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ovum HOLWAY

SYSTEMHOUSE

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

HEALTH CHECK

Last September, it was announced that Richard Granger was to be appointed as Director General of NHS IT. Media headlines concentrated on his £250,000 salary – making him the highest paid civil servant. Even so he took a pay cut from his job as a senior partner at Deloitte Consulting. He came with an excellent record of success in implementing IT-related projects. His last project at Deloittes was the London Congestion Charging System. Rod Aldridge from Capita told us that Granger had been pivotal in the obvious success of this project.

Important as London Congestion Charging was, it pales in comparison to the importance and size of the challenge at the NHS.

MR NASTY?

This month we had the opportunity to meet Granger face-to-face in private. We did our research thoroughly before the meeting. The media had described him as *"Mr Nasty from Richmond House"*. Our top level contacts in the industry seemed equally scared with everyone going out of their way to ensure that nothing they said to us could possibly be traced back to them. Their comments had echoes of President Bush's *"you are either with us or against us"*. They felt that any criticism of any kind would reduce their chances of getting on the all-important shortlist – let alone winning the business. As these same people were saying to us that the NHS IT project now bore all the hallmarks of an IT disaster just waiting to happen, this attitude was just a little alarming!

THE PROJECT

Let's just remind ourselves what the project entails.

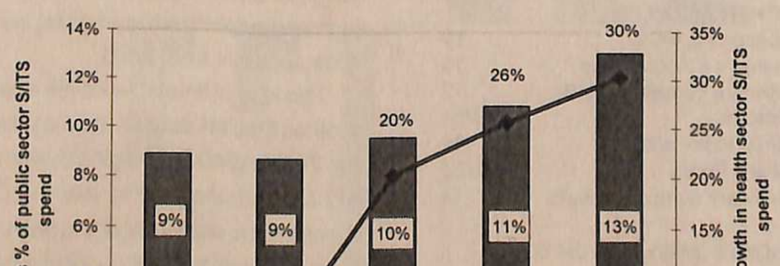
The National Programme for IT in the NHS (NPfIT) comprises four main projects and has some £2.3bn allocated to it over the next three years. These projects are the integrated care record service (ICRS), an electronic appointment booking system, a system for the electronic transfer of prescriptions (ETP) and an underpinning IT infrastructure comprising two elements: a centralised directory and e-mail system and a national NHS broadband network, to be known as N3.

The first two of these projects have been getting the most press. The tender process for the ICRS, which will eventually enable electronic access to a patient's records anywhere in the UK, began with an OJEC notice in Feb. 03. Almost 100 companies or consortia of companies put themselves forward as potential Local Service Providers (LSPs) or National Application Service Providers (NASPs) for the ICRS project. This list was whittled down to 22 would-be LSPs and 8 potential NASPs at the end of May.

Granger's team are due to award ICRS contracts to five LSPs (on a regional basis) and one NASP by Christmas this year. Each LSP will provide the Strategic Health Authorities in its region with a range of applications, systems and services, integrating or replacing systems as needed and managing legacy systems. The NASP will run the national "data spine" for the project – BT, Lockheed and IBM are rumoured to have made the shortlist for this contract.

The electronic appointment booking system will, in theory, enable England's GPs to book appointments directly with a hospital and give patients a choice of date, time and place. Three companies were short-listed for the contract to design and build the booking system in May and the contract is due to be awarded in Sep. 03.

Forecast growth in health sector S/ITS spending



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MR BIG?

Public sector IT spend is the ONLY UK IT sector to show any growth at the moment. And within that, the NHS is the place to be. Granger's project will mean that NHS' share of public sector IT spend will rise from 9% in 2002 to 13% in 2006.

In a "challenging" IT marketplace, getting a share of that cake REALLY matters to all the players.

But, just as the NHS IT budget and associated opportunity is big, so you need to be big to have a chance of competing. Indeed a glance through the short-listed contenders shows it only consists of the likes of IBM, EDS, CSC, Accenture and all the other big players. Indeed, one of the few "small" players on the list is iSoft and this month they have more than doubled in size by acquiring Torex. We have no doubt that increasing their chances of winning a share of the NHS IT budget was a major – if not THE major – reason for this merger. We confidently anticipate that we will see several similar mergers occasioned by this new NHS IT spend.

We also have no doubt that the smaller players will be the major losers in the next period. At the moment, NHS IT has more small IT suppliers than any other sector we can think of. It would appear that almost every GP's system has been built by some "Ma and Pa" cottage IT company. Most of these will not be in business in a few years time as Granger's plans make no room for these myriad different systems. Those that do survive will have to make do with roles as subcontractors to the major players.

Indeed, Granger's NHS IT project might be seen, in a few years time, as having been one of the major catalysts for changing the supplier landscape of the UK's S/ITS sector.

MR PASSIONATE?

Whatever critiques you read about the NHS IT project, there is no one who seriously doubts the benefits which it could bring. Instant access to your medical records whilst you are lying on a stretcher in some remote A&E department would seem an unarguable benefit! At the moment 12% of all patients change GPs in any one year. In most cases, even if records are on a computer, they are printed onto hard copy, sent to the new GP who inputs them into their system all over again!

We could go on about all the other benefits...*and when you meet Granger that's exactly what he does do!* Nobody could ever doubt Granger's passion for getting this job done.

One man's passion is another man's invasion of privacy, another's confidentiality abuse waiting to happen, another's Big Brother spying on your most intimate of details. Are you really sure that that drink problem you admitted to your doctor and is now forever in your patients record, won't find it's way to your insurance company or even your employer? People seem to have few problems gaining access to the DVLA system. Regardless of all the assurances, why should we feel that won't happen to the ICRS?

MR IN A HURRY?

Granger is a Man in a Hurry. His achievements already in his first nine months at the NHS rival some others in their first nine years! He's done this by setting very tight deadlines...and some equally painful penalties. For example, he gave suppliers about a month to respond to the c500+ page LSP Output Based Specification which closed at the end of June. Suppliers had to provide their design for an LSP system for a mythical health authority. The shortlist is expected soon and systems will start going live in Q2 2004. Granger expects real results to be apparent from 2005.

This kind of timetable leaves little room for consultation and it's this, above all other, that has caused the most flack from users and suppliers alike. Unlike, say, the Congestion Charging System, the NHS IT project relies on user consent. You can't choose not to pay the CC fee. Doctors and patients alike CAN choose not to use Granger's system. Every patient will have to actively consent for their records to be stored on the "spine". If doctors do not see the advantages they cannot be forced to abandon their current systems.

On the other hand, looking back through our archives shows that this kind of system was first discussed as far back as the 1970s – maybe even earlier. It really is about time we got on with it!

And, there again, is there really any evidence from other projects that, say,

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OTHER ARTICLES

INDICES (changes in Jul 03)

Holway S/ITS	12.6%	4022
Holway Internet	3.9%	2763
FTSE IT (SCS)	14.0%	468
techMARK 100	10.3%	855
Nasdaq Comp	6.9%	1735

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a five-year consultation period would actually improve the chances of eventual success? We doubt it.

Although our contacts in the industry are very worried and critical about the pace, when asked to choose they all said *"the benefits of speed outweigh the disadvantages"*. They would prefer the pace was maintained. **Now whether that was because they had order books to fill and staff to pay this year is another matter!**

MR GAMBLE?

One senior industry contact said to us that *"if Granger only wastes half of his £2.3b, it could still be classed a success"*. On the surface, that seems an amazingly flippant statement to make about such a huge amount of taxpayer's money.

But if the half that wasn't wasted actually provides just half of the benefits on offer by 2006/07, we could see the logic of claiming success – particularly in relation to many of the other IT disasters we have witnessed of late.

NHS IT is the biggest show in town at the moment. **It is already changing the shape of the UK S/ITS sector. More players in our sector will see their fortunes affected – some positively, but most of the smaller ones negatively – by this project over the next three years than any other past or present IT project that we can think of.**

If NHS IT turns into yet another disaster, or just fails to deliver, it will have a huge affect not just on the industry as a whole but for all of us as patients too.

We are not exaggerating when we say that Granger's success or failure is probably more important for our sector than anybody else's we can think of right now.

However big the gamble, it's one we hope we will all win.

For detailed information on the NHS and other Public Sector IT opportunities see Ovum Holway's Public Sector Report 2003.

HOLWAY COMMENT

REVENUES FOR VANITY, PROFITS FOR SANITY

I seem to have spent much of my life producing forecasts which were initially out of odds with everybody else's. But this month, there seems to be one forecast we all agree on.

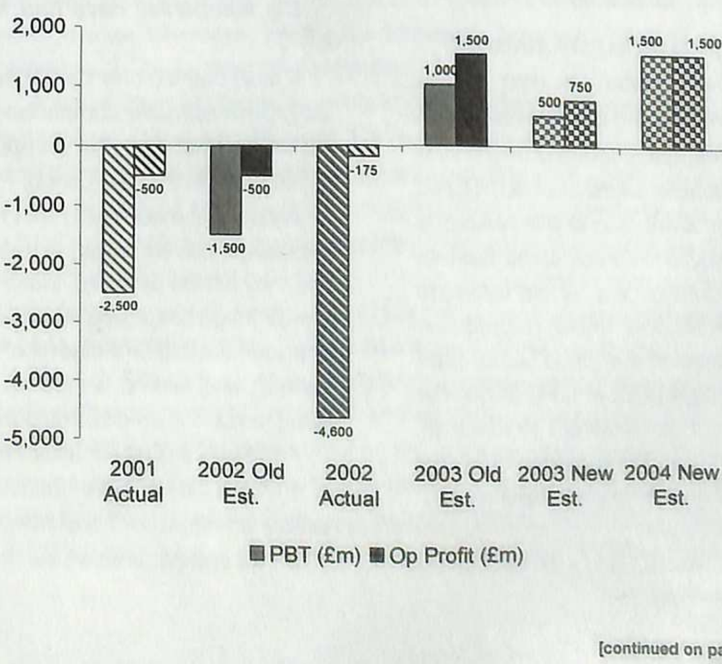
A year back, we forecast a 2% decline in the UK S/ITS market at a time when our market research competitors were forecasting between a 5 - 12% increase. The actuality was a 4% decline.

On profits, a year back we forecast that the record combined £2.5b Loss before Tax record in 2001 would continue into 2002 but would be reduced to £1.5b as goodwill writeoffs petered out. We forecast continued operating losses too.

This was somewhat at odds with another set of forecasters – the analysts at the brokers. At that time the consensus broker view (Multex Global Estimates Mid June 02) was for a return to collective profits in 2002 and thereafter a pretty impressive 70% profits growth in 2003.

The actuality was very, very different. Goodwill writeoffs actually accelerated so that the UK S/ITS companies actually reported a £4.6b Loss before Tax and a c£175m operating loss.

Note: As in every other year, just one company made a huge difference. In 2002, UK-quoted Dimension Data (DiData is a South African-owned and, frankly a fringe player in our S/ITS space) reported a Loss Before Tax of £1.7b and an operating loss of £450m. Which means that, excluding UK S/ITS companies actually made a small operating *profit* of around £250m-£300m –



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somewhat under an aggregate 1% operating margin. On the other hand, DiData made a LBT of £1.1b in 2001 which had a huge effect on the £2.5b total then. But the trendline is pretty much the same whether they are included or excluded for both years.

SECTOR TO RETURN TO PROFITS IN 2003

But, at long last, our own forecasts and those of the brokers (Multex Global Estimates Mid June 03) now agree for 2003. We are **both** forecasting a return to collective profitability at both the PBT and operating levels.

But before you get too excited, at a collective c£750m that's still a pretty miserly operating profit margin of <3% - and under half the kind of margins consistently reported for most of the 1990s. To be blunt, most observers weren't too impressed with the 5-6% margins then either! But we do at least see these levels returning in 2004 and beyond.

It's not just on this side of the pond either. Analysts in the US are forecasting similar growth in earnings in 2003 for quoted technology companies there too. Indeed, it is these forecasts which are currently fuelling the mini rally in IT shares. Our own S/ITS Index is up 48% this year so far.

BUT IS THIS SUSTAINABLE?

The problem is that all the researchers and brokers now seem to agree that revenue growth in the foreseeable future will be modest, at best. A return to profits has come about quite simply by some massive cost cutting. We would estimate some 50,000 fewer people are employed in the S/ITS sector than at its high point in early 2000. On top of that, costs are increasingly being cut by moving offshore therefore offering little relief for UK-based IT staff.

If profit growth is to be sustained in a modestly growing market, then costs will have to be cut year-after-year. Indeed, just like the CIOs are telling us that their IT budgets will be cut year-after-year.

Cutting costs in a one or two year blitz is one thing. Sustained cost cutting over a long period is much more difficult. Indeed, our S/ITS sector has no previous experience of this.

PROFITS GROWTH RUNS OUT OF STEAM BY 2006?

For that reason, we would suspect that the current profits growth will run out of steam by 2006. Perhaps by then we will see a sector with revenues growing at 2-3% in real terms (ie cGDP growth) with profits growing at most about twice that – 4-6%. That still implies some pretty impressive productivity gains.

The problem is that that kind of performance really doesn't justify P/Es of 15 (the current average for the profit making companies in our S/ITS Index). It certainly doesn't justify the P/Es of 50+ seen in the frenzy days of 1999/2000. It more likely sees the "high single digit" P/Es you'll find in other mature sectors.

DIVIDENDS AND RETURNING CASH TO SHAREHOLDERS GAINS ACCEPTANCE

As we have said before, we see dividend yield playing a much more important part in any investment in our sector. Yields of 5% should not be uncommon.

Indeed, since we last wrote about dividend yield (**SYSTEM**HOUSE Oct 02), many of the majors have either declared that they will pay dividends for the first time or have greatly increased their dividends. US tax changes have helped. As has the realisation that, in a modest growth market, there really are only two things you can do with a multibillion cash hord:

- undertake some large and therefore risky acquisitions
- return the cash to your shareholders by way of a dividend of some kind.

GOOD NEWS?

So is this, at long last, a good news article from Holway?

The pretty universally agreed forecast that our sector will return to profitability is obviously good news. Easy to understand from one who has always believed that it's *"revenues for vanity but profits for sanity"*.

Whether it is good news for valuations or even for the medium long term sustainability of the current rally is quite another.

POSTSCRIPT

Big companies have had their day – Financial Times Headline 14th July 03

It is, of course, only the larger companies in our sector which have gone "ex-growth". Smaller companies have been somewhat out of fashion of late. But it is the smaller companies operating in niche sectors which will be the really exciting area in the next period.

Although consolidation will involve the largest companies too, selling out to the larger players is likely to be the exit route of choice for smaller companies – be they private or public. Indeed a "small meal taken often", rather than the one-off mega binge, has long been our prescription for the avoidance of the dreaded "acquisition indigestion". So buyers, with pots of cash but moribund markets, and sellers, with niche products and services but no IPO market willing to provide an exit, could well find satisfaction in the next period.

And that's a pretty unusual Holway viewpoint. Ie:

1 – it's a very positive outlook for the many smaller niche players that we number amongst our subscribers

2 – it's another area where Holway and the analysts at the brokers agree!

27%
86p

VEGA

VEGA RESULTS REFLECT THREE YEAR TRANSITION

Shares in **Vega Group** rose 27% to 86p this month following the release of its preliminary results for the year ended 30th Apr. 03. Here are the headline figures:

- Turnover was static at £35.6m. Organic growth from continuing operations was 4%.

- Before goodwill amortisation and exceptionals, operating profit increased by 19% to £2.0m. The same figure for continuing operations was up 43% to £2.2m.

- LBT deepened to £8.7m from £763K. This was affected by goodwill amortisation and impairment totalling £4.8m, as well as exceptional items totalling £5.6m (including a £4.7m loss on disposal of non-core Dutch process automation subsidiary and loss of £0.9m related to the office closures and redundancies in the UK).

- Loss per share was 48.51p compared to 3.53p in 2002.

- Forward order book £38.6m (2002: £37.8m from continuing operations).

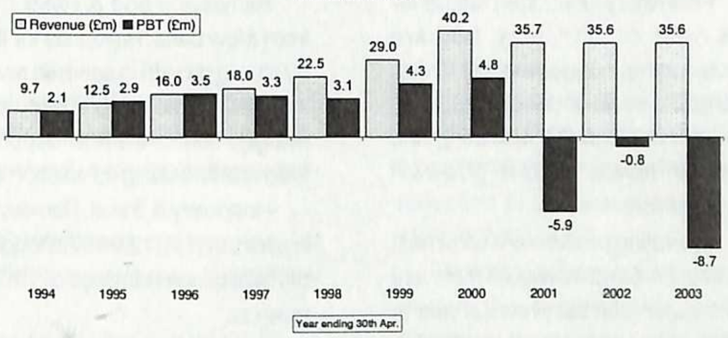
- Turnover in the space division rose 11% to £16m but operating profit fell 29% to £920K.

- Turnover in the government and defence division inched up 1% to £18.9m and operating profit more than tripled to £1.6m.

Commenting on the outlook, Andy Roberts, Chairman, said, "*We have a strong backlog of orders that gives us good forward revenue visibility. In addition, the work we have been undertaking on building our market position and reputation will help us to compete for new contracts. We believe that these factors will allow us to continue to focus on operating margins and revenue growth which will in turn lead to enhanced returns for our shareholders*".

Comment: These results warrant more explanation outside the headline figures. Phil Cartmell, CEO, joined Vega in May 01 and has spent the last couple of years instigating a number of changes. A couple of his objectives stand out. Firstly at the time of his joining, Vega's three businesses (focused on the verticals of Space, Government & Defence, and Commercial) were operating pretty much independently with little integration. This needed to be rectified and indeed synergies are now being realised. Secondly Vega needed to leverage its core strength, particularly its IPR, and start offering higher value-add services. Again, Vega's business now consists of some legacy lower margin work mixed with higher margin consultancy. Cartmell summed up the changes that had been made by stating that Vega was now a more "*professional and dynamic*" organisation.

