 'new kid on the Tier One block' here in the UK. This should be of special concern to the other major European players like **Logica**, **CMG**, and **Fujitsu**, and also to the US majors.

MBO FOR DELOITTE CONSULTING?

Following on from the news that Atos Origin is to acquire KPMG Consulting (in the UK and The Netherlands), the FT reported this month that **Deloitte Consulting** has decided on a MBO from parent company **Deloitte Touche Tohmatsu**. The article specified that the spin off will happen by the end of the year. Funding for the move is under negotiation, and the consulting operation is expected to announce a new name soon (let's hope its a pronounceable one!). Earlier in the month, Deloitte Consulting, CEO, Doug McCracken had formally announced to the firm's global partners that Deloitte Consulting's Board of Directors had "*unanimously determined*" that the worldwide consulting firm should move forward in the development of a plan to become a privately held company.

Mergers & Acquisitions

Buyer	Seller	Seller Description	Acquiring	Price	Comment
Anite	CME Systems Ltd and subsidiary CME Software Systems Ltd	Software & services for the police force	100%	£950K	Another public sector acquisition! Anite paid £350K up front with the balance payable in two tranches based on OP through to end Apr. 03. CME was founded in '79 and employs 16 staff.
Atos Origin	KPMG Consulting in the UK and Netherlands	Consulting	100%	£420.5m	Atos Origin has picked up 2,800 employees and rev of c£384m with this move. They paid c£270m in cash, with the balance in bonds redeemable in shares after a year. The cash element will be financed by long-term debt.
Azlan Group	European training division of Horizon Technology Group	IT training	100%	max £7.4m	Azlan acquired Horizon's training activities in the UK, Italy, Denmark and Sweden. The business made losses of £0.7m in the year to 31st Dec. 01. The purchase price will be met from cash reserves.
BT	Business and assets of Scoot	Online directory and search engine	100%	£8m	BT paid £5m cash and assumed liabilities of £3m. Assuming shareholder approval for the sale, Scoot will look to set up a new business, return cash to the investors, or a combination of both, within 6 months.
Capita	Three businesses from The Wynchgate Group	Staff absence and related cost management services	100%	max £26.6m18.6	Capita boosts its HR service offering, for the education and health care markets, paying £18.8m up front (in cash, shares and loan notes) and a potential deferred consideration of £8m.
CNT	Bi-Tech	Storage management solutions & services	100%	max EU27.7m	US CNT has acquired Bi-Tech for EU12.3m in cash with a further EU15.4m dependent on performance to 2004. CNT also took on cEU3.7m of liabilities.
Dicom	Dicom Asia Holdings Pte	Distribution & support of electronic data and document capture s/w	40%	£0.9m	Dicom increased its stake in its Asian subsidiary to 80% and has an option to buy the remaining shares (from the management) after 3 years.
GFI Informatique S.A.	Retail Decisions' French subsidiary Retail Decisions (ICE) France SARL	Fuel card management services	100%	c£160K	Retail Decisions sold its French subsidiary (originally acquired as part of the ICE deal in Sep. 00) for c£160K in cash. The operation turned over c£1.7m and made an OP of c£173K in the year to 31st Dec. 01.
Interregnum	ComputerWire Services Ltd	News and analysis on IT sector	100%	£1m	Interregnum acquired ComputerWire through an administrative receivership process for an amount equal to the secured debt owed it of £1.024m and £44K cash.
iSoft	Northgate's Health Business	Software & services for the healthcare market	100%	£33m	Northgate has entered into a Managed Service Agreement, to subcontract to iSoft to support certain customers. Revenue from the division was flat at £10.6m in FY02, with PBT of £0.4m, equating to a PSR of 3.1.
Lastminute.com	The Destination Holdings Group Ltd	Online travel holdiays, & car hire	100%	£12.0m	Lastminute.com raised £8.0m in a placing to fund the acquisition. The balance was paid in shares.
MBO	Fraser Williams Group	SCM software andservices	100%	£14.2m	FW's management team have bought the business for cash, backed by Roayl Bank Development Capital. FW turned over £25m in the year to 31st Mar. 01 - so that's a PSR of just 0.57.
Micromuse UK Ltd	Riversoft	IP network management and monitoring software	100%	£43.3m	The recommended cash offer for Riversoft works out to a 38% discount to its Dec. 00 IPO price of 94p. The buyer is a division of NASDAQ-listed Micromuse Inc.
Online Travel Corporation	Onlinetravel.com from World Travel Partners	Travel website	100%	n/a	OTC bought the website from US-based World Travel Partners for an undisclosed amount.
Private Software Ltd	Actinic	Business and assets of Actinic (e-commerce s/w for SMEs)	100%	£1	Private Software (set up by Actinic's exec directors) acquired the business for £1, and retained £385K cash. Actinic is cancelling its AIM listing and returning 7.95p cash per share to shareholders.
Serco Group	SDC	Healthcare solutions, management consultancy & project management	100%	£2.0m	Serco paid £2m for the small company - a PSR of 1.48 based on rev to end Mar. 02.
Tribal Group	Malcom Judd & Partners (MJP)	Planning & property consultancy services for the education sector	100%	Max £4.9m	Tribal paid an initial consideration of £3.21m (in cash and shares) with the balance dependent on growth in OP in the 3 years to end Mar. 05. MJP made £493K OP on gross fee income of £972K in the year to 30th Apr. 02.
XKO Group	Aran plc	ERP vendor	100%	£2.4m	XKO paid £1.7m in cash, and assumed £700K of debt. Aran is a good fit with XKO's exisiting ERP activities, and the acquisition is expected to be immediately earnings enhancing.

