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SYSTEMHOUSE

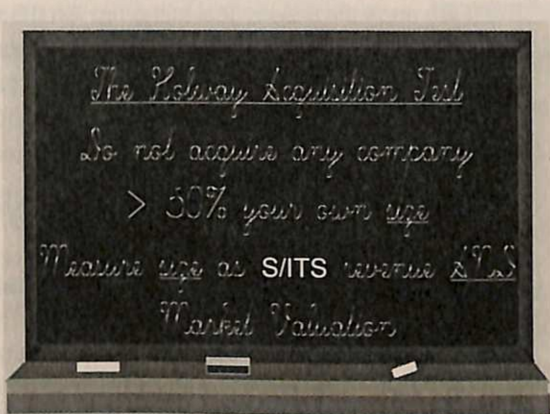
The monthly review of the financial performance of the UK software and IT services industry

ACQUISITION INDIGESTION AND THE HOLWAY TEST

One of the first Holwayisms - well before the redefinition of the word "Boring" - was ***Acquisition Indigestion***. It appeared as a headline over thirteen years ago in one of the first editions of **SYSTEM**HOUSE back in February 1990. The advice on offer then has, rather unfortunately, stood the test of time.

At its heart was the advice that **mega binges** were the main cause of the illness and that **small meals taken regularly** was the prescription most likely to avoid the dreaded indigestion. A malady which, we should point out, has in many cases proved fatal.

We were reminded of this a few weeks ago when we were talking in front of an audience about consolidation in our sector and our belief that we would see much more in the period to come. In a period of lackluster growth, acquisitions will be one of the only ways of boosting market share and reducing costs by shared resources. Many acquisitions will be "defensive" – as much in the mid-market (like **Logica** and **CMG** or last month's proposed **iSoft** and **Torex** coupling) as at the larger end (like **HP** and **Compaq**).



"Surely, Richard, this is at odds with your often stated views that large acquisitions don't work?" I was asked from the floor.

My response was *"Well, everyone knows that smoking is bad for your health, but a third of the population still smokes"*. In other words it is quite compatible to warn of the dangers whilst forecasting even greater uptake!

MEGA BINGEING

In 1990 we defined a mega binge as a situation where one company acquired another that was > half its own size. Size was measured by BOTH revenue and market valuation. You had to pass both. This Holway Test is quite a neat definition as it means that, as you get bigger, so do the meals you can safely consume.

However, the measurement only relates to the company's S/ITS revenues. Using the Holway Test, **Accenture** (c$11.5b revenues) would be ill-advised to acquire **CSC** (c$11b revenues) but could just about think of acquiring **Unisys** ($5.6b revenues). However, BT (c$30b revenues) would be ill-advised to go for CSC as BT's S/ITS revenues are <$3b. If it really wanted to build its S/ITS operations by acquisition, companies with SITS revenues of <$1.5b should be BT's initial hunting ground.

FAILING THE HOLWAY TEST

There isn't enough room in this article to list all the acquisitions which have failed the Holway test and then subsequently failed to meet the buyer's initial expectations. They range from the big (like **Cap Gemini Ernst & Young**, Compaq and **Digital**) to the relatively small (like **Sema** and **LHS**, **Misys** and **Medic**). Recently, HP and Compaq would have failed the Holway Test as would Logica and CMG. We still reserve judgment on both!

Applying the S/ITS revenue test would also have started alarm bells ringing when much larger non-S/ITS companies decided to acquire. **Time Warner** and **AOL**, **Invensys** and **Baan**, **Schlumberger** and **Sema** - let alone the disastrous ventures into the S/ITS area by both **Marconi** and **Pearson** - would all have failed the Holway Test.

PASSING THE HOLWAY TEST

Conversely, there isn't a single one of the 40+ acquisitions made by either **Sage** or **Capita** –two of the companies which have made the most acquisitions over the last decade – which have failed the Holway Test. Interesting therefore that these are the two best performing companies in the UK S/ITS sector!

EVIL EMPIRE

With nearly 100 acquisitions in recent years, **IBM** has never failed the Holway Test either. Their first real foray into the ITS M&A world was the pretty modest £95m acquisition of **Data Sciences** in 1995 and even the $3.5b acquisition of **PwCC**, adding c$5b revenues, in 2002 was well within

[continued on page two]

[continued from page one]

the Holway Test guidelines.