Vega Group Plc
10 year Revenue and PBT Record
Relative to 1994



The latest results reflect this transition. It reveals operating margins (from continuing operations) up from 4.6% to 6.2% as well as a continuing decline in net debt, which fell from £5.6m to £4.3m over the year. Much of the trebling in the operating profit of the government and defence business (to £1.6m) can be attributed to increasing revenue per head. Vega now claims to be able to command a day rate on par with some of the 'big' consultancies.

The progress made is not to be sniffed at, but there's still a long way to go, particularly if the Group is to hit its target operating margin of 10-12%. A natural extension of Vega's current activity has been a move into the rest of the public sector market. It increased revenues won through the government's IT services catalogue, S-Cat, by 4x in the past year.

A raft of other opportunities exists in cross selling in different geographies and sectors. The potential is great. For example, its simulation skills, which are used to mathematically model the progress of satellites, have the potential to be used to tackle business process improvement in the commercial sector, and its procurement advice and consultancy skills, which are mainly used in the defence sector, have the potential to be sold into both the commercial and space sectors. There is also the possibility of further increasing its continental European activity outside of the space sector. This is just a sample of the possibilities.

The only fear we have with regards to a rapid expansion of Vega's business, particularly in continental Europe, is that it will spread itself too thin. **Detica** turns over c£40m a year, i.e. almost exactly the same as Vega, yet withdrew from Europe a couple of years ago to concentrate on the huge public sector potential in the UK (the strategy has proved successful). For Vega, the difference is that the Group's core market is by definition pan-European so it is necessarily active

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there. As a result, it would in many ways seem sensible to leverage this position. But keeping all its balls in the air will need strong management. Cartmell has done a sterling job so far and in the shorter-term things are looking good. The order book for revenues recognisable in 2004 already totals £21.5m (up from £18.5m).

SIGNS OF PROFITABILITY AT RAMESYS

We met with **Ramesys'** management team earlier in the month (Gordon Matthew, CEO, Richard Wingfield, Group Finance Director and Sarah Smith, Group Marketing Manager) to discuss the VC-backed software and managed services provider's 2003 results.

Preliminary, unaudited results for the year to 31st May 03, are encouraging, suggesting the Group has got its costs under control and is now profitable at the operating and pre-tax levels before goodwill amortisation.

Operating profits were up almost 75% to £4.8m on revenues that were c5% lower than the previous year at £59.9m. Before tax and amortisation, Ramesys made a profit of £1.5m, a considerable improvement on last year's c£2m loss thanks to the balance sheet restructuring carried out last year, which reduced the Group's interest payments by c£2m/yr. It was only c£5.3m of goodwill amortisation that pushed the company into the red to the tune of £3.7m at the bottom line.

For the group as a whole, managed services revenues grew by 16%, with successes in a number of markets including education and construction.

The Education & Commercial operating unit grew total revenues by 2% to £28.2m, but this nominal growth masked considerable variations by business activity. Software and recurring revenues were up by 13% and 16% respectively. But services revenues suffered a 27% fall, which Matthew attributes to strong pressure on day-rates in the education sector. Nevertheless, Ramesys is well placed to sustain and grow what it believes to be a market leading position in the UK market for Managed Learning Environments (it claims to have 51% of the current addressable market). It also intends to exploit its partnerships with Microsoft, Macromedia and Cisco.

Revenues at the Construction Services business fell 15% to £14.1m, c24% (2002: 26%) of total revenues, while gross margins at this division dropped by 9% to £12.1m. This business also reported the highest operating margins of the Group at 16%.

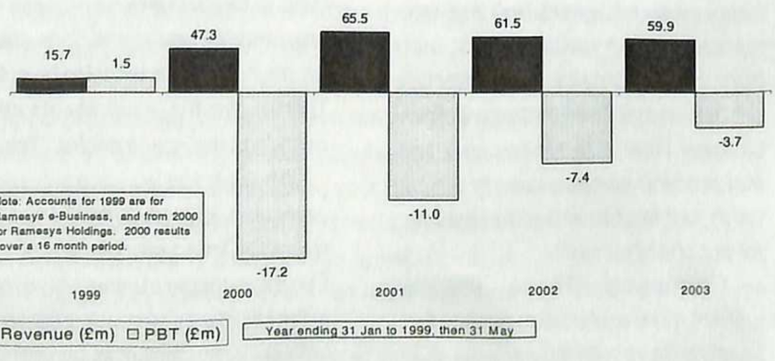
Ramesys' Food & Retail business exhibited the strongest growth, albeit from a low base. Revenues for this business were 13% higher at £4.7m, helped by strong growth in services revenue in this sector (up 30% on 2002 to £1.9m). In retail, Ramesys is clearly benefiting from its leadership position in the management of the retail supply chain – it claims to have four of the top ten UK food retailers using its solution and to be in discussions with two more.

Hospitality & Travel, Ramesys' cash cow business, witnessed a 12% decline in revenues to £12.9m. Although it is a mature business with operating margins of 7%, it brings Ramesys c£1m in profits and is a useful source of solid, recurring revenue.

As for the balance sheet, debt restructuring has improved Ramesys' liquidity but there is still room for improvement. The Group's current ratio (the ratio of current assets to current liabilities) was on the low side at 1.07 as at 31st May 03, as was interest cover (the number of times operating income covers interest charges) at roughly twice.

Looking ahead, Matthew is forecasting 2003/2004 profits for the Group will be 8% higher than 2002/2003 levels on revenues that he predicts will grow by c5%. We believe Ramesys is indeed well placed to exploit opportunities in its three areas of strategic focus – education, managed services and the retail supply chain. But, in doing so it will have to keep a very close eye on costs and cash generation.

Ramesys Holdings
5 year Revenue and PBT Record
Relative to 1999



38%
46p

ANITE: OUTPERFORMING THE MARKET

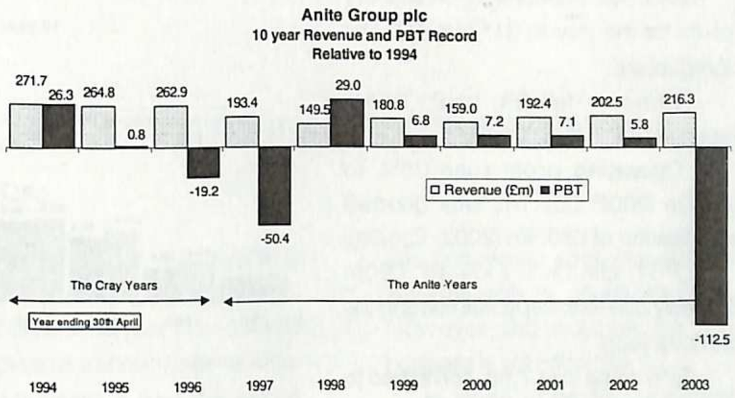
Mid-sized software and IT services player **Anite** has released its results for the year to end Apr. 03. The headlines were as follows:

- Revenues from ongoing businesses up 10% to £209.3m. Total revenues were up 8.2% to £216.3m.

- Total operating losses of £92.1m after goodwill amortisation and exceptional items of £113.1m (2002: operating profit of £4.0m).

- Total losses before tax of £112.5m after goodwill amortisation and exceptional items of £131.1m (2002: PBT of £5.8m).

- Loss per share of 34p, compared to 0.6p in the year to April 02.



Commenting on the outlook, David Thorpe, interim Chief Executive, said: "*The current year has started slowly but in line with our expectations. As markets remain tough with no immediate signs of improvement, a similar trading pattern to last year is expected in the current year.*"

Comment: It is nigh on impossible to talk about Anite as one business, not least because it comprises a plethora of acquisitions made over the last few years. Even at the highestd exceptional items):

- **Public Sector:** Revenues were up by 36% to £74.7m and by 16.5% on an organic basis. It was the worst performing business in terms of profitability, breaking even over the period compared to a 9.5% profit margin a year previously.

- **Travel:** Revenues were up by 7.4% to £32.0m but declined by 11.2% on an organic basis. Profit margins of 21.3% compared to 19.5% in FY02 reflected the swift integration of the FSS business acquired in Dec. 01.

- **Telecoms:** Revenues were up by 4.5% to £37.1m with no acquisitions affecting the results. Profit margins were down from 32.7% to 20.7% as profits from Anite Calculus – the billing systems business that contributes just 10% of revenues (compared to 90% from the wireless testing business) - fell for the year as a whole. In general margins were also affected by "*extreme*" pricing pressure.

- **International (primarily consulting):** Revenues were down 6.4% and down almost 10% on an organic basis reflecting general conditions in the consulting market. Luckily, this business is focused on IT consulting rather than strategy consulting otherwise things could have been a lot worse. Profit margins were down from 17.6% to 14.7%. In addition, the German business, GMO, which was sold to its management team, lost nearly £8m in the eight months prior to disposal.

In terms of revenue performance, Anite has outperformed the market. And in the toughest areas of travel, telecoms and international consulting, this had been achieved whilst maintaining respectable double-digit margins. It is the public sector business, the one area that should be the simplest to manage that is causing Thorpe the most sleepless nights. Both Thorpe and Christopher Humphrey (FD) are new to their roles in 2003 and have been confronted with a public sector business with problems resulting from "*management structure, poor integration of acquisitions, significantly higher levels of development spending and other costs and delays in the completion of products in the local government area*"... which have all removed profits from the business. The turnaround programme will include a reduction in headcount of 100 or 13% in 2003/2004.

Whilst the public sector business poses the biggest immediate problems, there is also a lot to do across Anite as a whole if it is to live up to its full potential. Anite consists of 104 legal entities and the aim is to reduce this to 25 so there is a lot of integration work to be done. It is also looking to improve the balance of its portfolio to be more heavily weighted towards services. Only 21% of the revenues from the public sector are services-related. It is also good to hear that the focus will be firmly on profitability and cash flow.

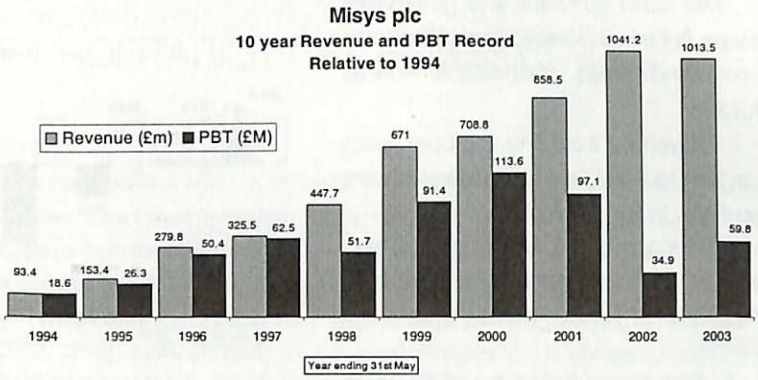
In summary, Anite has a lot going for it. A mix of mission critical software applications for niche markets supported by recurring managed services revenues is a strong proposition (just as **Northgate Information Solutions** has found). Making the most of this will not be a small task but David Thorpe has taken the bull by the horns. We must now hope that the new CEO (whoever that might be) takes on the challenge with the same enthusiasm.

6%
272p

MISYS - THE GOOD, THE BAD AND THE UGLY

Misys has announced preliminary results for the year to 31st May 03. The highlights are:

- Turnover fell 3% to £1,014m (restated 2002: £1,041m)
- Operating profit rose 35% to £70.2m (2002: £52.1m) after goodwill amortisation of £59.9m (2002: £56.9m)
- PBT climbed 71% to £60m (primarily due to exceptional items in the previous year)
- EPS came in at 7.9p, compared to 3.7p in 2002.



Not surprisingly, the healthcare division recorded the best performance, with a 4% increase in turnover to £298m and a 24% increase in statutory operating profit to £26m. The business benefited from the acquisition of Hospital Systems (formerly Sunquest) in the previous year, contributing revenues of £15m and operating profit of £2m.

In Banking and Securities, "*market conditions continued to be difficult*". Revenues dropped 8% to £278m, but operating profit managed a 13% increase to £44m. Initial Licence Fee (ILF) revenues dipped 1% to £78.6m, maintenance fees rose 1% to £125.1m but professional services fell 27% to £64.8m.

Revenues from Financial Services fell 3% to £438m, although profit rose to £4.6m from £0.1m primarily as a result of the additional periods of contribution from DBS through the year. The division suffered from a 13% decline in the number of registered financial advisors (RI), brought on by uncertainties surrounding the changes in the regulatory regime and by member firms removing poor performers. The effect of this reduction was partially offset by the growth in some new higher margin revenue streams and other changes that had the effect of improving margins in the core business.

Commenting on the results, Executive Chairman Kevin Lomax said: "*Although market conditions remained challenging throughout the year, we were able to improve profitability while at the same time pursuing major initiatives in each division to expand and re-position within our target markets*". On the outlook, he said: "*Taking the trading performance of the Group as a whole, we expect to make further progress in the current year. However, this improvement is likely to come through in the second half*".

Separately, Misys announced the intention of Ross Graham, corporate development director, to retire on 31st Dec. 03. When Graham leaves, Jasper McMahon will head up the company's strategic development activities with combined responsibility for business development and corporate development.

Comment: The briefing was a rather more muted occasion than previous briefings and, not surprisingly, Lomax made no mention of the company's strategy of "*sustainable mid-teens growth*"... But it wasn't all doom and gloom. Misys has benefited from its diverse business mix, with the US healthcare business partially mitigating the inexorable declines in the banking division.

The US based healthcare division is profiting from the move to electronic records and as such is "*relatively insulated*" from movements in the overall economy. Lomax reported the business "*was well positioned for continued growth*". As an aside readers will recall that Misys sold its UK healthcare division to iSoft in Feb. 01 but it still has some UK contracts for its Laboratory Information System software (LIMS). When pressed on whether Misys would pursue opportunities in the UK healthcare market, Lomax replied that he wasn't convinced that the spending on the rollout of IT in the NHS would happen when it was supposed to. Besides, the opportunity in the UK market is "*minute*" when compared to the US – clearly Misys has bigger fish to fry.

In Banking and Securities, Misys isn't expecting "*any significant upturn in demand in the current year*", despite increasing levels of activity. Misys does foresee some improvement in H2 in professional services mainly as a result of the strategic review that was implemented in Apr. 03. In addition, there will be some service revenue to flow through in H2 04 from contracts

Misys FYE: 31st May	Turnover £m			Operating Profit £m			Margin	
	2003	2002	Change	2003	2002	Change	2003	2002
Banking & Securities	278.1	303.2	-8.3%	43.8	38.5	13.8%	15.7%	12.7%
Healthcare	297.9	286.0	4.2%	26.6	21.2	25.5%	8.9%	7.4%
Financial Services	437.5	452.0	-3.2%	4.6	0.1	4500.0%	1.1%	0.0%
Group				-4.8	-7.7			
Discontinued operations					0.4			
TOTAL	1013.5	1041.2	-2.7%	70.2	52.5	33.7%	6.9%	6.9%

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that were closed in late FY 03.

In Financial Services, Misys is expecting to see a further decline in RI numbers, although other revenue streams are likely to mitigate the decline in revenue income. There is no change in the strategic plan for flotation, but, given the uncertainty in the IFA sector and current market conditions, the float will be delayed. This still leaves Misys with the difficult juggling act of maintaining momentum in the IFA business and controlling investment to ensure that it's an attractive proposition when it is finally sold/floated. Misys clearly has plenty to keep it occupied in the coming year.

20%
33p

NORTHGATE CONTINUES TO DEVELOP CORE BUSINESS

Northgate Information Solutions has announced its full year results to 30 Apr. 03. Chairman Nick Irens summed up the company's current position: "*These are good results given the difficult market climate this year. We achieved an excellent price for the health business, which gives us a strong balance sheet with which to target selective acquisitions. The business is now focused on market segments that offer good growth prospects, and we have funds to enhance our position in each of these areas*".

The sale of the health business to **iSoft** for £31.4m in Jul. 02 has been fundamental to Northgate's progress over the last year. While Group turnover decreased by c8% to £85.2m, this does little to reflect the performance of the core business that remains following the disposal. Turnover from continuing operations fell only marginally from £84.5m to £83.3m.

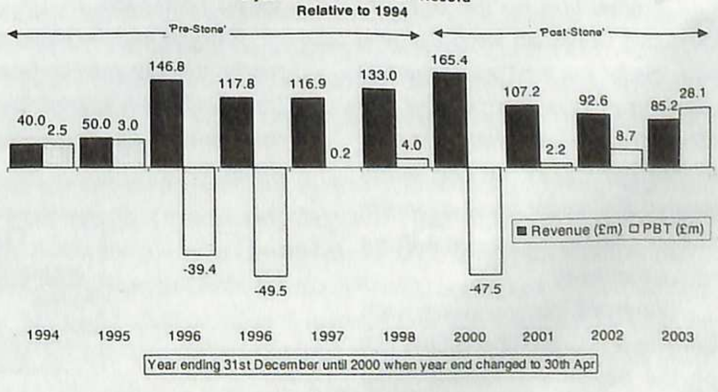
Indeed, the two main areas of focus - the public sector business (now focused on local government and criminal justice) and the HRS (human resource solutions) business - put in good performances. The public sector business managed a 23.9% increase in turnover to £40.8m aided by the success of its traffic congestion management software provided to **Capita** for the infamous London-based scheme. The only fog on the horizon here has been the flow of business, which has been slower than previously anticipated (Ed: we are aware of this being a problem in local government. E-government funds have a tendency to be diverted to other 'priorities'). Nonetheless, Northgate still managed to increase operating profit for this business by 11.1%.