Name	Activity	SCS or Dotcom Index	Index Class	Market	Est Issue Price	Est Mkt Cap.	IPO Date
System-C Healthcare	Healthcare IT Solutions	CSC	SP	TBA	tbc	£36.0m	2002
theoilsite.com	e-procurement exchange	Dotcom	B2B	AIM	tbc	£5.0m	2002
Vecta Corporation	e-business sales software developer	SCS	SP	AIM	tbc	£14.0m	May/Jun 02
Xchanging	Support Services	SCS	CS	MAIN	tbc	£1.0bn	2002

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

AFA Systems plc

	Final - Dec 00		Final - Dec 01	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 - Dec 00		Final - Dec 01	Comparison
REV	£11,312,000		£52,765,000	+366.5%
PBT	-£26,050,000		-£30,090,000	Loss both
EPS	-125.80p		-109.81p	Loss both

AIT Group plc

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

Alphameric plc

	Final - Nov 00		Final - Nov 01	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

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

Anite Group plc

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

Argonaut Games

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

Autonomy Corporation plc

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

Aveva Group Plc

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

Axon Group plc

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

Azlan Group plc

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

Baltimore Technologies plc

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

Bond International Software plc

	Final - Dec 00		Final - Dec 01	Comparison
REV	£9,376,878		£11,365,995	+21.2%
PBT	£1,031,979		£1,256,609	+21.8%
EPS	5.02p		6.11p	+21.7%

Business Systems Group Holdings plc

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

Capita Group plc

	Final - Dec 00		Final - Dec 01	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 - Jan 01	Final - Jul 01	Interim - Jan 02	Comparison
REV	£4,829,000	£13,276,000	£8,725,000	+80.7%
PBT	£61,000	£828,000	£591,000	+868.9%
EPS	0.14p	1.52p	0.90p	+542.9%

Clarity Commerce plc

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

Clinical Computing plc

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

CMG plc

	Final - Dec 00		Final - Dec 01	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

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

Compass Software Group plc

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

Computacenter plc

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

DCS Group plc

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

Delcam plc

	Final - Dec 00		Final - Dec 01	Comparison
REV	£17,011,059		£18,248,122	+7.3%
PBT	£1,642,845		£853,565	-48.0%
EPS	9.60p		9.70p	-50.5%

Detica Group Plc

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

Diagonal plc

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

Dimension Data Plc

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

DRS Data & Research Services plc

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

Easynet Plc

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

ECsoft Group plc

	Final - Dec 00		Final - Dec 01	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

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

Electronic Data Processing plc

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

Epic Group plc

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

Eyretel Plc

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

Financial Objects plc

	Final - Dec 00		Final - Dec 01	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 - Dec 00		Final - Dec 01	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

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

Gladstone Plc

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

Glotel Plc

	Interim - Sep 00	Final - Mar 01	Interim - Sep 01	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

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

Guardian IT plc

	Final - Dec 00		Final - Dec 01	Comparison
REV	£85,186,000		£114,679,000	+34.6%
PBT	-£224,000		-£94,538,000	Loss both
EPS	-5.20p		-136.50p	Loss both

Harrier Group Plc

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

Harvey Nash Group plc

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

Highams Systems Services Group plc

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

Horizon Technology Group Plc

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

Host Europe Plc

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

Hotgroup plc (was Rexonline)

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

iRevolution Plc

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

I S Solutions plc

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

ICM Computer Group plc

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

IDS Group plc

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

Innovation Group plc (The)