Now IBM, with total 2002 revenues of c$80b and ITS revenues of >$40b, could acquire any ITS company in the world without failing the Holway Test.

For IBM, the only software company which would fail the test would be **Microsoft**. **Oracle** would be well within the prescribed limit. Even on the hardware front, only **Intel** and **Dell** would be ill-advised acquisitions for IBM.

This was, of course, one of the reasons why we believe that IBM is now the only company which could aspire to global dominance in the IT sector. A realization that lead the CFO of Accenture to remark *"If IBM is the Evil Empire, then Accenture want to lead the Rebel Alliance"*.

We have written recently on the consolidation in the software sector. Here we see IBM, Microsoft, Oracle and **SAP** as the consolidators with almost everyone else vulnerable to being their prey.

BINGEING IN THE IT SERVICES SECTOR

In the IT services sector, there is hardly a day when another rumour of a mega binge does not surface.

The current rumours surround:

- Sema where CSC was both the most likely and most logical purchaser...but not at the price Schlumberger wanted. Current rumoured buyers for Sema include HP and **SBS**.

- CGE&Y was likewise rumoured to be a target for HP and was quoted as the reason for the recent rise in CGE&Y's share price.

What's interesting, if not a little ironic, in these rumoured couplings is that both Sema and CGE&Y only got into their weakened state in the first place because of ill-advised mega binges of their own! (Sema and LHS, Cap Gemini and Ernst & Young). On the buyer side, we are still highly skeptical of the ultimate wisdom of the HP and Compaq coupling (as we were with the Compaq and Digital coupling which contributed to Compaq's weakened position in the first place). We would argue that CSC's current comparatively strong position – and their ability to be on the potential buyer list – is because CSC has NOT indulged in any such mega binges!

TESTING THE THEORY

Let's apply the Holway Test to the Top Ten ITS suppliers to the UK market: This, of course, contains several different companies to those found in a European, US or global ranking. But will be of more relevance to **SYSTEM**HOUSE readers.

1 – IBM

IBM could acquire the ITS activities of anybody.

2 – EDS

We doubt if EDS' current health would allow it to be in acquisition mode at the moment. The only company that could buy them safely is IBM. Although **Fujitsu**, HP, **Deutsche Telecom** and even BT have more than twice the total revenues of EDS, they all fail the Holway Test on S/ITS revenues.

Conversely, EDS shouldn't even think about acquiring Accenture or CSC. EDS acquiring CGE&Y or Sema would pass the Holway Test however.

3 – ACCENTURE

Accenture has been rumoured as a possible bid target themselves. But the only company which could sensibly buy them is IBM. *What an interesting coupling that would make!* Conversely if Accenture went abuying, they too should steer well clear of CSC. CGE&Y also fails the Holway Test. T-Systems and SBS are borderline but Sema, **Atos Origin** and LogicaCMG would all pass.

4 – FUJITSU SERVICES

Fujitsu is the real wild card in the pack. Fujitsu Services (the old ICL) has long been considered to be in play as an acquisition target in its own right. IBM, EDS, HP, Accenture, CGE&Y, and CSC would all have passed the Holway Test with such an acquisition.

But what about Fujitsu itself? Its $40b global revenues and $14b services revenues (most of it at the HP end of the value chain), on the surface, might make it one of the only companies which could compete with IBM across the

[continued on page three]

INDEX

INDICES (changes in Aug 03)

Holway S/ITS	11.6%	4487
Holway Internet	28.9%	3537
FTSE IT (SCS)	4.9%	491
techMARK 100	6.2%	908
Nasdaq Comp	4.3%	1810

[continued from page two]

board. But Fujitsu is a rather wounded animal. This month it has embarrassingly seen its credit rating reduce to junk bond levels by S&P. Even though acquiring CGE&Y or Sema would both pass the Holway Test, we doubt if Fujitsu has the resolve or resources to go a-buying at that level.

5 – CSC

As CSC and Accenture are about the same size, the same reasoning would apply (see above).

6 – HP

HP has already failed the Holway Test by acquiring Compaq (who had in turn failed it by acquiring Digital!). Now with global S/ITS revenues of around $12b (but most of it from the support sector) HP would still be ill-advised to go after Accenture, CSC or CGE&Y...let alone EDS. Acquiring Unisys, Atos-Origin or Sema would, however, pass the Holway Test...provided the predator was fit enough for any meal at present whilst still suffering from the aftereffects of its last megabinge!