The HRS business increased turnover by 17.8% to £18.9m by winning 16 new clients in HR applications and 11 in outsourcing. The HR management business was further boosted by the use of cash from the disposal of the health business to fund the acquisition of **Prolog Business Solutions.**

It is the Corporate Sector business, now a combination of the ProIV and Reality Software businesses and the Corporate Managed Services business, which continues to 'drag down' the overall results. Continuing revenues here were down from £36.4m to £24.4m. The business was affected by the general weak demand for consultancy services (Ed: We believe the IT consultancy market declined by c16% in 2002) as well as the planned further reduction in exposure to the low margin resale of third party products resulting in 24 additional redundancies. The restructuring of this business to mirror the successful public sector and HRS business model of a combined software and services business has yet to bear any significant fruit.

Northgate Information Solutions plc

10 year Revenue and PBT Record
Relative to 1994



The one strong spot was support services with revenues up 7.3%. However the outlook for this business is still uncertain.

In terms of profits, Northgate managed to report a steady operating profit from continued operations of £4.5m (before goodwill amortisation and exceptionals) despite reduced revenues, reflecting increasingly tight cash control. Bottom line pre-tax profits benefited from the Health business sale trebling to £28.1m. Diluted EPS was 10.33p compared to 2.91p the previous year.

Importantly for the development of the core business, Northgate has£39.4m cash at year end (2002: £11.9m) and even after the post year-end acquisition of **Carapeople** for £13.4m still has substantial cash resources available.

Shareholders have not benefited from a dividend, however the share price increased by 20% to 33p over the month.

9% 59p ALTERIAN

ALTERIAN CREEPS A LITTLE CLOSER TO PROFITABILITY

CRM analytics software company **Alterian** has posted its Q1 results for the three months ended 30th Jun. 03. Turnover fell 25% to £801K, but pre-tax losses lessened to £1.3m from £1.8m. Similarly loss per share improved from 4.48p for the comparative period in 2002 to 3.37p. Commenting on the outlook, David Eldridge, CEO, said, *"The company's target, based on the anticipated commencement of royalties from Alterian's longer term contracts, is to break even in earnings and cash flow in the year to 31st Mar. 04. These revenues should contribute to the second half of the year, which will also benefit from the increasing value of recurring revenue from contract renewals".*

Alterian attributed its poor revenue performance to the *change "in emphasis of the business".* Alterian is now operating on the basis of annual rather than quarterly targets. This strategy will reduce the company's reliance on one-off software licence sales but the impact in the current year is expected to result in a further increased weighting of the company's income towards H2. The company reports that *"market conditions for the closure of software licences continue to be difficult"*...however *"Alterian's pipeline is substantially larger than at the end of Mar. 03".*

Comment: It's tough for any software player at the moment – and much more so for tiny, niche players like Alterian. To all intents and purposes Alterian has never made a profit (OK, £4,000 in 2000). They are playing in the same sort of market as companies like **SAS, Autonomy**, et al, in what used to be called 'data mining'. Like Autonomy, Alterian is trying to build up its OEM business as an alternative route to market, with some early success. In Apr. 03 Alterian signed a deal with BPO 'unusual suspect' **Experian**, and in Jun. 03 they signed a new agreement with Experian competitor **infoUSA**, extending their one-year old partnership by another four years. Alterian is doing the right things and they have the funds to see them through for a while yet. But it seems to us so unlikely they will ever get the momentum they need to push them into the 'big league'. We think a larger player would prove a better home for their technology. Alterian's share price ended the month at 59p, 9% up over the past twelve months.

3% 8p QA

QA ON COURSE FOR PROFITABILITY

Training and consulting company **QA** has announced interim results for the six months to 31st May 03, showing revenue down 12% to £14.1m. However the bottom line is much improved - operating loss is £0.8m, compared to £35.6m last year (which included £31.1m of exceptional items), and LBT is £0.9m, compared to £36.0m. Fully diluted loss per share is 0.9p (39.3p).

Commenting on the outlook, Executive Chairman Keith Burgess said, *"So far, our third quarter trading is looking stronger than last year and although our full year performance is heavily dependent on our fourth quarter, the recent trend suggests that our cost base is aligned with our revenue stream".*

Comment: We spoke with Keith Burgess and Colin Gibson (QA's FD) on the day of the results. They reported that the rate of decline in revenues has levelled off, and spend by their traditional customer base is stabilising. This is a relief as QA, like the IT training market as a whole, experienced a significant drop in demand in 2002.

A combination of strenuous cost cutting measures (such as reduction in headcount from 350 at the end of May 02, to 294 a year on), and a tight grip on operating costs (i.e. improving trainer utilisation) means that the business is now trading at breakeven. QA is also working hard to expand its customer base and training portfolio, and revealed an agreement with e-learning company **SkillSoft** to provide the instructor-led component for SkillSoft's business skills titles. This is good news, as QA lacks a real presence in the business skills arena (which, incidentally, has held up much better than IT training), and certainly partnership is the right approach.

Burgess and the management team have accepted the *"new commercial reality"* that our industry faces, and have acted appropriately. Given that H2 is traditionally QA's stronger half, we expect to see the company back in profits at the year-end – after three consecutive years of losses, this will be a very welcome return.

QA plc	**Turnover £m**		
Six months to 31st May	**H1 03**	**H1 02**	**Change**
Training	10.7	12.5	-14.6%
Consulting & other	3.4	3.6	-5.0%
TOTAL	**14.1**	**16.1**	**-12.4%**

4%
25p
PLANIT

US OPERATIONS HURT PLANIT

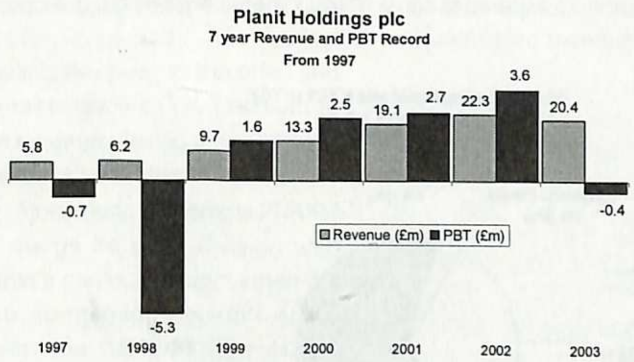
Planit Holdings, the interior design CAD/CAM software company, has released results for the year to end Apr. 03. We'd been forewarned in the company's May trading update that these results would be below expectations.

Turnover was down 9% to £20.4m (2002: £22.3m), while last year's operating profit of £3.9m was turned into an operating loss of £432K (after goodwill amortisation of c£1m and restructuring costs of c£1m). Planit also reported a pre-tax loss of £571K, compared to 2002's PBT of £3.6m. Last year's 2.7p EPS was converted into a loss per share of 0.6p.

The US operations performed worst, recording an 18% drop in turnover to £10.3m and an operating loss of £615K (2002: £2.2m profit). The UK and European businesses managed a 3% increase in turnover and an operating profit of £140K (2002: £1.6m profit).

By product, the strongest division was the CAM business, which benefited from the first full year of trading of the **Licom** acquisition, resulting in "*a significant increase*" in sales and profits over the previous year. The US-centric Design to Manufacture division suffered the most, as a result of "*difficult trading conditions*".

Michael Jackson, Chairman, commented: "*We have a significant installed base in the UK, Europe and in the USA and we will be seeking to exploit the growth opportunities now open to the Group. Our target for the current year is to substantially increase sales and profits*".



Jackson believes Planit has now "*cleared [its] financial decks*" and made appropriate provisions, so that this year's results will be a blip in its previously unbroken growth record. We still need some convincing, however. We don't believe underlying market conditions will improve noticeably in the short to medium term (if at all!), so Planit will have to work hard to grow market share if it is to "*return to the growth pattern of previous years*".

8%
190p
Autonomy

AUTONOMY ANNOUNCES INTERIM RESULTS

Autonomy has announced results for the six months to 30th Jun. 03. Revenues totalled $24.9m down 5% from the comparative period in 2002. PBT dropped 24% to $3.6m and EPS dipped to $0.02 cents from $0.04. On a quarterly basis revenues rose 6% over Q2 02 and PBT was up 700% to $1.7m.

Comment: Once again the emphasis was on the quarterly rather than half yearly performance. We did ask the reason for the fall in numbers from H1 02 to H1 03 and Dr Mike Lynch, CEO, explained that Q1 last year was particularly strong. That said, the results were pretty good. The company attracted new customers including Bank of England, Fiat, General Motors and Capital Radio. In addition, the OEM business performed "*particularly well*" accounting for 18% of Q2 revenues; new agreements were signed with Veritas and EDS. Lynch spoke of Autonomy's "*high competitive win rate*" and reported that contract deal size had "*remained stable at $300K*" despite some competitors "*discounting violently*". Autonomy continues to invest in R&D with spending up 12% over last quarter. The balance sheet remains strong with c$120m in cash remaining following the $39m spent on the share buy back over the past year.

Autonomy doesn't have a services division, it relies purely upon the sales of software and maintenance to generate turnover. Put into context a 5% decline over the year isn't that bad and the company is profitable. Unfortunately Autonomy didn't provide a breakdown of new licence vs maintenance vs sales into existing customers. Although Lynch did say that 30% of revenues was generated from customers buying more.

Lynch maintained that Autonomy is unique in its ability to process unstructured data. The challenge is in educating the market (both customers and software vendors). Autonomy doesn't underestimate the enormity of that challenge. Lynch expects to see the usual standard seasonality in Q3 but expects to see a stronger Q4, i.e. a "*little bit of an increase in revenue over Q3*". In the meantime the company can use its cash pile to target opportunistic acquisitions that either provide a technological or marketing advantage.

15%
69p
Glotel.

GLOTEL - OVERSEAS OPPORTUNITIES

IT and telco staffing agency **Glotel** has announced preliminary results for the year ended 31st Mar. 03. Turnover fell by 23% to £75.9m, LBT lessened to £1.3m from £4.4m, and loss per share 'improved' to 2.3p from 8.6p. Commenting on the outlook, Les Clark, Chairman, said, *"Despite adverse conditions in the telecommunications sector and the market as a whole, our strategy is working, and we are well positioned to enjoy the benefits of any upturn."*

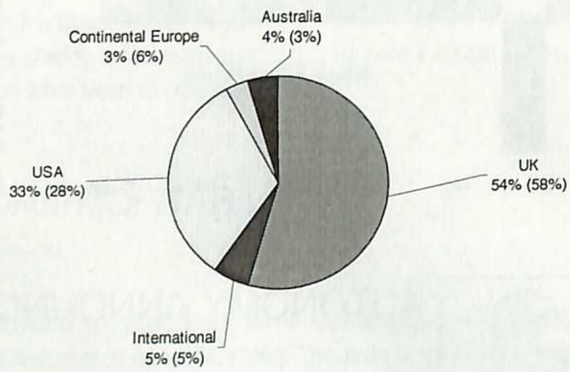
Comment: We caught up with Glotel's Chairman, Les Clark, following the announcement. Glotel's c29% decline in UK ITSA revenues (to £40.0m) did not surprise us, as we envisage the market as a whole shrank c23% in 2002. Overseas business performance was mixed – Continental Europe fell 58%, the US 11%, International (other countries serviced from the UK) 8%, however the Australian operation grew by 4%.

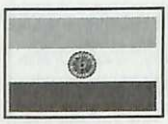
Despite these changes, Glotel has a much greater international mix than many UK-based staffing companies, and with more attractive margins achievable overseas, this bodes well. Indeed, maintaining gross margins at close to 20% in FY03 was quite an achievement for an ITSA.

Turning to the cash position, Glotel has done a good job, improving its net cash balance to £8.2m (2002: £7.6m). We were also pleased to see the company broadening its customer base beyond its traditional telco clients. Indeed, Glotel has increased its UK public sector business from 4% of total revenues in FY02 to 13% in FY03, and, more significantly, has increased it in absolute terms by 150%.

As for the outlook, Clark was not calling the bottom of the market – more that trading conditions have remained stable for three consecutive periods, and reductions in staff and property costs will benefit FY04's performance. Furthermore, with established overseas activities, a niche in telecomms, and a small but growing UK public sector presence, Glotel is not dependent on the UK corporate IT scene. Compared to some ITSAs, Glotel is in pretty good shape.

Glotel Geographical Mix FY03 (FY02)
Total = £75.9m





OFFSHORE BUSINESS STILL GROWING STRONG

July saw another batch of results from the Indian offshore sector. We've picked out three to highlight:

Infosys grew revenue by 42% in its first quarter (to end June 03), compared to the same period in 02. Profits were up 28%, so margins have decreased slightly. This Q1 performance gave the company the confidence to revise upwards its revenue and profit projections for the full-year to March 04.

Mastek announced that it grew revenues by 30% in the year to end June 03. Profits increased by 22%. Mastek is unusual among Indian offshore companies in that its largest market is not the US but the UK – indeed half of its business is derived from these shores.

Wipro also reported a more-than-respectable revenue increase in its offshore business, which grew by 45% year-on-year in the three months ending 30th June 03. However, it saw operating margins fall to 22% from 31%. The US remained by far the largest and fastest growing market during the quarter, but European revenues also grew by over 30% year-on-year.

These results point to two main conclusions. Firstly, it's clear that the offshore model is continuing to gain acceptance and take-up continues apace. Nonetheless, it's likely that pricing pressures, coupled with the vagaries of currency markets, will continue to impact the profitability of these major players. The offshore companies that stay the distance will have the ability not only to continue to win new business but also to manage costs effectively.

24% 63p Alphameric

ALPHAMERIC LOOKS TO COMPASS FOR RETAIL THERAPY

It has been a busy month for **Alphameric**, which announced plans to acquire **Compass Software** and reported its interim results for the six months ended 31st May. 03.

In mid-Jul., Alphameric made a recommended cash and share offer for Compass, "*supplier of merchandise planning and decision support solutions to the retail sector*", of c41p in cash and c0.6 Alphameric shares per Compass share. The offer valued Compass at c£9.1m as at 17 Jul., the last dealing day prior to the offer, and represented a c11% premium to the average closing share price of the last six months.

Alphameric's attempts in 2002 to merge its retail division with **Torex's** came to naught when the two companies couldn't agree upon the composition of the Board. Alphameric's own retail division reported turnover of £30.8m for year ended 30th Nov 02, but it too has suffered from retailers deferring IT spending decisions. Its interim results for the six months ended 31st May 03 revealed a 20% drop in revenues to £10m (see below).

We do believe that the retail sector will pick up once initiatives such as 'Chip and Pin' and RFID (Radio Frequency Identification) get under way. And we have said before that Alphameric could be well placed to benefit from the uptick. In the meantime, it makes sense to target opportunistic acquisitions, but at a PSR of 1.9 we wonder if Alphameric has got itself much of a bargain in Compass.

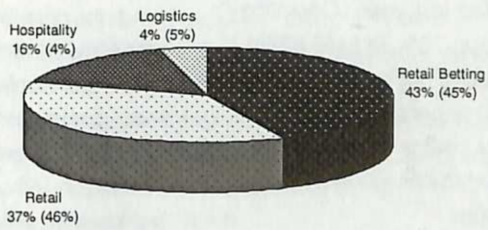
FIRST HALF RESULTS

Earlier in the month Alphameric's interims showed turnover had remained virtually static at £27.3m, but LBT had deepened to £2.7m from £1.1m. EPS of 0.2p in 2002 was converted into a loss per share of 2.5p in 2003.

When he announced the results, Rodney Hornstein, Chairman, said: "*The Group has a strong balance sheet and is generating significant levels of free cash flow. We continue to focus on our cost base, streamlining operations and reducing overheads where appropriate. In addition to the sound performance by the retail betting and hospitality divisions, over the last few weeks we have seen some upturn in the activity of our retail division*".

As presaged in its trading update in Jun. 03, the retail betting and hospitality divisions "*performed well*", meeting their respective sales and profit targets. Retail betting reported a 5% fall in sales to £11.8m (43% of total sales), on operating profit of £570K, while the hospitality division quadrupled revenues to £4.3m on an operating loss of £373K.

Alphameric - H1 03 Business mix
Total = £27.3m (H1 03 = £27.5m)



The retail division delivered a "*disappointing performance*" "*primarily a consequence of retailers' deferral of IT expenditure in the light of uncertain economic conditions and the introduction of Chip and Pin*" - here sales fell 20% to £10.1m with an operating loss of £2.7m. Although the Chip and Pin programme may have initially delayed the decision making process to install new EPoS systems, once the testing phase (in which Alphameric is participating) is over, the company believes it will be well placed to provide retailers with the hardware and software they need to install compliant systems ahead of the 2005 deadline.

Meanwhile, Alphameric said that progress in seeking a partner for its logistics business is ongoing and the company anticipates being able to announce its intentions for this division in the near future. Sales in the logistics division were down 20% to £1.1m.

In addition to the poor performance of the retail division, group profits were also affected by the company's strategy to shift its business model to selling a greater proportion of long-term contracts. This resulted in less revenue and profit booked into the year when the contract is first entered into. On a positive note, the group's balance sheet remains strong with a closing free net cash position of £10.5m as at 31st May 03.

HARD GOING IN THE SOFTWARE SECTOR

Software revenues may be falling but there's no let up in activity in the sector. Readers will remember we predicted that this year would see the best companies growing profits on reduced or stagnant revenues and the worse ones making bigger losses on less revenues. We expected companies to focus on growing market share and as a result we would see an uptick in M&A activity. So far there have been few surprises:

SAP - PROFITS UP, NEW LICENCE REVENUE DOWN

For the period ended 30th Jun, **SAP** reported total revenues down by 8% to EUR 3.2bn. On a constant currency basis total revenues increased 1% compared to the same period last year. Operating profit was up 26% to EUR 638m, and a negative net income of EUR 167m (mainly because of goodwill impairment charge of EUR 300m) was converted into a positive figure of EUR 405m.