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

Intelligent Environments Group plc

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

Intercede Group plc

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

IQ-Ludorum Plc

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

iSOFT Group plc

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

ITNET plc

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

Izodia Plc

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

Jasmin plc

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

K3 Business Technology Group Plc

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

Kewill Systems plc

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

Knowledge Management Software plc

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

Knowledge Support Systems Group plc

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

Logica plc

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

London Bridge Software Holdings plc

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

Manpower SoftWare plc

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

Marlborough Stirling Plc

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

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

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

MERANT plc

	Final - Apr 01	Final Apr 02	Comparison
REV	£215,433,000	£87,068,000	-59.6%
PBT	-£50,046,000	-£55,442,000	Loss both
EPS	-37.90p	-46.60p	Loss both

Mettoni Group Plc

	14 Feb - 31 Dec 00	Interim - Jun 01	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 - Dec 00	Final - Dec 01	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

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

Mission Testing Plc

	Interim - Dec 00	Final - Jun 01	Interim - Dec 01	Comparison
REV	£4,988,000	£10,515,000	£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 - Nov 00	Final - May 01	Interim - Nov 01	Comparison
REV	£413,000,000	£858,500,000	£480,200,000	+16.3%
PBT	£37,400,000	£97,100,000	£2,300,000	-93.9%
EPS	4.70p	13.00p	-0.10p	Profit to loss

MMT Computing plc

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

Mondas plc

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

Morse Holdings plc

	Interim - Dec 00	Final - Jun 01	Interim - Dec 01	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 - Jan 01	Final - Jan 02	Comparison
REV	£157,760,000	£145,987,000	-7.5%
PBT	£2,584,000	£1,889,000	-26.9%
EPS	7.50p	6.40p	-14.7%

Ncipher Plc

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

Netstore plc

	Interim - Dec 00	Final - Jun 01	Interim - Dec 01	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

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

Northgate Information Solutions plc

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

NSB Retail Systems plc

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

Patsystems plc

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

Protogana plc

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

PSD Group plc

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

QA plc (was Skillsgroup)

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

Quantica plc

	Final - Nov 00	Final - Nov 01	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

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

Rage Software plc

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

RDL Group Plc

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

Retail Decisions plc

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

Riversoft Plc

	Final - Dec 00	Final - Dec 01	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

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

Rolfe & Nolan plc

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

Royalblue Group plc

	Final - Dec 00	Final - Dec 01	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

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

SBS Group plc

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

CODASciSys plc

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

SDL plc

	Final - Dec 00	Final - Dec 01	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

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

Sherwood International plc

	Final - Dec 00	Final - Dec 01	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

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

Smartlogik Plc

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

Sopheon plc

	Final - Dec 00	Final - Dec 01	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

	Final - Apr 01	8 months to Dec 01	Comparison
REV	£374,448,000	£220,916,000	n/a
PBT	-£3,547,000	-£15,021,000	Loss both
EPS	-2.39p	-9.15p	Loss both

Staffware plc

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

StatPro Group plc

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

Synstar plc

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

Systems Union plc

	Final - Dec 00	Final - Dec 01	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 - Dec 00	Final - Dec 01	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

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

Terence Chapman Group plc

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

Tikit Group plc

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

Torex plc

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

Totalise Plc

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

Touchstone Group plc

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

Trace Group plc

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

Transeda Plc

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

Transware Plc

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

Triad Group plc

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

Tribal Group Plc

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

Ultima Networks plc

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

Universe Group Plc

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

Vega Group plc

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

VI Group plc

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

Vocalis Group plc

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

Warthog Plc

	Interim - Sep 00	Final - Mar 01	Interim - Sep 01	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

	Final - Dec 00	Final - Dec 01	Comparison
REV	£15,533,000	£12,009,000	-22.7%
PBT	-£251,000	-£6,346,000	Loss both
EPS	-0.67p	-15.24p	Loss both