7 – CGE&Y

Again, CGE&Y is more likely to be the prey than the hunter. Provided it was fit enough, Sema and Atos Origin would pass the Holway test.

8 – BT

We have written about BT's S/ITS activities on too many occasions. Obviously any of the companies ranked above would fail the Holway Test. But these are the only ones that would really propel BT into the global rankings. Acquiring Atos Origin, Sema or LogicaCMG would fail the test too. Conversely, BT might abandon the whole ITS adventure. Sell Syntegra and concentrate on network management and associated desktop managed services via BT Global Services Solutions. In that event, BT taking over **Computacenter** would pass the Holway Test based on S/ITS revenues (and would be a pretty logical move too!).

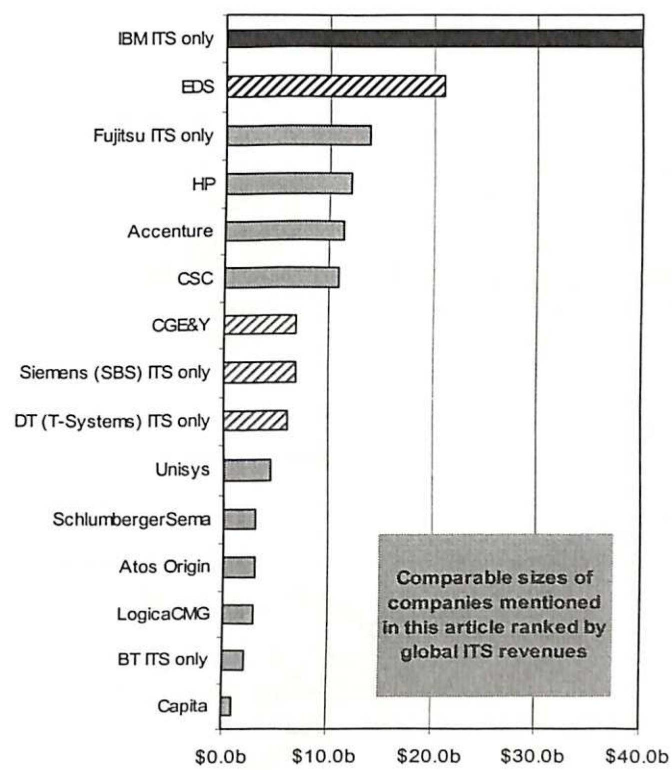
9 – LOGICACMG

We wrote in **SYSTEM**HOUSE April 2003 that we saw LogicaCMG being part of the consolidation process rather than being the predator itself. We still think that. LogicaCMG buying someone like Xansa would, however, pass the Holway Test.

10 – CAPITA

Capita would indeed be a prize for anybody (i.e. most of the above!) who aspired to be the UK's leaders in the BPO space. But Capita is still pretty highly valued and is therefore unlikely to succumb to anybody without very deep pockets.

Capita is far more likely just to continue its winning recipe for small meals taken often. A mega binge in the ITS space is unimaginable.



CONCLUSION

The Holway Test merely indicates our view of what makes common sense, based on acquisitions that have succeeded and those that have failed, gathered over several decades.

It is, however, no guide to what will actually happen.

The only thing that can be guaranteed is that common sense is the first casualty in M&A.

This article was written by Richard Holway and replaces the Holway Comment this month.

SHOW ME THE MONEY

One of the most pressing challenges facing UK S/ITS suppliers is how to access the capital required both to fund growth and provide working capital. We have just completed our latest research looking at investor sentiment in the UK S/ITS industry and our findings illustrate an environment where uncertainty and risk aversion continue to reign. Here are just a few of our findings and predictions:

Medium-term outlook provides no justification for current share rally...

Our Holway S/ITS index, the best guide to the performance of all UK quoted S/ITS companies fell by 43% over 2002. Indeed, by Oct. 02 the index had experienced six consecutive months of falls. But since Apr. 03 all the technology indices have rallied. Our Holway S/ITS index outperformed the techMARK100 and the FTSE IT (SCS) index with a 70% gain over four months.