- Software revenues continued to feel the strain, falling 13% to EUR 783m (down 5% at constant currency). This was more than analysts had expected. Maintenance revenues rose 4% to EUR 1.2bn, the overall effect was a 3% decline in product revenues to EUR 2bn.

- Consultancy revenues fell 12% to EUR 955m and training revenues dipped 32% to EUR 152m. Service revenue was down 15% to EUR 1.1bn.

- By geography, sales in EMEA decreased by 4% to EUR 1.8bn, sales in the Americas declined by 17% to EUR 974m and in the APA region revenues were down 2% to EUR 388m.

The continued fall in new licence sales demonstrates that there has been no uptick in software spending. The fact that SAP didn't provide any revenue expectations shows that the company isn't expecting much change in the situation for the rest of the year. Given current market conditions SAP has done just what we said the successful companies would do: cut costs and take market share. SAP is hoping to benefit from the current uncertainty surrounding the Oracle/PeopleSoft/JD Edwards bids and further increase its market share. Clearly it also believes there is more trimming that can be done. The company has raised its operating profit margin for 2003 by 1-1.5 percentage points above last year's level. This is all good stuff but there must come a point when the fall in new licence sales will impact maintenance revenues and we wonder if the company's cost cutting measures will be enough to sustain growth in profit in the longer term.

M&A ACTIVITY PICKS UP

Peoplesoft completed its acquisition of **JD Edwards** by acquiring 88% of the outstanding shares in JD Edwards. The transaction is set to be completed by the end of Aug. 03. This makes Peoplesoft the second largest enterprise applications company behind SAP (by some way). This will make it much harder for Oracle to pursue its hostile take-over of Peoplesoft, but Oracle hasn't thrown the towel in. Far from it. Oracle spokesman, Jim Finn, has been quoted saying "*We believe time is on our side. Oracle remains committed to acquiring Peoplesoft - even with the addition of J.D. Edwards*." This one could run for a while yet.

In the meantime, **Sage** followed through on its strategy of buying up players with software niches in specific vertical markets Sage has agreed to pay £57m in cash for **Timberline**, an Oregon-based vendor of accounting and business management software to SMEs in the construction and real estate industries. The price represents a 33% premium over Timberline's closing stock price on Nasdaq on 16th Jul. 03 and, based on the company's revenues of $60m in 2002, a price-sales-ratio of around 1.5. That looks reasonable, given that Timberline, with operating profits of $2.1m in 2002, is a profitable niche player. The acquired business will operate as part of Sage's 'Best Software' business in the US.

We can expect more moves in the same vein from Sage as it continues to expand its customer base and vertical offerings. But as readers will know, we also believe there's a fair chance that Sage the software sector consolidator and acquirer will eventually become Sage 'the acquired'.

Last but not least, there was bad news for **Baltimore**, which announced it was no longer in talks for the sale of the whole of the company but negotiations regarding the disposal of "*certain managed service related offerings*" will continue. The company adds that "*focusing on the authentication business to support our growing customer base is the priority*". We think that the customer base must be getting increasingly uncomfortable and in the current circumstances adding new customers must be a major achievement.

MICROSOFT BUCKS THE TREND

Microsoft managed to buck the trend again, with increases in both revenues and profits. Results for the year ended 30th Jun. 03. revealed a 13% rise in revenues to $32.2bn with net income up 28% to $10bn.

By geography:

- Americas managed a 7.5% increase to $11.9bn
- EMEA was up 30% to $6.7bn
- Japan and Asia Pac was up 8.5% to $3.4bn
- OEM up 13% to $10.2bn.

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By division:

- Client (windows) was up 11.1% to $10.4bn
- Server platforms up 16% to $7.1bn
- Information Worker (office etc) up 12.4% to $9.2bn
- Business Solutions (Great Plains, Navision) up 84% to $567m
- MSN up 24% to £2bn
- Mobile and embedded devices up 39% to $156m
- Home and entertainment up 12% to $2.7bn.

As we've said before its multi-year licensing contracts no doubt helped boost the numbers, although server platforms did put in a good show and Microsoft reported that MSN grew by 25% in Q4. However we'll have to wait for the 10K filing to see what, if anything, each division contributed to profits. Looking ahead the company has forecast revenue growth of 6-8% for the year ending 30th Jun. 04. A much more reserved figure than in previous years, but from our view still very ambitious.

During the year the company managed to add a further $10.4bn to its cash pile, now at $49.1bn. Microsoft "*hinted that it might raise its regular annual dividend and increase its share repurchases, though it is still some way from deciding how to use its excess cash*". The 'regular annual' was news to us, but with that kind of cash, it can pay a dividend and undertake a few choice acquisitions as well. We could be in for an interesting year.

8%
245p
CAPITA

CAPITA - PIPELINE LARGEST IN GROUP'S HISTORY

The UK's no.1 BPO player, **Capita**, has posted its results for the six months to end June 03. The headlines look good: revenue up 36% to £532m, PBT up 27% and EPS up from 1.0p to 1.3p. The company also stated that its pipeline is at an all-time high and announced plans to establish its own offshore facilities in India.

Comment: This is another excellent set of results from Capita. Taking out acquisitions, organic revenue growth was an impressive 29%. It is clear that Capita has benefited from its role as a business services player rather than a pure S/ITS player, as it seems, having spoken to Chairman, Rod Aldridge, this afternoon that revenue from its software and IT services businesses (part of the professional services business) rose by 'just' 7%. However, this is still higher than expected and certainly higher than the UK S/ITS market growth rate as a whole.

Operating profit growth (before goodwill amortisation) of 27% was equally impressive. However, operating margins did decline slightly – from 11.3% to 10.6%. The reason for this was really twofold. Firstly, it was affected by one-off costs incurred during the go-live stage of the congestion-charging scheme. This was reflected in the results of the Integrated Services business. Secondly, Capita has "*re-engineered*" its insurance loss-adjusting business. It has introduced new technology and greater use of home working. As a result, 22 offices have been closed and 300 staff are leaving the business. Capita is always looking for ways to increase efficiencies in the business but the move is pretty radical for them. The effect of the one-off cost is reflected in the results from the Commercial Services business.

Results from the four reporting lines are as follows:

- **Business Services** (includes Integrated HR, Public and Private Sector Resourcing, Learning and Development, Employee Benefit Administration and Payroll, and Shareholder Services) – Revenues were up 9% to £151.6m; operating profits were up 11% to £19.4m.

- **Commercial Services** (Includes Life & Pensions and Insurance Services (front end claims processing and back-end loss adjusting and policy administration), plus Property Consultancy) – Revenues were up 32% to £146.8m; operating profits were down 10% to £9.1m.

- **Integrated Services** (Includes Local and Central Government Services, BBC TVL, CRB, the TfL contract and Database Services) – Revenues were up 53% to £97.9m; operating profits were up 50% to £12.5m.

- **Professional Services** (Includes Advisory Services, IT services, Local Government & Education Software, Print Services) – Revenues were up 74% to £135.7m; operating profits were up 80% to £15.2m.

Capita's operating profit to cash conversion rate over the period was 109% resulting in a cash flow of £61m (2002: £41m).

Going forward there is every reason for Capita to remain positive. Capita's current bid pipeline is the "*largest in the Group's history*" at £2.8bn. The bid pipeline 12 months ago was just £1bn. This highlights the increased activity in the company. There are currently 20 live bids with values in the range of £500K-£15m: 7 in local government, 7 in insurance, 3 in central government and 3 in other industries. A decision will be made on the majority of these bids between now and the next reporting period. Capita remains confident that it will exceed its revenue target of £1,075m and has 85-90% visibility on 2004 revenues. Organic growth in 2004 is expected to be 15%.

In terms of margins, Capita expects to report an operating margin in excess of 12% at the full year. It will continue to look for ways to increase efficiencies in

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the business (just as it has done in the loss adjusting business). In addition, increased margins will be assisted by the low-cost establishment of its new Indian operation focused on delivering administrative services. However, there is no firm target as yet for the amount of work that will get moved offshore. The financial services market is far more open to this idea than the public sector.

Investors will be pleased to see an increase in the interim dividend of 30% to 1.3p. The share price is up 8% to 245p. However, the share price is down x% on the year.

20%
358p

ISOFT IN RUDE HEALTH

UK-based healthcare software vendor **iSOFT** has released a set of annual results, for the year to 30th Apr. 03, that most UK S/ITS suppliers would kill for. The key points were as follows:

- Turnover is up 52% on 2002 to £91.5m (31% of this is organic growth)
- PBT rose 55% to £18.9m
- Operating profits increased by 59% to £21m
- Diluted EPS rose 46% to 11.08p
- Net debt was £2.9m, giving a gearing of 3.9%.

The **Northgate** Healthcare business, which iSOFT acquired in Jul. 02, has already been successfully integrated, contributing £11.5m to turnover last year.

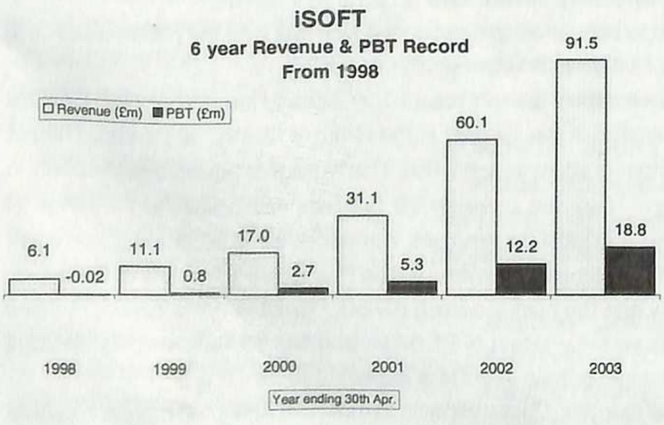
iSOFT also confirmed that CEO and founder Patrick Cryne will take on the executive role of Director, Corporate Development, and that Tim Whiston, Group FD, will succeed him as CEO after the AGM in July. Current CEO Patrick Cryne reported that "*the outlook for iSOFT in these changing times is...very positive*".

Comment: iSOFT's preliminary results demonstrate that the company continues to make good progress in the healthcare market, with ticks in all the right boxes: sales, profits, cash generation and year end balance sheet position.

We'd also agree with Cryne that the outlook for iSOFT is promising. It has a strong position in the UK healthcare market and is, we believe, the British application vendor best placed to benefit from the upcoming £2.3bn of investment in the National Programme for IT in the NHS.

The Group's current order book is in excess of £160m, and it claims to have 60%+ visibility on 2004 revenue, based on current market expectations. Any significant revenue from the National Programme is unlikely to be recognised until 2005, but the contract iSOFT recently won to rollout its software across Ireland, together with existing contracts and non-National Programme prospects, is expected to plug any potential 'revenue gaps'.

iSOFT's strategy for England's National Programme is not to be a prime LSP or National Application Service Provider (NASP), but to partner with the leading LSPs and NASPs. iSOFT is in negotiations with eight different potential LSP 'primes' and Cryne believes that when the five regional contracts are awarded this autumn "*the great majority of the LSPs remaining in the Programme will be offering iSOFT applications*". iSOFT is already on the shortlist of three contenders for the national e-booking contract, which is due to be awarded in Sep. 03, as part of an **EDS**-led bid.



iSOFT is also benefiting from its relationship with **Microsoft**. The US giant has been persuaded to underwrite the scalability and performance of iSOFT's .NET application for the National Programme.

We were also pleased to see that R&D remains a key focus for iSOFT - some 40% (233 employees) of the Group's total headcount are devoted to R&D - and that it is increasingly transferring product manufacture to its offshore operations in India, giving it a speed and cost advantage.

Not surprisingly, iSOFT's results were well received by investors. Its shares rose over 10% on the day of the announcement to 286.5p.

0% 75p

ALPHAMERIC TO BUY COMPASS

Compass, provider of planning software and consultancy services to the retail sector, announced results for the six months to end May 03. At the same time the company declared that it is to be acquired by **Alphameric**.

Firstly the results. Revenues fell 29% to £1.5m and LBT deepened to £763K from £15K. Loss per share was 5.19p compared to 0.71p in 2002. The company blamed the poor results on "*contract delays*" due to "*a general state of retailer uncertainty*". On the plus side, since May 31st, Compass reports it has signed a "*significant contract*" with Nike and believes it is close to closure on two other contracts. Compass also shows a "*strong list of prospects*" for H2, which it is hopeful of converting into contracts, although the Board "*cannot determine at this stage what the success rate of their endeavours will be*".

As for the proposed acquisition, Alphameric has offered to buy Compass in a cash and stock deal that values the company at around £9.1m. For the year ending 30th Nov. 02 Compass reported revenues of £4.8m and PBT of £398K.

Alphameric's attempts in 2002 to merge its retail division with **Torex**'s came to naught when the two companies couldn't agree upon the composition of the Board. Alphameric's own retail division reported turnover of £30.8m for the year to end Nov 02 but it too has suffered from retailers deferring IT spending decisions. Its interim results for the six months ended 31st May revealed a 20% drop in revenues to £10m.

We do believe that the retail sector will brighten up once initiatives such as 'Chip and Pin' and RFID get under way. And we have said before that Alphameric could be well placed to benefit from the uptick. In the meantime, however, it makes sense to target opportunistic acquisitions. But at a PSR of 1.9 we wonder if Alphameric has got itself much of a bargain here.

-11% 55p

LORIEN STILL KEEPING ITS HEAD ABOVE WATER

Lorien has announced interim results for the six months to 31st May 03 revealing a decrease in turnover of £44.5m – down 26.4% in terms of total turnover and down 24% for continuing operations. Lorien's consulting business, which contributed £1.9m to revenues in the six months to 31st May 02, was sold to **Anite** in Feb. 02.

Pre-tax profits were £204K compared to a loss of £6.3m in the comparable six months. However, in 2002 the loss included a £7.5m loss on disposals. Operating profit in the six months (compared to 2002) declined by 90% to £132K. Diluted EPS was 0.4p (2002: -36.8p).

The IT resourcing business brings in the bulk of Lorien's revenues (83% in this period). A poor performance, which saw revenues fall 28% to £37m, was a result of a reduction in activity levels, contractor rates and margins. The permanent business did much worse than the contractor side – but this is frankly par for the course in the current market. Despite having invested £0.3m in its new 'solutions' business, resourcing's contribution fell from £2.6m to £1.3m. Although activity levels have remained constant since the beginning of the year, executive chairman Bert Morris "*recognises that we are much more likely to see the challenging business environment for resourcing continue than to see an imminent recovery*".

Lorien's 'cash cow' Specialist Services business also saw a slow-down in growth, but Lorien describes its performance as "*very robust*". Revenues rose only by 2.2% to £7.5m and contribution crept up just 1% to £1.5m. Growth has come from working the customer base rather than from increased demand. However, Lorien reports *a "strong pipeline"* for the Specialist Services business – now all they have to do is convert it!

Comment: At least these results did not come as a complete surprise, as Lorien had warned 'there may be trouble ahead' a week earlier, due to reduced demand and the extra costs of new business initiatives. Indeed, with operating margins for the core ITSA business down from 5% a year ago to just 3.4% today, things are getting pretty tight. Specialist Services operating margins were shaved 1% to 20% but otherwise the business still seems pretty solid – though they could well do with some new customers. As we said at the time (Jul. 02), we do think it was a mistake for Lorien to move into the 'solutions' business (albeit on a very measured scale), and it sounds like they are paying the price of delayed customer decisions. Frankly, given Lorien's presence in the engineering sector through its Specialist Services business, may be they should have looked at extending their core staffing business into this sector rather than try the perilous move up the IT value chain as a fledgling system house. Nonetheless, so long as the market conditions don't materially worsen, Lorien should be able to keep its head above water for the full year. Lorien's shares ended the month at 55p, down 11% over the past twelve months.

17%
125p

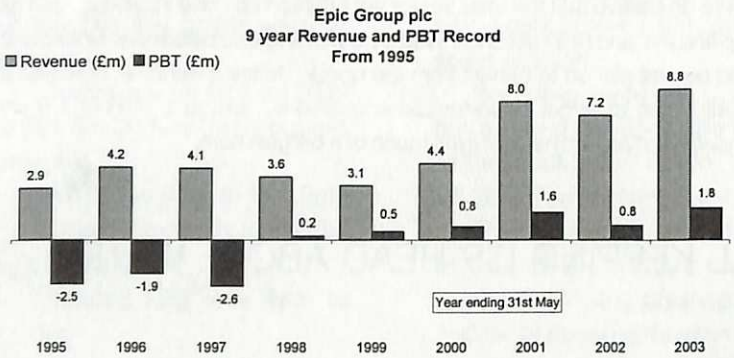
EPIC GROUP PLC

EPIC PRODUCES RECORD RESULTS

Epic, provider of bespoke e-learning content and services, has announced record results for the year to 31st May 03. Turnover is up 21% to £8.8m, PBT is up 116% to £1.8m and diluted EPS is up from 3.1p to 6.6p. Epic also announced that it intends to pay a maiden dividend. Commenting on the outlook, Chairman Michael Inwards said, "*We continue to evaluate acquisition opportunities that will add value to our clients' training needs but, despite detailed discussions with a number of companies, have not found a suitable candidate that meets our strict acquisition criteria. We are targeting further growth and will continue to keep shareholders informed of our progress*".

Comment: These are excellent results from Epic, and just go to show what can be achieved in difficult times. Revenue has grown, but not at the expense of gross margin, and the cost base has been kept virtually static. Meanwhile the company's net cash position has improved to £11.7m (2002: £9.4m).