Xansa plc

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

XKO Group plc

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

Xpertise Group plc

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

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

Holway/SYSTEMHOUSE S/ITS Share Prices and Capitalisation

	SCS Cat.	Share Price 28-Jun-02	Capitalisation 28-Jun-02	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 28-Jun-02	Share price move since 30-May-02	Share price % move in 2002	Capitalisation move since 30-May-02	Capitalisation move (£m) in 2002
AFA Systems	SP	£0.52	£12.2m	Loss	1.50	429	-23.70%	-43.72%	-£3.75m	-£9.52m
Affinity Internet Holdings	CS	£0.79	£23.9m	Loss	0.45	6077	-39.92%	-73.88%	-£15.84m	-£57.77m
AIT Group	CS	£0.33	£12.2m	1.7	0.36	217	-93.40%	-96.11%	-£89.03m	-£157.30m
Alphameric	SP	£0.82	£83.1m	46.1	1.46	374	-14.21%	-25.23%	-£13.83m	-£28.10m
Alterian	SP	£0.44	£17.2m	Loss	4.03	220	-21.43%	-40.14%	-£4.73m	-£11.60m
Anite Group	CS	£0.74	£225.7m	11.3	1.17	433	-13.45%	-56.60%	-£35.05m	-£263.59m
Argonaut Games	SP	£0.36	£34.8m	14.6	7.91	375	-32.71%	-42.40%	-£16.88m	-£22.58m
Autonomy Corporation	SP	£2.65	£337.9m	49.9	9.32	81	-22.06%	-18.96%	-£95.62m	-£73.80m
Aveva Group	SP	£4.05	£68.5m	17.9	2.15	2025	-4.71%	-8.27%	-£3.42m	-£6.20m
Axon Group	CS	£1.18	£29.5m	15.7	0.69	671	-25.40%	-32.86%	-£52.32m	-£60.30m
Azlan Group	R	£1.42	£157.5m	11.1	0.26	615	-10.16%	5.99%	-£14.34m	£11.90m
Baltimore Technologies	SP	£0.06	£30.8m	Loss	0.44	615	-20.00%	-60.66%	-£7.62m	-£47.38m
Bond International	SP	£0.39	£5.5m	5.4	0.48	592	-18.95%	-48.67%	-£1.28m	-£5.19m
Business Systems	CS	£0.06	£4.5m	Loss	0.12	46	0.00%	-59.26%	-£0.17m	-£6.44m
Capita Group	CS	£3.12	£2,097.0m	40.3	3.27	84340	-25.27%	-36.36%	-£709.68m	-£1,133.18m
Charteris	CS	£0.92	£37.7m	30.7	2.83	1017	-21.46%	3.39%	-£4.83m	£5.40m
Clarity Commerce	SP	£0.78	£10.8m	Loss	1.42	624	-1.27%	-14.75%	-£0.20m	-£1.84m
Clinical Computing	SP	£0.31	£7.8m	Loss	3.57	250	6.90%	3.33%	£0.50m	£0.25m
CMG	CS	£1.01	£626.7m	Loss	0.68	2786	-19.52%	-58.44%	-£151.30m	-£862.56m
CODASciSys (was Science Systems)	CS	£3.35	£84.4m	17.0	1.70	2597	-20.24%	-35.58%	-£21.44m	-£46.60m
Comino	SP	£1.54	£21.3m	Loss	1.04	1185	9.22%	-9.41%	£1.89m	-£2.20m
Compass Software	SP	£0.80	£9.3m	20.7	2.16	533	0.00%	-13.04%	£0.00m	-£1.42m
Compel Group	R	£0.78	£24.0m	Loss	0.10	620	-15.76%	-8.28%	-£4.53m	-£2.20m
Computacenter	R	£2.98	£551.4m	15.7	0.26	444	-11.59%	-13.77%	-£72.23m	-£88.03m
DCS Group	CS	£0.24	£5.9m	Loss	0.06	392	-21.67%	-17.54%	-£1.64m	-£1.26m
Delcam	SP	£1.47	£8.8m	13.0	0.48	563	-12.28%	2.45%	-£1.19m	£0.14m
Detica	CS	£3.31	£74.0m	15.9	2.26	828	-10.54%	-17.25%	-£7.60m	-£14.00m
Diagonal	CS	£0.66	£59.0m	10.6	0.71	960	-7.04%	-35.61%	-£4.45m	-£31.40m
Dicom Group	R	£4.48	£93.1m	37.6	0.66	1372	-15.17%	5.54%	-£16.66m	£4.80m
Dimension Data	R	£0.41	£528.0m	17.0	0.36	73	-24.77%	-51.48%	-£173.94m	-£560.00m
DRS Data & Research	SP	£0.23	£8.0m	17.1	0.79	209	1.10%	50.82%	£0.09m	£2.69m
Easynet	CS	£0.85	£52.7m	Loss	1.26	23	-30.61%	-67.80%	-£23.28m	-£111.00m