However, investors could be disappointed if the recent stock-market rally turns out to be a false dawn. We only have to consider what has prompted this upward movement in share prices. This renewed investor confidence is as a result of a large number of UK-quoted S/ITS companies moving towards break-even position or displaying significant profits growth in 2002/2003 – a profits recovery achieved by cutting costs in all areas of the business.

Such big cost cutting exercises cannot continue indefinitely. Cutting costs in a one or two year blitz is one thing; sustained cost cutting over a long period is much more difficult. Indeed the S/ITS sector has no previous experience of this.

For this reason, we would suspect that the current profits growth would run out of steam by about 2005/6. Indeed, it will be those companies grabbing market share that will achieve this sort of profits growth. We will see others fall back into the red once more. When double-digit profits growth deserts the industry technology stocks are likely to suffer once more.

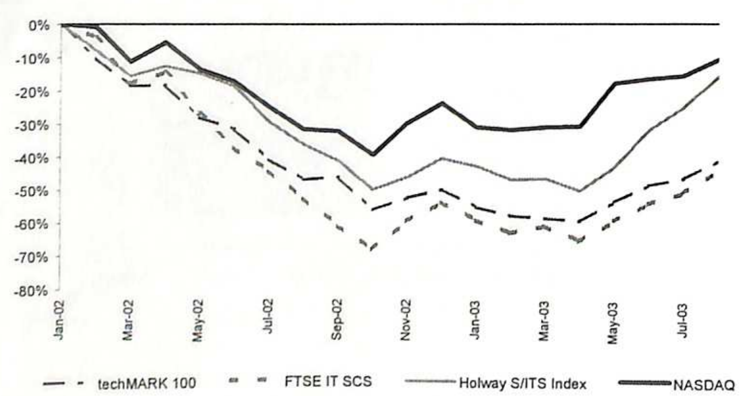
...And the IPO famine is set to continue...

We have not witnessed a S/ITS IPO on the London Stock Exchange's Main market since Detica floated in Apr. 02. August brought the first IPO on AIM since the end of last year (see p.15). To put this into context, in the heydays of 2000/2001, 38 companies floated on the London Stock exchange in just one year.

Combining this with the level of consolidation in the industry and the number of company failures means that there are now 11% fewer S/ITS companies listed on the London Stock Exchange than there were in 2000. In the last three months alone, two companies have been placed into administration (iRevolution and Vocalis) and two have been acquired (Torex/iSoft and Sherwood International).

The next year will be 'sink or swim' time for many, particularly smaller, S/ITS companies when they realise costs can be cut no further. We therefore believe that this exodus from the stock market will continue. Uncertainty in the stock market will also mean that few companies will choose to IPO until at least 2004, if not 2005. We are only aware of one S/ITS company that has expressed a desire to float in the UK this year. Compared to a couple of years ago early-stage companies now need to have progressed their companies much further in terms of revenue base and time to profitability if their flotation is to be successful.

Index movements since 1st Jan. 02



...But private equity S/ITS investment showing signs of recovery

Private equity investment in the UK technology market crashed by 40% in 2002 with 201 deals undertaken compared to 340 deals in 2001. In addition, the total amount invested more than halved from £1,896m to £823m.

However, three consecutive monthly increases in the number of deals have brought a glimmer of hope. The number of deals recorded (by month) rose in May, June and July 03 following a record low of just six deals in April. Although it is unlikely that this signals the start of a major uplift in the level of investment in the UK S/ITS industry over the next year, we do expect some steady growth from here on in.

Why? The number of 'active' investors in the technology industry cannot be sustained with the current low levels of investment. Fund managers must now either invest the funds available to them or return funds to shareholders. They need to start showing a return on their existing funds in order to attract investors

[continued on page five]

[continued from page four]

to new funds. Investment activity will be boosted as companies downgrade their valuation expectations thus increasing trade sale activity and clearing the exit route for investors.

Despite this, investors are still risk averse and favouring companies with established revenue streams rather than fresh-faced start-ups. They are also favouring undertaking investment deals as part of a syndicate in order to spread the risk.