Epic reports that it has enjoyed growth in both the private and public sectors, but that the order intake has increasingly moved towards the public sector, "*demonstrating the future potential of further growth in this area*". As well as doing work for central government departments and agencies, Epic is well established in the education sector, providing e-learning solutions for schools, further and higher education establishments and lifelong learning. Health represents a new market for Epic, and the company has notched up a recent number of wins. Epic has high hopes for this area of the business (which accounts for 5% of revenues), and is optimistic of rapid growth in the year ahead.



With no debt, good levels of repeat business, and a strong balance sheet, Epic enters FY04 in excellent shape.

Schlumberger

SCHLUMBER SCHTUM ON CSC RUMOURS

Oilfield services giant **Schlumberger** has reported results for Q2 03 - but gave no hints as to its rumoured plans to dispose of some or all of **Sema**. Revenues for the company as a whole for the three months ended 30th Jun. 03 rose 7% to $3.55bn but income from continuing operations dropped 25% to $142m.

SchlumbergerSema revenues did better. Revenues rose 16% to $840m - but this was "*mainly due to the strengthening of the European currencies against the US dollar ... (and) expanding activity in the Public Sector in the UK*". Pre-tax income at Sema soared from $4m to $24m, a margin of 2.9%. Consulting & SI revenues also rose 16% (again, mainly due to currency effects) and Network Information Solutions revenues jumped 22% (from both currency and UK Public Sector). Utilisation rates for the half-year were just 67% in Consulting but a handsome 80% in SI.

Most of Sema's business comes from EMEA, where revenues grew 19% to $658m, again due to currency effects and successes in UK Public Sector. However, "*lacklustre activity in France, mostly due to the decline of the French IT services industry*" led to overcapacity in consulting & SI. Sema also reported "*depressed markets*" in Germany and Eastern Europe, "*principally in Telecom*".

Of course, what we were looking for was some news on the much-rumoured sale of Sema (or bits of it) to CSC - but none was forthcoming. Indeed, when describing its continuing divestiture plans, no mention was made at all about Sema. But as we have said over the past few days, we think there is more than a measure of sense - and veracity - in these rumours. These results may well focus CSC's mind about which bits of Sema it would want to buy. And there's a fair chance the UK operation, especially the public sector areas, would be top of the shopping list.

Mergers & Acquisitions

Buyer	Seller	Seller Description	Acquiring	Price	Comment
2escape2	Telenor Business Solutions UK	Maintenance services	100%	n/a	Telenor, Norway's main telecoms operator, sold its UK maintenance services business to a UK-based 2escape2. 2escape2 professes the grand goal of becoming *"a focussed pan-European IT services provider"* and claims to be on a run-rate of £35m.
Alphameric Group	Compass Software Group	Merchandise planning and decision support software for the retail sector	100%	c£9.1m	Alphameric's own retail division has suffered as customers defer IT spending decisions (H1 03 revs were down 20%). We do believe that the retail sector will pick up once initiatives such as 'Chip and Pin' and RFID get under way, and we have said before that Alphameric could be well placed to benefit from the uptick. Certainly, in the meantime, it makes sense to target opportunistic acquisitions, but at a PSR of 1.9 we wonder if Alphameric has got itself much of a bargain here.
Astron	Hays' BPO operations	Billing, call centre, transaction processing etc in the UK, France, Poland and Asia	100%	£21m	Hays disposed of a number of its BPO operations to Astron. Ceritex (a call centre operation in France) and Secure Destruction JV (confidential disposal business in the UK) were sold to other purchasers. Total cash consideration was £21m.
Autonomy	Virage Inc	Video and rich media communications software	100%	c$24.8m	Autonomy plans to enhance the Virage products with the inclusion of its Dremedia video technology and infrastructure software at its core. Dremedia (launched mid-2001) automates unstructured content such as video and audio for interactive TV and broadcast purposes. Autonomy paid c$24.8m (equivalent to a net cash purchase price of $13.3m adjusted for Virage's expected cash balance at 30th Sep. 03).
Merger of Barcroft Partnership and Westchester		Technology M&A houses	n/a	n/a	The coming together of these two boutique technology M&A houses seems eminently sensible.
CRC Group	ADP Technical Services Ltd	Repairer of laptops	100%	max £1.0m	CRC, repairer of comms and IT equipment, acquired APD's repair business in order to strengthen its IT offering. ADP turned over £1.9m and made an OP of £0.1m in
FIND/SVP Inc	US-based IM business from Sopheon	IM division	100%	c$5.0m	Sopheon's divestment of its US-based IM business, leaves it free to concentrate on its flagship product development software Accolade.
HP	SelectAccess from Baltimore Technologies	Web access software	100%	£8.3m	Baltimore sold its SelectAccess product to HP for cash. It is still in discussions with a variety of bidders for the whole of the company, as well as other offers for specific parts.
Hummingbird Ltd	Kramer, Lee and Associates	Solutions for the legal, insurance, financial and corporate markets	100%	n/a	Canadian software firm Hummingbird, which specialises in 'enterprise information management systems' acquired UK company Kramer, Lee and Associates for an undisclosed sum.
Hummingbird Ltd	Valid Information Systems Ltd	Compliance and records management software	100%	max £18.0m	Later in the month, NASDAQ-listed Hummingbird expanded its portfolio for the public sector with this acquisition. Valid, a privately-owned company, will operate as a wholly owned subsidiary.
Iron Mountain Europe Ltd (IME)	Hays' Information Management Services (IMS) business	Records and information management services in the UK, continental Europe and the US	100%	£200m	This is the first of several disposals expected from Hays. Back in May, they announced that IME, a UK JV between Iron Mountain Inc. (records storage and management) and Mentmore Plc (specialist storage, space and item management), had submitted a merger notice to the OFT, so this particular deal comes as no surprise. Hays intends to use the proceeds (c£170m net) to pay down its debt before returning surplus cash to shareholders.
MBO - Computer Systems Integration Ltd (CSIL)	DCS eIntegration from DCS Group	Supply chain solutions	100%	c£4.5m	The deal consisted of £1.25m cash, preference shares with a subscription value of £2.25m, and a 19.9% stake in CSIL (valued at a min. of £995K). We said at the time of DCS' results that it could do without its ongoing interest charge of £1.4m - this sale should go someway towards reducing borrowings.
Northgate Information Solutions	blue 8 Technologies Ltd	Supplier of localisation and citizen based IT systems for emergency services	100%	£10.4m	In FY to 31st Dec. 02 blue 8 reported a turnover of £4.6m and EBITA of £0.8m. The acquisition is expected to be earnings enhancing in year one (pre goodwill amortisation). This move strengthens Northgate's offering to the criminal justice and local government markets
Polypipe Building Products Ltd (part of IMI plc)	RAP Group Ltd, from K3 Business Technology Group	Hardware distribution	n/a	£700K	SME-focused K3 has announced that it has sold its interest in RAP Group to part of IMI plc. The move sees K3 distance itself from its once fully-owned, cash-hungry hardware businesses and should earn the company £900K, although that sum is less than the costs K3 has incurred in funding the businesses since March 2001.
RM	SIR (UK) Ltd (trading as Forvus)	Data management and statistical services for the UK public sector (including education sector)	100%	£7.0m	In the year to 31st Mar. 03, Forvus turned over £3.0m and made £770K PBT (adjusted to reflect normalised Directors' remuneration). At the date of acquisition Forvus is expected to have net assets of c£800K and net cash of c£1m. This purchase is very much in line with RM's strategy of moving into the broader education services market. RM has a track record of successful *"modest"* acquisitions, and we expect that this move will enable them to compete for a wider range of contracts.
Sage	Timberline Software Corporation	Oregon-based vendor of accounting and business management software to SMEs in the construction and real estate industries	100%	£63.9m	Timberline is a profitable niche player, so the deal (at a PSR of 1.5) looks fair. Like Sage, it makes most of its revenues (53% in 2002) from maintenance and services, rather than licence sales and upgrades. Expect more of the same from Sage as it continues to expand its customer base and vertical offerings. Timberline will operate as part of Sage's 'Best Software' business in the US.
SunGard Insurance Services (a wholly owned subsidiary of SunGard Data Systems)	Sherwood International	Software and services for the global insurance industry and UK Government	100%	£65.1m	Given that Sherwood's board had already signalled their intention to put together an MBO (which valued the company at c£50m), it is perhaps not surprising that the Directors voted unanimously in favour of accepting this cash offer. US based SunGard generates c53% of its global revs from investment support systems (the balance from business continuity), and this deal will strengthen its IT services presence in the UK and Europe. SunGard plan to create a single product offering to
Torex plc	Mercury Petroleum Systems Ltd	Wet stock management services to the retail petroleum industry	100%	max £1.0m	This is Torex's third acquisition in the petroleum retailing software market in recent months (following Micrelec in Mar. 03 and Arciris in Aug. 02). Mercury's software is certainly niche, and will add to Torex's capability in the petroleum market. However, Torex's main focus remains its health business and it has neglected its Retail division, an erstwhile divestment target, in the past. If Retail is to succeed as part of the Group (and the petroleum retailing market seems a good opportunity for growth), Torex will need to keep its eye on the ball.
Torex plc	Logware Informationssystemse GmbH	German EPoS systems supplier	69.8%	EUR 8.3m	Another acquisition! Torex paid EUR 2.5m in cash and has undertaken to repay Logware's exisiting debt (EUR 5.8m). The acquisition was funded by part of the proceeds of a placing announced on the same day - 1.6m shares at 470p. Torex is negotiating to buy the remaining shares from Logware's MD and his family, and expects to complete the transaction in the next few weeks.
Tribal Group	Davies Byatt Ltd	Consultancy, research & development services, and written material for the basic and key skills markets	100%	£2.3m	Davies Byatt's client list includes the Basic Skills Agency, University for Industry and the DfES. The company is already involved in joint initiatives with Tribal, and is bidding for a number of basic skills contracts with the DfES. In the year to 30th Aug 02, Davies Byatt turned over £1.6m (so PSR = 1.45), and made an OP of £148K.
Tribal Group	MPC Ltd	Corporate communications and media relations for local authorities and central government agencies. Also interim management, internal communications and event management services.	100%	£3.0m	This acquisition broadens Tribal's service offering in the communications sector. In the nine months to 31st Mar. 03 MPC turned over £0.5m, and made a normalised OP (after director's remuneration) of £218K. The initial consideration was £1.25m (in cash and shares), with the balance based on growth in OP in the 3 years to Mar. 06.
Tribal Group	Hacas Ltd	A UK social housing consultancy	100%	£45.1m	The acquisition is a key step for Tribal in scaling up its consulting practice. For the year ended Sep. 02 Hacas had £13.3m revs and is on course for £18-19m this FY. Hacas is growing profitably, and reported PBT of £3m in FY02. Tribal undertook a placing of 6.5m shares at 310p, raising £20.5m, to part fund the cash element of the deal.
Tribal Group	Kinetic technologies Ltd	Supplier of property and asset management software to local authorities	100%	max £7.0m	Kinetic will be merged with Tribal's existing asset management interests to form Tribal Asset Management Ltd. The division will have over 100 local authority clients and reports that it will be *"strongly placed to developed the combined business in other areas of public sector such as defence and health"*. The acquisition is expected to be immediately earnings enhancing.

Forthcoming IPOs

Name	Activity	S/ITS or Dotcom Index	Index Class	Market	Est Issue Price	Est Mkt Cap.	IPO Date
Logcom	Softw are resale	S/ITS	R	MAIN	N/a	£120.0m	Apr-04
TradingSports	Technology for P2P betting exchangs	S/ITS	SP	AIM	N/a	£12-14m	TBA
Corpora	Softw are development & sales	S/ITS	SP	AIM	N/a	£1.5m	5-Aug-03
Micap							

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

AFA Systems plc				
	Final - Dec 01		Final - Dec 02	Comparison
REV	£8,136,000		£6,013,000	-26.1%
PBT	-£14,619,000		-£10,638,000	Loss both
EPS	-56.90p		-41.90p	Loss both
Affinity Internet Holdings Plc				
	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£15,781,000	£52,765,000	£38,072,000	+141.3%
PBT	-£14,944,000	-£30,090,000	-£5,646,000	Loss both
EPS	-58.50p	-109.81p	-18.40p	Loss both
AIT Group plc				
	Final - Mar 02		Final - Mar 03	Comparison
REV	£36,224,000		£17,584,000	-51.5%
PBT	-£9,272,000		-£41,227,000	Loss both
EPS	-40.64p		-306.00p	Loss both
Alphameric plc				
	Interim - May 02	Final - Nov 02	Interim - May 03	Comparison
REV	£27,373,000	£61,928,000	£27,254,000	-0.4%
PBT	£1,097,000	£2,486,000	-£2,704,000	Profit to loss
EPS	0.20p	0.00p	-2.50p	Profit to loss
Alterian plc				
	Final - Mar 02		Final - Mar 03	Comparison
REV	£4,267,000		£4,784,000	+12.1%
PBT	-£9,247,000		-£5,966,000	Loss both
EPS	-23.90p		-14.60p	Loss both
Anite Group plc				
	Final - Apr 02		Final - Apr 03	Comparison
REV	£202,510,000		£216,336,000	+6.8%
PBT	£5,764,000		-£12,480,000	Profit to loss
EPS	-0.60p		-34.20p	Loss both
Argonaut Games				
	Interim - Jan 02	Final - Jul 02	Interim - Jan 03	Comparison
REV	£9,271,000	£14,232,000	£6,933,000	-25.2%
PBT	£4,027,000	£2,763,000	-£1,096,000	Profit to loss
EPS	3.82p	2.87p	-1.13p	Profit to loss
Autonomy Corporation plc				
	Interim - Jun 02	Final - Dec 02	Interim - Jun - 03	Comparison
REV	£17,470,000	£33,974,000	£15,469,000	-11.5%
PBT	£3,156,000	£4,345,000	£2,229,000	-29.4%
EPS	2.66p	0.03p	1.24p	-53.4%
Aveva Group plc				
	Final - Mar 02		Final - Mar 03	Comparison
REV	£31,818,000		£36,008,000	+13.2%
PBT	£4,938,000		£5,580,000	+13.0%
EPS	19.48p		21.24p	+9.0%
Axon Group plc				
	Final - Dec 01		Final - Dec 02	Comparison
REV	£42,762,000		£43,112,000	+0.8%
PBT	£5,464,000		£2,480,000	-54.6%
EPS	6.70p		2.70p	-59.7%
Baltimore Technologies plc				
	Final - Dec 01		Final - Dec 02	Comparison
REV	£70,421,000		£35,000,000	-50.3%
PBT	-£659,711,000		-£65,300,000	Loss both
EPS	-131.80p		-125.20p	Loss both
Bond International Software plc				
	Final - Dec 01		Final - Dec 02	Comparison
REV	£11,365,995		£6,399,629	-43.7%
PBT	£1,256,609		-£1,972,786	Profit to loss
EPS	6.11p		-13.79p	Profit to loss
Business Systems Group Holdings plc				
	Final - Mar 02		Final - Mar 03	Comparison
REV	£24,224,000		£26,475,000	+9.3%
PBT	-£10,510,000		-£2,949,000	Loss both
EPS	-12.84p		-3.44p	Loss both
Capita Group plc				
	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£391,222,000	£897,504,000	£531,553,000	+35.9%
PBT	£29,043,000	£78,069,000	£37,364,000	+28.7%
EPS	2.50p	6.81p	3.13p	+25.2%
Charteris Plc				
	Interim - Jan 02	Final - Jun 02	Interim - Jan 03	Comparison
REV	£8,725,000	£19,087,000	£7,702,000	-11.7%
PBT	£591,000	£1,588,000	-£259,000	Profit to loss
EPS	0.90p	2.50p	-0.52p	Profit to loss
Chelford Group plc				
	Final - Dec 01		Final - Dec 02	Comparison
REV	£7,813,000		£7,298,000	-6.6%
PBT	-£1,048,000		-£1,025,000	-2.2%
EPS	-0.16p		-0.16p	+0.0%
Clarity Commerce plc				
	Final - Mar 02		Final - Mar 03	Comparison
REV	£7,620,000		£6,977,000	-8.4%
PBT	-£221,000		£315,000	Loss to Profit
EPS	-2.51p		1.84p	Loss to Profit
Clinical Computing plc				
	Final - Dec 01		Final - Dec 02	Comparison
REV	£2,232,158		£2,391,565	+7.1%
PBT	-£1,369,934		-£983,004	Loss both
EPS	-5.50p		-3.80p	Loss both
CODASciSys plc				
	Final - Dec 01		Final - Dec 02	Comparison
REV	£64,820,000		£66,378,000	+2.4%
PBT	£5,054,000		£5,726,000	+13.3%
EPS	12.70p		16.20p	+27.6%
Comino Group plc				
	Final - Mar 02		Final - Mar 03	Comparison
REV	£20,560,000		£24,504,000	+19.2%
PBT	-£576,000		£1,209,000	Loss to Profit
EPS	-3.80p		8.90p	Loss to Profit
Compass Software Group plc				
	Interim - May 02	Final - Nov 02	Interim - May 03	Comparison
REV	£2,244,772	£4,829,562	£1,584,200	-29.4%
PBT	-£15,004	£398,649	-£762,706	Loss both
EPS	-0.71p	1.59p	-5.19p	Loss both
Compel Group plc				
	Interim - Dec 01	Final - Jun 02	Interim - Dec 02	Comparison
REV	£32,003,000	£68,892,000	£24,761,000	+115.3%
PBT	-£258,000	-£1,691,000	-£711,000	Loss both
EPS	-0.90p	-3.20p	-2.30p	Loss both
Computacenter plc				
	Final - Dec 01		Final - Dec 02	Comparison
REV	£2,093,423,000		£1,926,737,000	-8.0%
PBT	£34,900,000		£55,081,000	+57.8%
EPS	9.90p		19.80p	+100.0%