ECSoft Group	CS	£2.50	£28.2m	Loss	0.48	138	-23.08%	-50.74%	-£8.40m	-£31.15m
Eidos	SP	£1.28	£177.5m	Loss	1.02	6397	-15.23%	-28.89%	-£31.88m	-£72.11m
Electronic Data Processing	SP	£0.37	£9.0m	Loss	0.86	1118	-17.98%	-27.00%	-£1.98m	-£3.60m
Epic Group	CS	£0.55	£13.9m	11.0	1.73	524	-26.67%	-37.14%	-£5.12m	-£8.20m
Eurolink Managed Services	CS	£0.38	£4.0m	14.8	0.48	380	-11.63%	-15.56%	-£0.52m	-£0.73m
Eyretel	SP	£0.43	£65.0m	83.4	1.30	425	-22.02%	-41.78%	-£18.38m	-£46.70m
Financial Objects	SP	£0.40	£15.7m	10.1	0.90	174	-18.37%	-51.81%	-£3.50m	-£16.89m
Flomerics Group	SP	£0.54	£7.8m	23.6	0.61	2077	-35.71%	-32.50%	-£4.37m	-£3.77m
Focus Solutions Group	SP	£0.54	£13.7m	Loss	2.70	274	1.90%	-47.80%	£0.21m	-£12.00m
Gladstone	SP	£0.06	£2.4m	Loss	0.39	144	-32.35%	-58.18%	-£0.84m	-£2.37m
Glotel	A	£0.63	£23.7m	44.6	0.14	325	-1.57%	52.44%	-£0.39m	£8.20m
Gresham Computing	CS	£0.61	£29.4m	Loss	1.19	653	42.11%	135.92%	£8.79m	£16.92m
Guardian iT	CS	£0.80	£55.5m	Loss	0.48	312	0.63%	-48.71%	£0.40m	-£52.64m
Harrier Group	CS	£0.14	£4.0m	Loss	0.23	109	-44.00%	-72.55%	-£3.15m	-£10.20m
Harvey Nash Group	A	£0.62	£33.1m	Loss	0.14	351	-30.51%	-48.75%	-£13.63m	-£2.80m
Highams Systems Services	A	£0.07	£1.4m	Loss	0.08	194	-9.68%	-52.54%	-£0.15m	-£1.52m
Horizon Technology	R	£0.19	£10.8m	Loss	0.04	68	-5.13%	-41.27%	-£0.59m	-£7.60m
Host Europe	CS	£0.02	£16.8m	Loss	1.76	530	-14.29%	-22.68%	-£0.80m	-£3.30m
Hot Group (was RexOnline)	A	£0.29	£7.3m	Loss	3.62	339	-18.57%	-28.75%	£2.66m	£2.00m
I S Solutions	CS	£0.16	£3.9m	22.2	0.36	578	0.00%	-52.31%	-£0.06m	-£4.24m
ICM Computer Group	CS	£2.00	£39.6m	11.4	0.59	1111	-12.09%	-33.33%	-£5.40m	-£19.71m
IDS Group	SP	£0.44	£25.2m	Loss	0.71	489	-9.28%	-8.33%	-£2.57m	-£2.30m
Innovation Group	SP	£0.89	£171.1m	Loss	2.96	389	-42.58%	-75.28%	-£126.86m	-£496.70m
Intelligent Environments	SP	£0.05	£6.2m	Loss	2.00	51	0.00%	-9.52%	£0.00m	£3.10m
Intercede Group	SP	£0.41	£6.6m	Loss	5.56	675	-6.90%	-27.03%	-£0.48m	-£2.45m
IQ-Ludorum	SP	£0.05	£3.8m	Loss	0.63	63	-13.64%	-61.22%	-£0.60m	-£6.00m
iRevolution	CS	£0.14	£6.2m	14.0	0.96	303	-6.90%	-34.15%	-£0.46m	-£3.19m
iSOFT Group	SP	£2.48	£291.2m	32.5	4.85	2250	9.27%	-3.88%	£24.69m	-£11.79m
ITNET	CS	£1.74	£127.2m	13.9	0.72	497	-14.07%	-29.98%	-£20.83m	-£50.73m
Izodia (was Infobank)	SP	£0.49	£28.3m	Loss	7.50	7699	-3.00%	53.97%	-£0.92m	£9.92m
Jasmin	SP	£2.11	£9.9m	12.5	1.40	1407	-18.85%	-16.27%	-£2.28m	-£1.96m
K3 Business Technology	SP	£0.15	£7.6m	Loss	0.95	115	-14.29%	11.11%	-£1.27m	£0.76m
Kewill	SP	£0.22	£16.6m	Loss	0.34	430	-36.03%	-49.42%	-£9.16m	-£16.40m
Knowledge Management Software	SP	£0.02	£2.0m	Loss	0.33	13	0.00%	-85.11%	£0.00m	-£11.54m
Knowledge Support Systems Group	SP	£0.16	£12.0m	Loss	12.00	74	25.00%	-8.45%	£2.41m	-£1.12m
Logica	CS	£2.00	£893.8m	7.4	0.79	2739	-8.26%	-68.75%	-£79.93m	-£1,966.32m
London Bridge Software	SP	£0.83	£140.9m	15.3	1.90	2075	-28.76%	-53.50%	-£56.83m	-£162.00m
Lorien	A	£0.80	£15.6m	8.4	0.11	795	-8.09%	26.19%	-£1.40m	£3.30m
Macro 4	SP	£0.51	£10.6m	5.2	0.23	206	-54.67%	-79.80%	-£12.81m	-£41.90m
Manpower SoftWare	SP	£0.11	£4.9m	Loss	1.76	113	-38.89%	-56.00%	£0.55m	-£1.12m