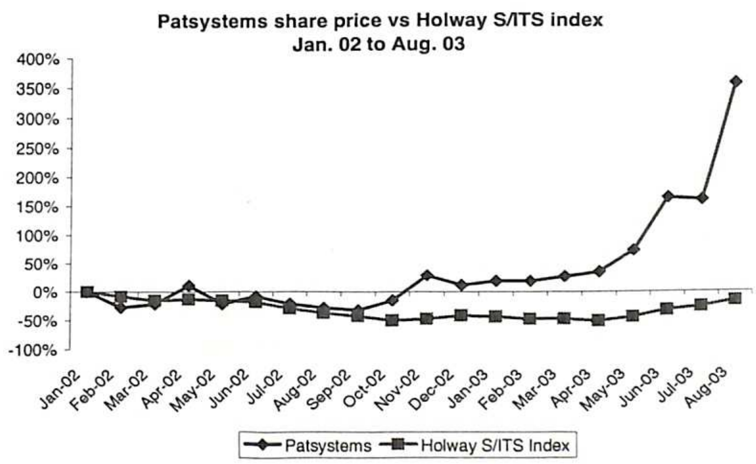
We look in more detail at investor sentiment in the industry and answer such questions as "which S/ITS companies are attracting the most funds?"... "Who are the most prolific investors in the sector?"..."Which S/ITS companies are most highly valued?" and many more, in the ***Industry Trends: Investor Sentiment Report 2003*** *due to be published this month.* Please contact Andrew Randles for details (email: ajr@ovum.com, or telephone 01252 740908). *(Georgina O'Toole)*

We are indebted to Cobalt Corporate Finance, the funding and M+A advisors to technology and media companies, for their assistance in providing us exclusively with data on private equity investments in the UK technology marketplace

-14%
15p

PATSYSTEMS - READY TO MOVE OUT OF THE RED

Patsystems, supplier of trading software for the derivative industry, has announced interim results for the six months ended 30th Jun. 03. Turnover is up 35% over the same period last year (and on a like-for-like basis) to £4.8m. Losses have also reduced considerably. The Group reported a pre-tax loss of £1.5m compared to a £5.3m loss in H1 02 and a £3.9m loss in H2 02. Loss per share improved to 1.2p from H1 02's 3.9p loss.



Higher revenues and lower costs - the group has managed to reduce its cost base by £2.4m over the last year to £6.4m – mean Patsystems is on track to achieve "*operational breakeven*" (i.e. excluding the 'exceptional cost' of developing its new platform, depreciation and amortisation) by Dec. 03. Cash consumption has also dropped (by 75% to £150K/month), but having returned c£10m to shareholders in March, Patsystems had only £3.4m of cash on its books at the end of June.

Tight cost control and further revenue growth therefore remain imperative, but the management have reasons to be positive about 2003. They have signed five new customers so far this year and have one letter of intent; the number of end-users has increased by 51% since Jun. 02 and the number of lots traded has increased by 45% compared with H1 02.

Commenting on the outlook, CE Kevin Ashby said: "*All our activities are now focused on maintaining the business momentum that is clearly demonstrated in this interim statement*".

Comment: Patsystems has experienced phenomenal growth in turnover over the last few years. It was formed in 1994 and had revenues of just £608K in 1999. Financial years 2000, 2001 and 2002 brought turnover growth of 315%, 130% and 43% respectively. However such high growth, aided by high levels of investment, means that Patsystems has never managed to move out of the red (even at the operating level). In addition, despite its growth we would still class Patsystems as a 'small fish in a big sea'.

In the meantime, having floated in Mar. 00 its share price bounced along in line with our Holway S/ITS index. Boardroom shenanigans in mid-2002 did little to appease shareholders, though they would have welcomed news in Dec. 02 that the company was returning some of its cash to shareholders. However, it seems to have been the company's move from the Main market to AIM in Feb. 03 that has really boosted the share price (see chart) – of course, aided by the predicted move to operating breakeven by the end of 2003.

Patsystems is now valued at a PSR of 2.92 – above the average for UK quoted S/ITS companies – but below the average for UK quoted software companies specifically. *(Georgina O'Toole)*

5%
438p

ROYALBLUE FINDS GROWTH OVERSEAS

Financial services software company **royalblue** has reported results for the six months ended 30th Jun. 03 at the end of July. Turnover fell 5% to £27.9m, operating profit fell 8.6% to £3.52m and pre-tax profit fell 3.4% to £3.85m. EPS remained steady at 8.5p.