Computer Software Group				
	Final - Feb 01		Final - Feb 02	Comparison
REV	£868,000		£3,030,000	+249.1%
PBT	-£1,574,000		-£1,633,000	Loss both
EPS	-2.18p		-1.24p	Loss both
DCS Group plc				
	Final - Dec 01		Final - Dec 02	Comparison
REV	£104,900,000		£69,800,000	-33.5%
PBT	-£4,600,000		-£14,200,000	Loss both
EPS	-22.58p		-57.14p	Loss both
Delcam plc				
	Final - Dec 01		Final - Dec 02	Comparison
REV	£18,248,122		£18,913,000	+3.6%
PBT	£853,565		£1,071,000	+25.5%
EPS	9.70p		13.80p	+42.3%
Detica Group plc				
	Final - Mar 02		Final - Mar 03	Comparison
REV	£32,841,000		£39,198,000	+19.4%
PBT	£5,928,000		£7,437,000	+25.5%
EPS	20.80p		24.10p	+15.9%
Diagonal plc				
	Interim - May 02	Final - Nov 02	Interim - May 03	Comparison
REV	£33,902,000	£63,618,000	£30,611,000	-9.7%
PBT	£1,607,000	-£2,254,000	£324,000	-79.8%
EPS	0.77p	-4.56p	-0.27p	Profit to loss
Dicom Group plc				
	Interim - Dec 01	Final - Jun 02	Interim - Dec 02	Comparison
	£75,622,000	£149,527,000	£80,338,000	+6.2%
	£4,216,000	£3,521,000	£4,628,000	+9.8%
	1.40p	3.50p	1.61p	+15.0%
Dimension Data plc				
	Interim - Mar 02	Final - Sep 02	Interim - Mar 03	Comparison
REV	£786,507,000	£1,489,600,000	£638,206,000	-18.9%
PBT	-£483,468,000	-£1,756,500,000	-£122,668,000	Loss both
EPS	-37.38p	-155.60p	-9.10p	Loss both
DRS Data & Research Services plc				
	Final - Dec 01		Final - Dec 02	Comparison
REV	£10,054,000		£12,782,000	+27.1%
PBT	£665,000		£1,776,000	+167.1%
EPS	1.36p		3.68p	+170.6%
Easynet plc				
	Final - Dec 01		Final - Dec 02	Comparison
REV	£71,276,000		£92,280,000	+29.5%
PBT	-£292,667,000		-£79,172,000	Loss both
EPS	-440.50p		-71.30p	Loss both
Easyscreen plc				
	Final - Mar 02		Final - Mar 03	Comparison
REV	£3,236,111		£2,654,514	-18.0%
PBT	-£4,289,119		-£3,397,842	Loss both
EPS	-9.34p		-5.60p	Loss both
Eidos plc				
	Interim - Dec 01	Final - Jun 02	Interim - Dec 02	Comparison
REV	£75,912,000	£142,564,000	£102,167,000	+34.6%
PBT	-£2,245,000	-£30,655,000	£6,668,000	Loss to profit
EPS	-1.60p	-22.90p	3.10p	Loss to profit
Electronic Data Processing plc				
	Interim - Mar 02	Final - Sep 02	Interim - Mar 03	Comparison
REV	£4,323,000	£8,480,000	£4,527,000	+4.7%
PBT	-£414,000	-£1,394,000	£292,000	Loss to profit
EPS	-1.66p	-5.03p	1.18p	Loss to profit
Empire Interactive plc				
	Final - Dec 01		Final - Dec 02	Comparison
REV	£11,086,000		£25,054,000	+126.0%
PBT	-£2,406,000		-£1,816,000	Loss both
EPS	-3.95p		-2.72p	Loss both
Epic Group plc				
	Final - May 02		Final - May 03	Comparison
REV	£7,227,000		£8,750,000	+21.1%
PBT	£835,000		£1,802,000	+115.8%
EPS	3.10p		6.60p	+112.9%
Eurolink Managed Services plc				
	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£4,131,000	£9,226,000	£4,512,000	+9.2%
PBT	£7,000	£155,000	£17,000	+142.9%
EPS	-0.38p	0.47p	0.03p	Loss to profit
Financial Objects plc				
	Final - Dec 01		Final - Dec 02	Comparison
REV	£17,526,000		£12,841,000	-26.7%
PBT	£1,046,000		-£2,839,000	Profit to loss
EPS	0.84p		-6.72p	Profit to loss
Flomerics Group plc				
	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£5,966,000	£11,711,000	£4,881,000	-18.2%
PBT	£110,000	£635,000	-£144,000	Profit to loss
EPS	0.75p	3.23p	-0.98p	Profit to loss
Focus Solutions Group plc				
	Final - Mar 02		Final - Mar 03	Comparison
REV	£5,073,000		£6,583,000	+29.8%
PBT	-£2,590,000		-£3,833,000	Loss both
EPS	-10.30p		-13.40p	Loss both
GB Group plc				
	Inerim - Sep 01	Final- Mar 02	Interim - Sep 02	Comparison
REV	£8,868,000	£17,189,000	£5,183,000	-41.6%
PBT	-£2,411,000	-£2,260,000	£301,000	Loss to profit
EPS	-3.00p	-2.20p	0.30p	Loss to profit
Gladstone Plc				
	Interim - Feb 02	Final - Aug 02	Interim - Feb 03	Comparison
REV	£4,020,569	£8,603,805	£3,796,125	-5.6%
PBT	-£3,380,671	-£1,748,902	£50,315	Loss to profit
EPS	-9.74p	-4.53p	0.12p	Loss to profit
Glotel plc				
	Final - Mar 02		Final - Mar 03	Comparison
REV	£98,352,000		£75,900,000	-22.8%
PBT	-£4,445,000		-£1,347,000	Loss both
EPS	-8.60p		-2.30p	Loss both
Gresham Computing plc				
	Final - Dec 01		Final - Dec 02	Comparison
REV	£24,761,000		£11,578,000	-53.2%
PBT	-£973,000		£1,148,000	Loss to profit
EPS	-3.32p		2.45p	Loss to profit
Harrier Group plc				
	Final - Dec 01		Final - Dec 02	Comparison
REV	£17,052,456		£9,544,299	-44.0%
PBT	-£1,144,750		-£19,005,410	Loss both
EPS	-3.59p		-59.19p	Loss both

Harvey Nash Group plc				
	Interim - Jul 01	Final - Jan 02	Interim - Jul 02	Comparison
REV	£126,359,000	£235,720,000	£83,489,000	-33.9%
PBT	-£1,103,000	-£11,346,000	-£6,576,000	Loss both
EPS	-3.95p	-39.38p	-16.16p	Loss both
Highams Systems Services Group plc				
	Interim - Sep 01	Final - Mar 02	Interim - Sep-02	Comparison
REV	£9,630,000	£16,777,000	£5,618,000	-41.7%
PBT	-£370,000	-£298,000	-£212,000	Loss both
EPS	-1.83p	-1.45p	-1.09p	Loss both
Horizon Technology Group plc				
	6 months - Dec 01		Final - Dec 02	Comparison
REV	£104,088,000		£202,168,000	n/a
PBT	-£14,156,000		-£7,844,000	Loss both
EPS	-21.33p		-13.16p	Loss both
Host Europe plc				
	Final - Dec 01		Final - Dec 02	Comparison
REV	£9,529,000		£13,708,000	+43.9%
PBT	-£34,419,000		-£505,000	Loss both
EPS	-3.38p		-0.01p	Loss both
Hot Group plc				
	Final - Apr 01		Final - Aug 02	Comparison
REV	£1,555,000		£2,831,000	+82.1%
PBT	-£165,000		-£4,710,000	Loss both
EPS	-2.46p		-31.42p	Loss both
I-Document Systems Plc				
	Interim - Apr 02	Final - Oct 02	Interim - Apr 03	Comparison
REV	£1,158,948	£3,017,602	£1,903,078	+64.2%
PBT	-£559,437	-£1,483,473	-£459,182	Loss both
EPS	-0.46p	-1.11p	-0.33p	Loss both
ICM Computer Group plc				
	Interim - Dec 01	Final - Jun 02	Interim - Dec 02	Comparison
REV	£32,384,000	£68,871,000	£38,623,000	+19.3%
PBT	£1,923,000	£4,478,000	£1,209,000	-37.1%
EPS	6.60p	15.00p	4.00p	-39.4%
IDS Group plc				
	Final - Dec 01		Final - Dec 02	Comparison
REV	£35,355,000		£30,244,000	-14.5%
PBT	-£18,138,000		-£35,641,000	Loss both
EPS	-31.96p		-62.64p	Loss both
Innovation Group plc (The)				
	Interim - Mar 02	Final - Sep 02	Interim - Mar 03	Comparison
REV	£62,426,000	£100,071,000	£31,172,000	-50.1%
PBT	-£3,474,000	-£391,114,000	-£5,216,000	Loss both
EPS	-3.33p	-202.75p	-2.40p	Loss both
InTechnology plc				
	Final - Mar. 02		Final - Mar 03	Comparison
REV	£158,108,000		£156,899,000	-.8%
PBT	-£82,672,000		-£6,675,000	Loss both
EPS	-53.65p		-5.10p	Loss both
Intelligent Environments Group plc				
	Final - Dec 01		Final - Dec 02	Comparison
REV	£3,111,584		£2,672,065	-14.1%
PBT	-£6,979,561		-£2,873,579	Loss both
EPS	-13.53p		-2.14p	Loss both
IQ-Ludorum plc				
	Final- Dec 01		Final - Dec 02	Comparison
REV	£4,192,000		£3,919,300	-6.5%
PBT	-£5,308,000		-£4,965,400	Loss both
EPS	-6.66p		-6.23p	Loss both
IRevolution plc				
	Interim - Mar 02	Final - Sep 02	Interim - Mar 03	Comparison
REV	£2,858,000	£5,327,000	£2,025,000	-29.1%
PBT	-£1,779,000	-£3,995,000	-£267,000	Loss both
EPS	-3.90p	-8.60p	-0.60p	Loss both
iSOFT Group plc				
	Final - Apr 02		Final - Apr 03	Comparison
REV	£60,102,000		£91,495,000	+52.2%
PBT	£12,178,000		£18,880,000	+55.0%
EPS	7.61p		11.08p	+45.6%
I S Solutions plc				
	Final - Dec 01		Final - Dec 02	Comparison
REV	£10,873,000		£7,426,000	-31.7%
PBT	-£222,000		-£1,368,000	Loss both
EPS	-1.06p		-5.06p	Loss both
ITNET plc				
	Final - Dec 01		Final - Dec 02	Comparison
REV	£176,446,000		£178,992,000	+1.4%
PBT	£10,467,000		£7,336,000	-29.9%
EPS	9.12p		3.01p	-67.0%
Jasmin plc				
	Final - Mar 02		Final - Mar 03	Comparison
REV	£7,099,000		£5,844,000	-17.7%
PBT	£716,000		-£886,000	Profit to loss
EPS	16.67p		-20.22p	Profit to loss
K3 Business Technology Group plc				
	Final - Dec 01		Final - Dec 02	Comparison
REV	£7,972,000		£8,088,000	+1.5%
PBT	-£1,373,000		£266,000	Loss to profit
EPS	-3.60p		0.70p	Loss to profit
Kewill Systems plc				
	Final - Mar 02		Final - Mar -03	Comparison
REV	£48,144,000		£25,211,000	-47.6%
PBT	-£57,638,000		-£5,855,000	Loss both
EPS	-75.20p		-7.70p	Loss both
LogicaCMG plc				
	Final - Jun 02		6 months-Dec 02	Comparison
REV	£2,008,800,000		£882,500,000	n/a
PBT	-£804,100,000		-£444,700,000	n/a
EPS	-114.20p		-62.40p	n/a
London Bridge Software Holdings plc				
	Final - Dec 01		Final - Dec 02	Comparison
REV	£74,070,000		£62,137,000	-16.1%
PBT	£4,725,000		-£51,446,000	Profit to loss
EPS	1.73p		-30.31p	Profit to loss
Lorien plc				
	Interim - May 02	Final - Nov 02	Interim - May 03	Comparison
REV	£60,449,000	£113,588,000	£44,503,000	-26.4%
PBT	-£6,346,000	-£5,178,000	£204,000	Loss to profit
EPS	-36.80p	-32.50p	0.40p	Loss to profit
Macro 4 plc				
	Interim - Dec 01	Final - Jun 02	Interim - Dec 02	Comparison
REV	£19,393,000	£39,405,000	£16,465,000	-15.1%
PBT	-£3,505,000	-£3,910,000	-£3,006,000	Loss both
EPS	-15.60p	-18.80p	-12.40p	Loss both

Note: The companies listed on pages 18-21 are those companies in our S/ITS index with revenue of >£2m. Also included in our index are: **Atlantic Global, BSoftB, Earthport, Ffastfil, Intercede Group, Internet Business Group, Knowledge Technology Solutions, Netcall, PC Medics Group, Stilo International, Superscape, Systems Integrated, Ultrasis Group, Vianet Group**

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

Manpower SoftWare plc

	Interim - Nov 01	Final - May 02	Interim - Nov 02	Comparison
REV	£1,600,663	£3,299,320	£866,166	-45.9%
PBT	-£669,034	-£1,252,691	-£1,324,620	Loss both
EPS	-2.70p	-5.10p	-2.99p	Loss both

Marlborough Stirling plc

	Final - Dec 01	Final - Dec 02	Comparison
REV	£73,369,000	£121,008,000	+64.9%
PBT	£9,277,000	-£34,478,000	Profit to loss
EPS	2.90p	-20.00p	Profit to loss

MERANT plc

	Final - Apr 02	Final - Apr 03	Comparison
REV	£87,068,000	£78,592,000	-9.7%
PBT	-£55,442,000	-£12,798,000	Loss both
EPS	-46.80p	-12.40p	Loss both

Microgen plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£12,271,000	£25,332,000	£11,058,000	-9.9%
PBT	£103,000	-£1,964,000	-£717,000	Profit to loss
EPS	-0.70p	-4.20p	-1.80p	Loss both

Minorplanet Systems Plc

	Interim - Feb 02	Final - Aug 02	Interim - Feb 03	Comparison
REV	£48,900,000	£124,700,000	£51,000,000	+4.3%
PBT	-£13,000,000	-£3,300,000	-£7,300,000	Loss both
EPS	-10.64p	-4.11p	-8.25p	Loss both

Misys plc

	Final - May 02	Final - May 02	Comparison
REV	£1,041,200,000	£1,013,500,000	-2.7%
PBT	£34,900,000	£59,800,000	+71.3%
EPS	3.70p	7.90p	+113.5%

MMT Computing plc

	Interim - Feb 02	Final - Aug 02	Interim - Feb 03	Comparison
REV	£14,575,000	£27,472,000	£12,495,000	-14.3%
PBT	£93,000	-£658,000	-£266,000	Profit to loss
EPS	-0.30p	-6.40p	-1.90p	Loss both

Mondas plc

	Final - Apr 02	Final-Apr 03	Comparison
REV	£3,741,673	£3,713,353	-.8%
PBT	-£2,177,858	-£2,224,645	Loss both
EPS	-10.10p	-10.10p	Loss both

Morse plc

	Interim - Dec. 01	Final - Jun 02	Interim - Dec 02	Comparison
REV	£226,001,000	£465,180,000	£185,839,000	-17.8%
PBT	-£3,385,000	-£124,000	-£4,613,000	Loss both
EPS	-4.80p	-6.10p	-5.30p	Loss both

MSB International plc

	Final - Jan 02	Final - Jan 03	Comparison
REV	£145,987,000	£84,062,000	-42.4%
PBT	£1,889,000	-£421,000	Profit to loss
EPS	6.40p	-2.32p	Profit to loss

Myratech.net Plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£1,713,000	£2,000,000	+16.8%
PBT	-£1,599,000	-£2,755,000	Loss both
EPS	-6.00p	-10.00p	Loss both

Ncipher Plc

	Final - Dec 01	Final - Dec 02	Comparison
REV	£14,367,000	£11,922,000	-17.0%
PBT	-£3,237,000	-£3,352,000	Loss both
EPS	-2.80p	-2.69p	Loss both

NetBenefit plc

	Interim - Dec 01	Final - Jun 02	Interim - Dec 02	Comparison
REV	£3,004,000	£6,079,000	£2,809,000	-6.5%
PBT	-£633,000	-£1,189,000	-£303,000	Loss both
EPS	-3.40p	-6.90p	-1.90p	Loss both

Netstore plc

	Interim - Dec 01	Final - Jun 02	Interim - Dec 02	Comparison
REV	£1,733,000	£6,643,961	£6,224,000	+259.1%
PBT	-£3,776,000	-£6,944,415	-£1,880,000	Loss both
EPS	-4.23p	-7.51p	-1.96p	Loss both

Nettec plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£9,413,000	£16,416,000	£2,355,000	-75.0%
PBT	-£21,353,000	-£36,066,000	-£2,699,000	Loss both
EPS	-19.00p	-30.90p	-2.20p	Loss both

Northgate Information Solutions plc

	Final - Apr 02	Final - Apr-03	Comparison
REV	£92,564,000	£85,215,000	-7.9%
PBT	£8,658,000	£28,109,000	+224.7%
EPS	2.91p	10.33p	+255.0%

NSB Retail Systems plc

	Final - Dec 01	Final - Dec 02	Comparison
REV	£93,818,000	£73,359,000	-21.8%
PBT	-£93,470,000	-£196,232,000	Loss both
EPS	-22.63p	-49.05p	Loss both