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Category Codes: CS= Computer Services **SP** = Software Product **R** = Reseller **A** = IT Agency **O** = Other

Holway/SYSTEMHOUSE S/ITS Share Prices and Capitalisation

	SCS Cat.	Share Price 28-Jun-02	Capitalisation 28-Jun-02	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 28-Jun-02	Share price move since 30-May-02	Share price % move in 2002	Capitalisation move since 30-May-02	Capitalisation move (£m) in 2002
Marlborough Stirling	SP	£1.10	£247.0m	17.4	3.37	782	-26.01%	-46.59%	-£86.86m	-£219.70m
MERANT	SP	£0.99	£113.1m	Loss	1.30	476	-1.50%	-10.86%	-£1.78m	-£36.03m
Mettoni Group	CS	£0.08	£3.2m	Loss	0.74	69	-40.00%	-63.41%	-£2.10m	-£5.46m
Microgen	CS	£0.40	£25.7m	7.0	1.22	171	-36.00%	-60.98%	-£14.49m	-£26.43m
Minorplanet Systems	SP	£1.40	£102.5m	34.9	1.94	2859	-37.78%	-53.10%	-£62.16m	-£103.20m
Mission Testing	CS	£0.80	£13.7m	12.4	2.75	293	-20.00%	-50.77%	-£3.50m	-£14.19m
Misys	SP	£2.42	£1,393.0m	16.2	1.62	3011	7.20%	-25.54%	£93.56m	-£478.62m
MMT Computing	CS	£0.94	£11.3m	Loss	0.36	557	-22.08%	-15.00%	-£3.22m	-£2.00m
Mondas	SP	£0.38	£7.5m	Loss	2.00	500	1.35%	36.36%	£0.10m	£2.00m
Morse	R	£1.79	£229.3m	13.6	0.39	716	-19.55%	-5.79%	-£55.70m	-£14.00m
MSB International	A	£0.57	£11.6m	8.7	0.08	300	-22.45%	-32.54%	-£3.37m	-£5.60m
Ncipher	SP	£0.62	£78.5m	Loss	5.46	248	-8.15%	-22.01%	-£6.94m	-£22.10m
NetBenefit	CS	£0.09	£1.4m	Loss	0.21	43	-12.82%	-34.62%	-£0.20m	-£0.72m
Netstore	CS	£0.14	£13.6m	Loss	3.82	95	-13.64%	-28.75%	-£2.10m	-£4.08m
Nettec	CS	£0.08	£8.9m	Loss	0.54	31	11.11%	-31.82%	£0.62m	-£4.62m
Northgate Information Solutions	CS	£0.31	£88.7m	22.0	0.96	119	29.17%	-7.46%	£20.05m	-£7.09m
NSB Retail Systems	SP	£0.19	£60.2m	Loss	0.64	1652	-22.45%	-22.45%	-£17.35m	-£17.39m
OneclickHR	SP	£0.22	£11.9m	Loss	2.05	550	-41.33%	-47.62%	-£8.29m	-£10.20m
Orchestream	SP	£0.06	£8.2m	Loss	0.55	34	-7.41%	-69.51%	-£0.66m	-£18.64m
Parity	A	£0.40	£60.6m	Loss	0.25	6583	2.60%	-19.39%	£1.51m	-£14.57m
Patsystems	SP	£0.09	£11.0m	Loss	1.89	79	-8.11%	-19.05%	-£1.05m	-£2.65m
Planit Holdings	SP	£0.52	£42.8m	16.7	2.24	2146	-3.74%	-6.36%	-£1.60m	-£2.90m
Protagona (was Recognition)	SP	£0.03	£7.9m	Loss	0.89	36	11.11%	-37.50%	£0.00m	-£6.14m
PSD Group	A	£3.83	£96.0m	27.8	1.34	1739	-8.38%	-16.39%	-£8.80m	-£18.80m
QA (was Skillsgroup)	CS	£0.32	£29.4m	Loss	0.53	143	-22.89%	-30.43%	-£8.70m	-£11.20m
Quantica	A	£0.67	£26.1m	11.6	0.78	536	-13.64%	20.91%	-£4.20m	£4.50m
Raft International	SP	£0.05	£3.1m	Loss	0.33	75	-40.63%	-53.66%	-£2.13m	-£3.60m
Rage Software	SP	£0.02	£12.2m	Loss	2.13	58	0.00%	-81.25%	£5.99m	-£18.87m
RDL Group	A	£0.30	£5.9m	6.0	0.14	333	0.00%	-44.44%	£0.00m	-£4.52m
Retail Decisions	SP	£0.05	£14.1m	Loss	0.64	68	-65.52%	-73.68%	-£26.69m	-£15.15m
Riversoft	SP	£0.17	£41.7m	Loss	6.40	184	81.58%	43.75%	£18.71m	£12.70m
RM	SP	£0.74	£69.0m	6.6	0.29	2100	0.68%	-69.05%	£0.51m	-£153.90m