OneclickHR plc

	Final - Dec 01	Final - Dec 02	Comparison
REV	£5,651,936	£4,689,010	-17.0%
PBT	-£2,281,447	-£3,473,846	Loss both
EPS	-4.50p	-6.40p	Loss both

Parity Group plc

	Final - Dec 01	Final - Dec 02	Comparison
REV	£246,930,000	£183,273,000	-25.8%
PBT	-£3,265,000	-£24,567,000	Loss both
EPS	-2.05p	-16.01p	Loss both

Patsystems plc

	Interims - Jun 02	Final - Dec 02	Interims - Jun 03	Comparison
REV	£4,118,000	£8,337,000	£4,817,000	+17.0%
PBT	-£5,133,000	-£9,061,000	-£1,512,000	Loss both
EPS	-3.90p	-7.00p	-1.20p	Loss both

Pilat Media Global plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£2,841,000	£6,139,000	£2,470,000	-13.1%
PBT	-£1,264,000	-£2,235,000	-£1,337,000	Loss both
EPS	-4.00p	-6.98p	-4.16p	Loss both

Planit Holdings plc

	Final - Apr 02	Final - Apr 03	Comparison
REV	£22,347,000	£20,417,000	-8.6%
PBT	£3,550,000	-£571,000	Profit to loss
EPS	2.70p	-0.60p	Profit to loss

PSD Group plc

	Final - Dec 01	Final - Dec 02	Comparison
REV	£71,672,000	£44,282,000	-38.2%
PBT	£4,815,000	£879,000	-81.7%
EPS	10.50p	2.10p	-80.0%

QA plc

	Interim - May 02	Final - Nov 02	Interim - May 03	Comparison
REV	£16,059,999	£32,800,000	£14,062,000	-12.4%
PBT	-£36,012,000	-£63,000,000	-£870,000	Loss both
EPS	-39.30p	-67.70p	-0.90p	Loss both

Quantica plc

	Final - Nov 01	Final - Nov 02	Comparison
REV	£33,418,000	£26,127,000	-21.8%
PBT	£2,860,000	-£3,443,000	Profit to loss
EPS	4.93p	-9.07p	Profit to loss

Raft International plc

	Interim - Apr 02	Final - Oct 02	Interim - Apr 03	Comparison
REV	£3,394,000	£6,666,000	£4,175,000	+23.0%
PBT	-£1,148,000	-£2,113,000	-£498,000	Loss both
EPS	-1.75p	-3.10p	-0.76p	Loss both

Rage Software plc

	Final - Jun 01	Final - Jun 02	Comparison
REV	£5,731,000	£12,274,000	+114.2%
PBT	-£17,054,000	-£16,098,000	Loss both
EPS	-5.28p	-4.10p	Loss both

Retail Decisions plc

	Final - Dec 01	Final - Dec 02	Comparison
REV	£22,195,000	£28,421,000	+28.1%
PBT	-£2,895,000	-£9,379,000	Loss both
EPS	-2.15p	-3.64p	Loss both

RM plc

	Interim - Mar 02	Final - Sep 02	Interim - Mar 03	Comparison
REV	£89,133,000	£202,158,000	£85,363,000	-4.2%
PBT	-£14,131,000	-£5,914,000	-£1,820,000	Loss both
EPS	-11.20p	-5.10p	-1.80p	Loss both

Royalblue Group plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£29,315,000	£57,006,000	£27,857,000	-5.0%
PBT	£3,984,000	£13,058,000	£3,847,000	-3.4%
EPS	8.50p	32.90p	8.50p	+0.0%

Sage Group plc

	Interim - Mar 02	Final - Sep 02	Interim - Mar 03	Comparison
REV	£278,821,000	£551,731,000	£282,056,000	+1.2%
PBT	£65,146,000	£129,154,000	£74,259,000	+14.0%
EPS	3.50p	6.99p	4.00p	+14.3%

SBS Group plc

	Interim - Feb 02	Final - Aug 02	Interim - Feb 03	Comparison
REV	£16,996,000	£32,089,000	£13,026,000	-23.4%
PBT	-£606,000	-£2,048,000	-£459,000	Loss both
EPS	-6.60p	-19.40p	-3.00p	Loss both

SDL plc

	Final - Dec 01	Final - Dec 02	Comparison
REV	£33,659,000	£58,002,000	+72.3%
PBT	-£5,098,000	-£3,518,487	Loss both
EPS	-11.56p	-7.10p	Loss both

ServicePower Technologies plc

	Final - Dec 01	Final - Dec 02	Comparison
REV	£3,150,000	£4,483,000	+42.3%
PBT	-£2,700,000	-£555,000	Loss both
EPS	-4.90p	-0.64p	Loss both

Sherwood International plc

	Final - Dec 01	Final - Dec 02	Comparison
REV	£56,513,000	£52,231,000	-7.6%
PBT	-£11,012,000	£94,000	Loss to profit
EPS	-25.60p	0.30p	Loss to profit

Sirius Financial Systems plc

	Final - Dec 01	Final - Dec 02	Comparison
REV	£17,373,850	£22,683,192	+30.6%
PBT	-£281,001	£1,893,520	Loss to profit
EPS	-4.00p	5.90p	Loss to profit

Sopheon plc

	Final - Dec 01	Final - Dec 02	Comparison
REV	£13,963,000	£12,353,000	-11.5%
PBT	-£34,631,000	-£16,179,000	Loss both
EPS	-76.20p	-19.40p	Loss both

Spring Group plc

	8 months to Dec 01	Final - Dec 02	Comparison
REV	£220,916,000	£293,330,000	+32.8%
PBT	-£15,021,000	-£8,840,000	Loss both
EPS	-9.15p	-5.93p	Loss both

Staffware plc

	Final - Dec 01	Final - Dec 02	Comparison
REV	£38,230,000	£39,031,000	+2.1%
PBT	-£3,250,000	£2,608,000	Loss to profit
EPS	-26.00p	11.10p	Loss to profit

StatPro Group plc

	Final - Dec 01	Final - Dec 02	Comparison
REV	£6,174,000	£7,229,000	+17.1%
PBT	-£4,742,000	-£2,373,000	Loss both
EPS	-15.30p	-7.30p	Loss both

SurfControl plc

	Interim - Dec 01	Final - Jun 02	Interim - Dec 02	Comparison
REV	£16,965,000	£37,538,000	£22,044,000	+29.9%
PBT	-£27,067,000	-£48,084,000	£2,071,000	Profit to loss
EPS	-89.30p	-156.55p	4.50p	Profit to loss

Synstar plc

	Interim - Mar 02	Final - Sep 02	Interim - Mar 03	Comparison
REV	£111,590,000	£221,870,000	£111,517,000	-0.1%
PBT	£1,570,000	£6,532,000	£3,797,000	+141.8%
EPS	0.30p	2.40p	1.60p	+433.3%

Systems Union Group plc

	Final - Dec 01	Final - Dec 02	Comparison
REV	£78,385,000	£74,631,000	-4.8%
PBT	£2,189,000	£4,316,000	+97.2%
EPS	3.80p	7.10p	+86.8%

Tadpole Technology plc

	Interim - Mar 02	Final - Sep 02	Interim - Mar 03	Comparison
REV	£9,744,000	£16,724,000	£2,803,000	-71.2%
PBT	-£2,842,000	-£11,140,000	-£7,516,000	Loss both
EPS	-1.50p	-5.70p	-3.60p	Loss both

Telecity plc

	Final - Dec 01	Final - Dec 02	Comparison
REV	£32,628,000	£24,954,000	-23.5%
PBT	-£35,392,000	-£40,604,000	Loss both
EPS	-25.20p	-20.20p	Loss both

Telework Systems plc

	Final - Mar 02	Final - Mar 03	Comparison
REV	£15,713,000	£14,241,000	-9.4%
PBT	-£3,954,000	-£2,742,000	Loss both
EPS	-2.25p	-1.52p	Loss both

Tikit Group plc

	Final - Dec 01	Final - Dec 02	Comparison
REV	£9,123,000	£8,231,000	-9.8%
PBT	£1,006,000	£305,000	-69.7%
EPS	6.10p	1.30p	-78.7%

Torex plc

	Final - Dec 01	Final - Dec 02	Comparison
REV	£132,206,000	£161,791,000	+22.4%
PBT	£8,915,000	£14,688,000	+64.8%
EPS	9.00p	16.80p	+86.7%

Total Systems plc

	Final - Mar 02	Final - Mar 03	Comparison
REV	£5,384,299	£3,927,749	-27.1%
PBT	£1,415,606	£596,643	-57.9%
EPS	9.44p	4.12p	-56.4%

Touchstone Group plc

	Final - Mar 02	Final - Mar 03	Comparison
REV	£14,187,000	£14,249,000	+0.4%
PBT	£1,770,000	£1,526,000	-13.8%
EPS	10.90p	9.20p	-15.6%

Trace Group plc

	Final - May 01	Final - May 02	Comparison
REV	£15,656,000	£20,630,180	+31.8%
PBT	£3,183,000	£2,045,620	-35.7%
EPS	17.12p	8.65p	-49.5%

Transeda plc

	Interim - Dec 01	Final - Jun 02	Interim - Dec 02	Comparison
REV	£3,528,000	£5,751,000	£1,808,000	-48.8%
PBT	-£259,000	-£7,346,000	-£5,143,000	Loss both
EPS	-0.40p	-11.72p	-7.61p	Loss both

Transware plc

	Interim - Dec 01	Final - Jun 02	Interim - Dec 02	Comparison
REV	£6,284,764	£12,806,946	£4,922,301	-21.7%
PBT	£622,147	£319,574	-£468,121	Profit to loss
EPS	1.40p	0.33p	-1.40p	Profit to loss

Triad Group plc

	Final - Mar 02	Final - Mar 03	Comparison
REV	£41,567,000	£27,756,000	-33.2%
PBT	-£470,000	-£4,980,000	Loss both
EPS	-1.36p	-27.20p	Loss both

Tribal Group plc

	Final - Mar 02	Final - Mar 03	Comparison
REV	£45,651,000	£105,659,000	+131.4%
PBT	£4,680,000	£7,855,000	+67.8%
EPS	6.60p	5.50p	-16.7%

Ultima Networks plc

	Final - Dec 01	Final - Dec 02	Comparison
REV	£4,391,000	£2,026,000	-53.9%
PBT	£513,000	£165,000	-67.8%
EPS	0.30p	0.10p	-66.7%

Universe Group plc

	Final - Dec 01	Final - Dec 02	Comparison
REV	£58,990	£34,487	-41.5%
PBT	£1,392	£1,327	-4.7%
EPS	0.40p	2.50p	+525.0%

Vega Group plc

	Final - Apr 02	Final - Apr 03	Comparison
REV	£35,572,000	£35,589,000	+0.0%
PBT	-£763,000	-£8,739,000	Loss both
EPS	-3.53p	-48.51p	Loss both

VI Group plc

	Final - Dec 01	Final - Dec 02	Comparison
REV	£6,456,000	£7,542,000	+16.8%
PBT	£726,000	£70,000	-90.4%
EPS	2.12p	-0.74p	Profit to loss

Vocalis Group plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£1,223,000	£1,735,000	£1,404,000	+14.8%
PBT	-£1,968,000	-£4,185,000	-£1,626,000	Loss both
EPS	-4.25p	-5.41p	-1.28p	Loss both

Warthog plc

	Final - Mar 02	Final - Mar 03	Comparison
REV	£8,858,117	£11,417,138	+28.9%
PBT	£487,791	-£790,705	Profit to loss
EPS	0.72p	-0.87p	Profit to loss

Wealth Management Software plc

	Final - Dec 01	Final - Dec 02	Comparison
REV	£12,009,000	£10,997,000	-8.4%
PBT	-£6,346,000	-£1,061,000	Loss both
EPS	-14.68p	-2.74p	Loss both

Xansa plc

	Final - Apr 02	Final - Apr 03	Comparison
REV	£515,100,000	£453,900,000	-11.9%
PBT	-£507,800,000	-£157,000,000	Loss both
EPS	-184.66p	-57.09p	Loss both

XKO Group plc

	Final - Mar 02	Final - Mar 03	Comparison
REV	£38,880,000	£43,627,000	+12.2%
PBT	-£14,938,000	-£545,000	Loss both
EPS	-56.40p	-2.90p	Loss both

Xpertise Group plc

	Final - Dec 01	Final - Dec 02	Comparison
REV	£5,276,000	£4,602,000	-12.8%
PBT	-£1,571,000	-£1,148,000	Loss both
EPS	-4.83p	-1.55p	Loss both

Note: The companies listed on pages 18-21 are those companies in our S/ITS index with revenue of >£2m. Also included in our index are: **Atlantic Global, BSoftB, Earthport, Ffastfil, Intercede Group, Internet Business Group, Knowledge Technology Solutions, Netcall, PC Medics Group, Stilo International, Superscape, Systems Integrated, Ultrasis Group, Vianet Group**

Holway/SYSTEMHOUSE S/ITS Share Prices and Capitalisation

	SCS Cat.	Share Price 31-Jul-03	Capitalisation 31-Jul-03	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 31-Jul-03	Share price move since 30-Jun-03	Share price % move in 2003	Capitalisation move since 30-Jun-03	Capitalisation move (£m) in 2003
AFA Systems	SP	£0.23	£8.6m	Loss	1.44	194	20.78%	22.37%	£1.39m	£4.14m
Affinity Internet Holdings	CS	£0.28	£9.1m	Loss	0.17	2115	0.00%	-26.67%	£0.00m	-£3.42m
AIT Group	CS	£0.71	£17.6m	. Loss	1.00	466	-20.22%	102.86%	-£3.80m	£9.24m
Alphameric	SP	£0.63	£66.2m	0.0	1.07	290	24.02%	24.02%	£12.85m	£12.82m
Alterian	SP	£0.59	£22.9m	Loss	4.79	293	9.35%	58.11%	£1.71m	£8.40m
Anite Group	CS	£0.46	£155.9m	Loss	0.72	268	37.59%	94.68%	£41.71m	£76.91m
Argonaut Games	SP	£0.08	£7.3m	2.8	0.52	78	11.11%	-57.14%	£0.97m	-£9.57m
Autonomy Corporation	SP	£1.90	£216.3m	59.6	6.37	58	7.95%	8.57%	£15.37m	-£2.39m
Aveva Group	SP	£4.68	£79.7m	22.0	2.21	2338	12.65%	32.25%	£8.98m	£19.88m
Axon Group	CS	£1.07	£55.4m	25.3	1.29	609	3.90%	86.84%	£1.88m	£25.84m
Baltimore Technologies	SP	£0.38	£20.3m	Loss	0.58	390	11.76%	-15.56%	£2.14m	-£2.70m
Bond International	SP	£0.34	£4.8m	Loss	0.75	515	31.37%	91.43%	£1.07m	£2.29m
Business Systems	CS	£0.07	£5.6m	Loss	0.21	57	-6.90%	42.11%	-£0.95m	£1.73m
Capita Group	CS	£2.45	£1,633.7m	20.3	1.82	66228	8.41%	-1.01%	£128.30m	-£13.19m
Charteris	CS	£0.23	£9.6m	14.4	0.50	256	17.95%	2.22%	£1.25m	£0.24m
Chelford Group	CS	£0.01	£3.0m	Loss	0.41	87	-33.33%	-99.53%	£2.93m	-£3.75m
Clarity Commerce	SP	£0.59	£8.2m	25.1	1.17	468	0.00%	-15.83%	-£0.07m	-£1.49m
Clinical Computing	SP	£0.43	£10.8m	Loss	4.52	347	1.18%	32.31%	£0.03m	£2.64m
CODASciSys (was Science Systems)	CS	£2.53	£64.2m	10.1	0.97	1957	-2.88%	3.06%	-£1.85m	£3.25m
Comino	SP	£2.33	£32.3m	19.9	1.32	1788	4.49%	82.35%	£1.37m	£14.65m
Compass Software	SP	£0.75	£8.9m	47.2	1.83	500	0.00%	13.64%	£0.00m	£1.10m
Compel Group	R	£0.92	£28.5m	Loss	0.45	736	28.67%	11.52%	£6.19m	£2.92m
Computacenter	R	£3.80	£713.9m	19.2	0.37	567	7.04%	35.71%	£46.99m	£194.99m
Computer Software Group	SP	£0.02	£2.8m	Loss	0.92	170	-23.66%	-38.46%	-£5.46m	-£1.86m
DCS Group	CS	£0.18	£4.4m	Loss	0.06	296	54.35%	69.05%	£1.43m	£1.81m
Delcam	SP	£1.50	£9.1m	4.9	0.48	577	26.05%	20.00%	£1.88m	£1.53m
Detica	CS	£4.05	£90.5m	15.4	2.31	1013	10.66%	13.13%	£8.71m	£10.51m
Diagonal	CS	£0.65	£58.1m	Loss	0.91	945	5.69%	27.45%	£2.69m	£12.54m
Dicom Group	R	£5.28	£109.8m	14.5	0.73	1617	9.33%	30.25%	£9.26m	£25.46m
Dimension Data	R	£0.26	£352.3m	Loss	0.16	47	20.69%	-9.48%	£53.85m	-£36.86m
DRS Data & Research	SP	£0.46	£15.5m	12.4	1.21	414	4.60%	51.67%	£0.42m	£5.12m
Easynet	CS	£1.27	£78.9m	Loss	0.85	35	-0.78%	60.13%	-£0.36m	£29.81m
Easyscreen	SP	£0.15	£8.5m	Loss	3.20	90	-23.75%	-39.00%	-£2.79m	-£4.83m
Eidos	SP	£1.30	£181.9m	Loss	1.78	6497	-4.76%	3.17%	-£9.72m	£7.15m
Electronic Data Processing	SP	£0.85	£21.0m	Loss	2.48	2603	0.00%	117.95%	-£0.01m	£11.38m
Empire Interactive	SP	£0.07	£4.0m	Loss	0.16	115	-8.00%	-8.00%	-£0.65m	-£1.08m
Epic Group	CS	£1.25	£32.0m	11.3	3.65	1190	17.37%	62.34%	£4.75m	£12.48m
Eurolink Managed Services	CS	£0.27	£2.8m	57.4	0.30	270	-14.29%	-21.74%	-£0.47m	-£0.79m
Financial Objects	SP	£0.39	£10.7m	Loss	0.84	170	25.81%	-1.27%	£2.05m	-£0.15m
Flomerics Group	SP	£0.66	£9.6m	Loss	0.82	2519	-8.39%	-4.38%	-£0.94m	-£0.30m
Focus Solutions Group	SP	£0.25	£6.3m	Loss	0.96	126	0.00%	68.97%	-£0.13m	£2.57m
GB Group	SP	£0.20	£16.1m	Loss	0.94	131	2.53%	47.27%	-£0.21m	£5.11m
Gladstone	SP	£0.12	£4.9m	Loss	0.28	300	-9.43%	140.00%	-£0.62m	£2.88m
Glotel	A	£0.69	£26.0m	Loss	0.34	356	15.13%	28.04%	£3.19m	£5.68m
Gresham Computing	CS	£3.45	£162.0m	140.8	13.99	3704	11.13%	462.45%	£16.21m	£132.37m
Harrier Group	CS	£0.17	£4.9m	Loss	0.51	132	51.11%	100.00%	£1.57m	£2.45m
Harvey Nash Group	A	£0.43	£23.8m	Loss	0.10	243	30.77%	21.43%	£5.53m	£4.21m
Highams Systems Services	A	£0.09	£1.7m	Loss	0.10	236	-5.56%	0.00%	-£0.08m	-£0.01m
Horizon Technology	CS	£0.33	£22.4m	Loss	0.11	121	-1.49%	60.98%	-£0.74m	£10.40m
Host Europe	CS	£0.01	£15.8m	Loss	1.15	495	33.33%	0.00%	£3.82m	-£0.05m
Hot Group (was RexOnline)	CS	£0.17	£8.1m	Loss	2.85	202	25.93%	21.43%	£1.42m	£4.16m
I S Solutions	CS	£0.11	£2.6m	Loss	0.35	391	-14.29%	82.61%	-£0.53m	£1.13m
I-Document Systems	SP	£0.10	£14.4m	Loss	4.77	13	-12.77%	-12.77%	-£1.73m	-£2.10m
ICM Computer Group	CS	£2.38	£47.0m	15.3	0.68	1319	38.89%	30.14%	£13.21m	£10.91m
IDS Group	SP	£0.28	£15.6m	Loss	0.52	306	19.57%	111.54%	£2.52m	£8.17m
Innovation Group	SP	£0.15	£61.0m	Loss	0.61	64	11.32%	28.26%	£4.16m	£38.72m
InTechnology	CS	£0.62	£85.0m	Loss	0.54	2460	-7.52%	2.50%	-£7.54m	£2.15m
Intelligent Environments	SP	£0.08	£11.0m	Loss	4.14	85	10.34%	128.57%	£1.11m	£6.47m
IQ-Ludorum	SP	£0.02	£1.9m	Loss	0.48	31	53.33%	-16.36%	£0.68m	-£0.32m
iRevolution	CS	£0.00	£0.0m	Loss	0.01	2	-93.33%	-92.00%	-£0.98m	-£0.53m
iSOFT Group	SP	£3.58	£441.9m	32.3	4.83	3250	19.57%	39.65%	£71.68m	£140.67m
ITNET	CS	£2.82	£205.7m	16.9	1.15	804	20.30%	46.23%	£34.70m	£65.02m
Izodia (was Infobank)	SP	£0.44	£25.9m	Loss	6.86	6985	0.00%	0.00%	£0.00m	£0.00m
Jasmin	SP	£0.94	£4.4m	Loss	0.76	627	-24.80%	-38.96%	-£1.49m	-£2.80m
K3 Business Technology	SP	£0.11	£5.7m	5.6	0.71	86	-10.00%	32.35%	-£0.90m	£1.42m
Kewill	SP	£0.48	£36.9m	Loss	1.46	949	-3.03%	95.92%	-£1.20m	£17.89m
LogicaCMG	CS	£1.67	£1,250.9m	Loss	0.68	2287	16.58%	11.33%	£174.55m	£126.07m
London Bridge Software	SP	£0.57	£96.5m	Loss	1.55	1413	29.89%	126.00%	£22.18m	£54.10m

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

Holway/SYSTEMHOUSE S/ITS Share Prices and Capitalisation

	SCS Cat.	Share Price 31-Jul-03	Capitalisation 31-Jul-03	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 31-Jul-03	Share price move since 30-Jun-03	Share price % move in 2003	Capitalisation move since 30-Jun-03	Capitalisation move (£m) in 2003
Lorien	A	£0.55	£10.2m	Loss	0.09	545	-10.66%	-22.14%	-£1.20m	-£3.50m
Macro 4	SP	£0.94	£19.5m	Loss	0.49	377	29.86%	105.49%	£4.48m	£10.02m
Manpower SoftWare	SP	£0.18	£8.0m	Loss	2.41	186	0.00%	111.76%	£0.11m	£4.20m
Marlborough Stirling	SP	£0.42	£94.8m	Loss	0.78	300	55.56%	18.31%	£33.88m	£14.73m
MERANT	SP	£1.58	£162.3m	Loss	2.06	761	18.42%	86.39%	£24.70m	£73.47m
Microgen	CS	£0.49	£29.1m	Loss	1.15	207	2.11%	142.50%	£0.30m	£17.40m
Minorplanet Systems	SP	£1.09	£80.1m	Loss	0.64	2226	-6.44%	-11.38%	-£13.63m	-£9.94m
Misys	SP	£2.72	£1,519.7m	14.7	1.50	3384	5.84%	54.55%	£80.33m	£505.93m
MMT Computing	CS	£1.04	£12.6m	Loss	0.46	616	7.25%	16.29%	£0.75m	£1.84m
Mondas	SP	£0.46	£9.7m	Loss	2.61	613	35.29%	84.00%	£2.42m	£4.70m
Morse	R	£1.30	£168.3m	Loss	0.36	520	-0.38%	1.96%	-£1.35m	£2.50m
MSB International	A	£0.61	£12.5m	Loss	0.15	321	-1.61%	11.93%	-£0.27m	£1.41m
Myratech.net	CS	£0.02	£0.7m	Loss	0.39	18	-8.00%	-23.33%	-£0.05m	-£0.20m
Ncipher	SP	£1.54	£38.1m	Loss	4.29	614	15.41%	151.64%	£5.14m	-£39.06m
NetBenefit	CS	£0.23	£3.7m	Loss	0.61	115	6.98%	87.76%	£0.16m	£1.72m
Netstore	CS	£0.30	£28.6m	Loss	4.31	202	4.31%	57.14%	£0.90m	£10.30m
Nettec	CS	£0.08	£9.2m	Loss	0.56	0	7.14%	11.11%	£0.76m	£0.91m
Northgate Information Solutions	CS	£0.33	£95.4m	14.7	1.16	128	19.82%	27.88%	£16.46m	£20.98m
NSB Retail Systems	SP	£0.12	£39.0m	Loss	0.53	1043	60.00%	65.52%	£14.58m	£15.64m
OneclickHR	SP	£0.07	£4.0m	Loss	0.86	181	0.00%	-3.33%	-£0.14m	-£0.14m
Parity	A	£0.11	£17.3m	Loss	0.09	1875	0.00%	-30.77%	-£0.37m	-£7.58m
Patsystems	SP	£0.17	£22.7m	Loss	2.92	161	81.58%	43.75%	£9.54m	£7.14m
Pilat Media Global	SP	£0.28	£12.3m	Loss	1.68	1400	9.80%	69.70%	£0.90m	£5.07m
Planit Holdings	SP	£0.25	£21.7m	Loss	1.06	1021	4.26%	-7.55%	£0.90m	-£0.26m
PSD Group	A	£2.55	£64.1m	121.4	1.45	1159	43.66%	37.84%	£19.36m	£17.68m
QA (was Skillsgroup)	CS	£0.08	£7.0m	Loss	0.21	34	3.45%	36.36%	-£0.13m	£1.98m
Quantica	A	£0.28	£11.1m	Loss	0.42	222	-5.17%	-17.91%	-£0.60m	-£2.40m
Raft International	SP	£0.23	£15.1m	Loss	2.27	365	206.67%	666.67%	£10.05m	£13.14m
Rage Software	SP	£0.00	£2.6m	Loss	0.22	10	0.00%	-75.00%	£0.00m	-£5.47m
Retail Decisions	SP	£0.11	£29.5m	Loss	1.04	142	75.00%	162.50%	£11.61m	£18.21m
RM	SP	£1.27	£113.9m	Loss	0.56	3629	32.98%	41.11%	£27.75m	£31.60m
Royalblue Group	SP	£4.15	£130.4m	19.5	2.29	2441	17.73%	76.60%	£19.40m	£58.83m
Sage Group	SP	£1.84	£57.9m	4.6	0.10	70865	13.73%	38.53%	-£2,005.91m	-£1,626.62m
SBS Group	A	£0.03	£41.5m	Loss	1.29	33	-7.14%	-67.50%	£40.90m	£40.20m
SDL	CS	£0.61	£9.7m	Loss	0.17	403	9.01%	101.67%	-£20.24m	-£6.51m
ServicePower	SP	£0.21	£11.1m	Loss	2.47	205	20.59%	156.25%	£1.46m	£6.99m
Sherwood International	SP	£1.38	£63.9m	74.6	1.22	4597	6.98%	79.22%	£4.20m	£28.79m
Sirius Financial (was Policymaster)	SP	£0.94	£16.6m	8.4	0.73	623	-4.10%	-15.00%	-£0.79m	-£2.90m
Sopheon	SP	£0.18	£14.8m	Loss	1.20	252	18.64%	34.62%	£2.34m	£3.76m
Spring Group	A	£0.78	£116.8m	Loss	0.40	861	13.97%	68.48%	£13.53m	£47.78m
Staffware	SP	£5.60	£81.3m	30.4	2.08	2489	52.38%	135.79%	£27.93m	£47.10m
StatPro Group	SP	£0.28	£9.1m	Loss	1.26	347	0.91%	38.75%	-£0.09m	£2.61m
SurfControl (was JSB)	SP	£8.66	£263.6m	Loss	7.02	4330	35.84%	107.43%	£69.55m	£137.71m
Synstar	CS	£0.73	£117.8m	19.7	0.53	439	16.94%	23.93%	£17.00m	£22.70m
Systems Union (was Freecom)	SP	£0.76	£79.0m	10.6	1.06	585	-0.65%	4.83%	-£1.00m	£4.22m
Tadpole Technology	SP	£0.13	£32.0m	Loss	1.92	308	64.52%	48.08%	£11.86m	£9.59m
Telecity	CS	£0.08	£15.3m	Loss	0.61	10	14.81%	138.46%	£1.80m	£8.78m
Telework Systems	SP	£0.13	£22.4m	Loss	1.57	0	28.21%	127.27%	£3.29m	£12.42m
Tikit Group	CS	£0.94	£10.9m	Loss	1.33	813	13.33%	14.72%	£1.24m	£1.34m
Torex Group	CS	£5.99	£311.7m	17.1	1.93	11621	19.10%	85.58%	£49.95m	£158.96m
Total Systems	SP	£0.66	£6.9m	16.0	1.77	1245	8.20%	55.29%	£0.48m	£2.48m
Touchstone Group	SP	£0.98	£10.2m	10.7	0.71	933	-3.92%	-2.00%	-£0.43m	-£0.23m
Trace Group	SP	£0.45	£6.8m	6.6	0.33	356	-8.25%	-4.30%	-£0.69m	-£0.32m
Transeda	SP	£0.02	£1.2m	Loss	0.20	35	0.00%	-41.67%	£0.07m	-£0.92m
Transware	CS	£0.04	£3.5m	12.1	0.27	45	16.67%	-50.00%	£0.53m	£0.99m
Triad Group	CS	£0.53	£8.0m	Loss	0.29	389	8.25%	81.03%	£0.53m	£3.57m
Tribal Group	CS	£3.41	£178.5m	21.1	1.69	2067	7.40%	42.68%	£12.05m	£55.11m
Ultima Networks	R	£0.03	£5.6m	30.0	2.75	71	28.89%	190.00%	£1.24m	£3.66m
Universe Group	SP	£0.35	£13.5m	14.1	n/a	1556	32.08%	55.56%	£3.09m	£5.47m
Vega Group	CS	£0.86	£15.8m	Loss	0.44	701	26.67%	43.70%	£3.24m	£4.93m
VI group	SP	£0.16	£6.1m	Loss	0.81	325	-1.52%	4.84%	-£0.29m	£0.27m
Vocalis Group	SP	£0.01	£1.6m	Loss	0.90	13	-50.00%	-50.00%	-£2.57m	-£1.91m
Warthog	SP	£0.20	£9.8m	Loss	0.85	471	6.58%	15.71%	£0.47m	£1.49m
Wealth Management Software	SP	£0.20	£8.4m	Loss	0.76	154	11.11%	150.00%	£0.84m	£5.03m
Xansa (was F.I. Group)	CS	£1.06	£353.2m	Loss	0.78	2705	21.97%	91.82%	£61.91m	£170.43m
XKO Group	SP	£0.75	£20.7m	Loss	0.47	500	13.64%	105.48%	£2.43m	£10.89m
Xpertise Group	CS	£0.02	£1.2m	Loss	0.25	70	40.00%	-53.33%	£0.14m	-£1.55m

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

A HIVE OF CORPORATE ACTIVITY

31-Jul-03	S/ITS Index	4021.86
	FTSE IT (SCS) Index	468.00
	techMARK 100	854.80
	FTSE 100	4157.00
	FTSE AIM	677.20
	FTSE SmallCap	2263.79

Changes in Indices	S/ITS Index Index	FTSE 100	techMARK 100	FTSE IT SCS Index	FTSE AIM Index	FTSE Small Cap
Month (01/07/03 to 31/07/03)	+12.66%	+3.12%	+10.31%	+14.03%	+5.58%	+7.69%
From 15th Apr 89	+302.19%	+102.43%				
From 1st Jan 90	+337.11%	+75.99%				
From 1st Jan 91	+468.16%	+92.42%				
From 1st Jan 92	+284.92%	+66.74%				
From 1st Jan 93	+152.38%	+46.04%				+63.17%
From 1st Jan 94	+140.89%	+21.61%				+21.14%
From 1st Jan 95	+168.27%	+35.61%				+29.63%
From 1st Jan 96	+78.08%	+12.68%	+8.31%		-28.97%	+16.60%
From 1st Jan 97	+50.21%	+0.93%	-6.55%		-30.62%	+3.70%
From 1st Jan 98	+32.51%	-19.05%	-10.40%	-53.20%	-31.73%	-2.14%
From 1st Jan 99	+2.04%	-29.33%	-41.29%	-67.63%	-15.52%	+9.31%
From 1st Jan 00	-64.94%	-40.02%	-77.38%	-87.41%	-64.96%	-26.92%
From 1st Jan 01	-51.96%	-33.19%	-66.68%	-75.99%	-52.90%	-28.88%
From 1st Jan 02	-16.18%	-20.32%	-41.96%	-44.57%	-24.57%	-12.23%
From 1st Jan 03	+48.26%	+5.50%	+31.75%	+37.56%	+12.32%	+24.34%

End Jul 03	Move since 1st Jan 99	Move since 1st Jan 00	Move since 1st Jan 01	Move since 1st Jan 02	Move since 1st Jan 03	Move in Jul 03
System Houses	-18.2%	-68.1%	-57.1%	-22.8%	53.9%	10.2%
IT Staff Agencies	-72.7%	-76.3%	-62.2%	-31.8%	2.6%	7.3%
Resellers	83.9%	-11.4%	17.2%	30.5%	76.4%	15.7%
Software Products	61.9%	-61.1%	-71.7%	-8.9%	50.9%	14.3%
Holway Internet Index	176.3%	-66.4%	-50.6%	-10.6%	36.4%	3.9%
Holway S/ITS Index	8.0%	-62.9%	-49.2%	-11.3%	56.9%	12.7%

July saw the fourth consecutive monthly rise in our Holway S/ITS index. It has increased 12.7% since the end of June to enter August standing at 4021.9. This equates to a 48% increase since the start of the year but is still 16% lower than its value at the beginning of 2002. The techMARK index increased by 10.3% over the month to 854.8 but it too is still far from its value at the beginning of last year.

Highlighting that large and small cap companies alike experienced gains in July, the FTSE IT (SCS) Index, the best indication of the performance of the large cap companies, also shone with the biggest increase of the tech indices (up 14.0%). Examples were **Xansa** up 22.0% to 106p, **Dimension Data** up 20.7% to 26p and **ITNET** (having won its largest ever outsourcing deal) up 20.3% to 282p. **Torex** and **iSoft** also jumped following the announcement of their proposed merger – their share prices were up 19.1% and 19.6% respectively.

However it was still the smaller companies that lead the pack – **Raft International** (having confirmed it is in preliminary discussions which "*may or may not lead*" to an offer for the company) up 206.7% to 23p, **PC Medics Group** up 100% to 1p, **Patsystems** (following its interim results) up 82.6% to 17p and **Superscape** (after good contract news) up 78.6% to 25p. Amongst the positives, there was still reason to find some gloom. **iRevolution** fell 93% having announced its intention to delist and to proceed with the disposal and wind-up of the company, **Vocalis** fell 50% and its shares were suspended pending its results announcement. The company is in discussions regarding the future of the company.

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