Rolfe & Nolan	SP	£0.67	£9.9m	Loss	0.39	798	-3.60%	-18.79%	-£0.33m	-£1.73m
Royalblue Group	SP	£2.93	£89.1m	17.9	1.34	1721	-26.88%	-52.24%	-£32.70m	-£95.30m
Sage Group	SP	£1.70	£2,147.0m	23.1	4.44	65192	-2.31%	-25.82%	-£50.83m	-£747.50m
SBS Group	A	£0.13	£1.6m	Loss	0.04	130	-7.14%	-39.53%	-£0.13m	-£0.32m
SDL	CS	£0.49	£26.2m	Loss	0.78	327	-20.97%	-27.94%	-£6.96m	-£2.51m
ServicePower	SP	£0.14	£6.9m	Loss	2.16	135	58.82%	-40.00%	£2.56m	-£4.60m
Sherwood International	SP	£0.92	£42.0m	Loss	0.74	3065	-13.21%	-30.30%	-£6.40m	-£17.06m
Sirius Financial (was Policymaster)	SP	£1.43	£25.3m	Loss	1.46	950	-2.73%	46.15%	-£0.71m	£9.70m
Smartlogik	SP	£0.00	£0.7m	Loss	0.01	2	0.00%	-87.50%	£0.00m	-£5.23m
Sopheon	SP	£0.11	£9.2m	Loss	0.66	155	-17.31%	-62.93%	-£1.95m	-£15.57m
Spring Group	A	£0.55	£81.9m	Loss	0.37	606	-14.84%	-29.68%	-£14.20m	-£34.50m
Staffware	SP	£2.78	£39.9m	Loss	1.04	1233	-23.45%	-17.16%	-£12.28m	-£8.28m
StatPro Group	SP	£0.33	£10.6m	Loss	1.72	413	-16.46%	-23.26%	-£2.12m	-£3.30m
SurfControl (was JSB)	SP	£3.98	£119.8m	Loss	7.16	1988	-4.79%	-19.29%	-£6.09m	-£28.70m
Synstar	CS	£0.51	£82.9m	Loss	0.35	309	-8.11%	-26.09%	-£7.26m	-£29.20m
Systems Union (was Freecom)	SP	£0.80	£82.0m	20.3	1.05	612	-14.05%	-4.79%	-£13.38m	-£4.10m
Telecity	CS	£0.08	£16.0m	Loss	1.14	10	-15.79%	-38.46%	-£3.00m	-£10.10m
Telework Systems	SP	£0.11	£19.9m	Loss	1.27	0	-24.14%	-72.84%	-£6.30m	-£53.20m
Terence Chapman Group	CS	£0.16	£11.3m	Loss	0.35	119	-28.89%	-60.98%	-£4.61m	-£17.65m
Tikit Group	CS	£1.13	£13.1m	16.2	1.44	978	-0.88%	-1.75%	-£0.10m	-£0.20m
Torex Group	CS	£6.05	£282.5m	25.7	2.14	11748	-13.57%	-16.84%	-£32.90m	-£37.80m
Total Systems	SP	£0.98	£10.1m	9.9	2.62	1840	0.00%	-25.29%	-£0.04m	-£3.50m
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	11.9	0.92	1238	9.24%	-2.99%	£1.10m	-£0.40m
Trace Group	SP	£0.64	£9.7m	5.5	0.57	512	-7.91%	-32.28%	-£0.80m	-£4.66m
Transeda	SP	£0.05	£3.3m	4.6	0.51	95	-38.71%	-80.61%	-£2.10m	-£13.44m
Transware	CS	£0.13	£4.8m	3.1	0.46	168	-33.33%	-71.11%	-£2.22m	-£10.75m
Triad Group	CS	£0.49	£10.7m	Loss	0.26	363	-32.41%	-47.59%	-£5.10m	-£13.10m
Tribal Group	CS	£2.86	£130.9m	43.3	2.86	1733	-17.34%	-12.00%	-£25.55m	£12.50m
Ultima Networks	R	£0.02	£3.9m	Loss	0.55	49	0.00%	-11.11%	£0.00m	-£0.49m
Universe Group	SP	£0.29	£8.6m	Loss	0.18	1289	-14.71%	-24.68%	-£1.44m	-£2.78m
Vega Group	CS	£0.93	£17.1m	Loss	0.48	762	-9.27%	-33.57%	-£1.74m	-£8.70m
VI group	SP	£0.22	£7.7m	8.3	1.19	430	-12.24%	-28.33%	-£1.08m	£0.15m
Vocalis Group	SP	£0.04	£5.2m	Loss	3.00	39	-44.44%	-46.43%	-£4.17m	£1.98m
Warthog	SP	£0.32	£14.9m	48.5	3.94	733	-18.18%	-25.88%	-£3.31m	-£2.90m
Wealth Management Software	SP	£0.16	£6.7m	Loss	0.56	123	-15.79%	3.23%	-£1.26m	£0.21m
Xansa (was F.I. Group)	CS	£1.04	£339.3m	Loss	0.66	2667	-28.28%	-70.62%	-£133.75m	-£815.28m
XKO Group	SP	£0.39	£10.5m	Loss	0.27	260	-1.27%	-23.53%	-£0.10m	-£3.20m
Xpertise Group	CS	£0.03	£1.8m	Loss	0.34	100	-37.50%	-50.00%	-£1.08m	£0.24m

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THE WORLDCOM EFFECT...

The WorldCom debacle had a profound effect on our S/ITS index this month, sending it falling 13.5% to 3383.27 - the biggest monthly fall since Sep. 01 (when it was impacted by the U.S. terrorist attacks). We are now half way through the year and in that time, the S/ITS has fallen by 29%.

The worst share price performance over the year is from **AIT Group** - its share price has fallen 96% since the beginning of the year. It fell 93% in this month alone following warnings of further revenue and profits shortfalls, and the announcement that it is "*actively pursuing*" a sale of the company - and has already received "*a number of expressions of interest*".

28-Jun-02	
SCSI Index	**3383.27**
FTSE IT (SCS) Index	**468.44**
techMARK 100	**865.50**
FTSE 100	4656.40
FTSE AIM	760.50
FTSE SmallCap	2312.80

SCSI Index = 1000 on 15th April 1989

Changes in Indices	SCSI Index	FTSE 100	techMARK 100	FTSE IT SCS Index	FTSE AIM Index	FTSE Small Cap
Month (01/06/02 to 28/06/02)	-13.49%	-7.63%	-12.65%	-11.34%	-9.03%	-10.63%
From 15th Apr 89	+238.33%	+126.74%				
From 1st Jan 90	+267.71%	+97.14%				
From 1st Jan 91	+377.95%	+115.53%				
From 1st Jan 92	+223.80%	+86.77%				
From 1st Jan 93	+112.30%	+63.58%				+66.71%
From 1st Jan 94	+102.64%	+36.22%				+23.77%
From 1st Jan 95	+125.67%	+51.90%				+32.43%
From 1st Jan 96	+49.80%	+26.21%	+9.66%		-20.23%	+19.12%
From 1st Jan 97	+26.36%	+13.06%	-5.38%		-22.09%	+5.94%
From 1st Jan 98	+11.47%	-9.33%	-9.28%	-53.16%	-23.34%	-0.02%
From 1st Jan 99	-14.16%	-20.84%	-40.56%	-67.60%	-5.13%	+11.68%
From 1st Jan 00	-70.51%	-32.81%	-77.10%	-87.40%	-60.65%	-25.34%
From 1st Jan 01	-59.59%	-25.17%	-66.26%	-75.97%	-47.11%	-27.34%
From 1st Jan 02	-29.49%	-10.75%	-41.23%	-44.52%	-15.29%	-10.33%

End Jun 02	Move since 1st Jan 99	Move since 1st Jan 00	Move since 1st Jan 01	Move since 1st Jan 02	Move in Jun 02
System Houses	-30.2%	-72.8%	-63.4%	-34.1%	-16.7%
IT Staff Agencies	-65.7%	-70.2%	-52.5%	-14.3%	-11.0%
Resellers	13.8%	-45.2%	-27.5%	-19.3%	-12.8%
Software Products	31.0%	-68.5%	-77.1%	-26.3%	-12.1%
Holway Internet Index	131.2%	-71.9%	-58.7%	-25.2%	-12.9%
Holway SCS Index	-14.2%	-70.5%	-59.6%	-29.5%	-13.5%

But the H102 has also seen a number of the higher quality stocks suffer. **Xansa**, **Logica** and **CMG**, have seen their share prices fall by 71%, 69% and 58% respectively since 1st Jan. 02. The best performance this year has been from **Gresham Computing**. Its share price has risen 136%. To say that it has bucked the trend is an understatement. It begs the question whether they may be an acquisition target... we will watch their progress with interest. Another interesting 'good performer' is **Atlantic Global**, which floated in June last year. It is the only IPO from the past year that is still showing a premium to its float price.

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