European markets (including UK) were hard hit, with revenues down 25%. Fortunately, royalblue's North American (NA) businesses fared much better, growing revenues 48% to £12.4m. Indeed, NA is now royalblue's largest market, just pipping the UK at £11.1m. Consulting revenues were down 23% but recurring revenues were up 48% and now represent almost half (49%) of royalblue's total business. Indeed, the company expects recurring revenues to rise further, and for consulting revenues to fall further, in H2. royalblue chief executive Chris Aspinall continues to anticipate *"tough trading conditions"*. These will likely result in full year revenues and profits that are lower than in 2002.

These results are pretty good given the market in which royalblue competes. The company have signed 11 new customers in H1 and not many software players can boast that. They are also building up their hosted services offering to move more of their business towards recurring revenue streams. And they are cash generative, with £23m cash in the bank, no debt, nor any goodwill or deferred consideration to account for from previous acquisitions. The only 'unknown' is a patent infringement lawsuit raised in Jun. 03 in the US, which royalblue not surprisingly claims is *"without merit"*. With 60% of their business coming from outside of the UK, this is one 'little British battler' that looks like it's really making a mark and holding its ground as an international player. Great stuff. *(Phil Codling)*

4%
9p

SIR'S TO REPORT CARD NEEDS MUCH IMPROVEMENT

Troubled educational software firm **Systems Integrated Research** (SIR) has released results for the year to 31st May 2003. Turnover has fallen 30% to just £853K, while pre-tax losses worsened from £79K last year to £288K. Loss per share also deteriorated to 2.49p, compared to 0.93p in 2002.

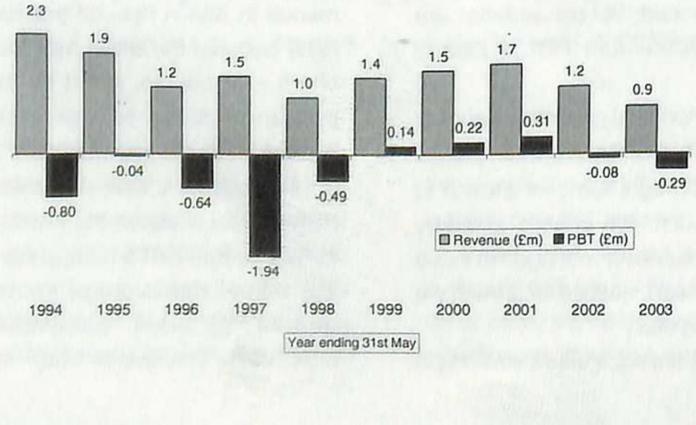
SIR's cash balances have become worryingly low - it had £120K of cash in the bank as at 31st May, compared to £521K in 2002. As a result, the Group has been forced to further reduce its cost base and to defer its loan repayments to Berg & Berg Enterprises Inc. (owned by SIR non-exec chairman and American private VC investor, CE Berg) for a further 18 months in order to ensure it had sufficient resources to remain trading. Last year SIR repaid £327K (inc. interest) on the loan leaving £483K outstanding.

Comment: In its current form SIR has been trading since Feb. 94 when **Global Learning Systems**, established in 1983, merged with SIR. SIR develops educational software specifically for the UK National Curriculum. Most of the directors and workforce lost their jobs in 1998 after SIR returned losses in excess of revenues.

Despite the launch of its new product, "National Curriculum Tests", in Jan. 03, SIR is still struggling to establish itself in the education software market and time is now running out. In common with other providers in the education market (e.g. RM), SIR blames uncertainty in the market caused by the BBC's announcement that it will be providing free online learning content for schools. Turnover and profitability have also been impacted by the fact that schools are taking a long time to make purchasing decisions. We'd say a Grade E performance, heading for an F.

SIR was a new AIM issue in Mar. 96. From the float price of 115p, SIR's shares sank to a low of just 4p in 1998. *(Anthony Miller)*

Systems Integrated Research
10 year Revenue & PBT Record



2%
611p

TOREX

TOREX LOOKS TO HEALTHIER FUTURE WITH ISOFT

Healthcare and retail information systems provider **Torex** has reported results for the six months to 30th Jun. 03. Turnover is up 19% (16% organic growth) over the same period in 2002 to £92.3m. PBT is 43% higher at £10.0m and EPS is 36% up on the comparable period last year at 12.2p.

Torex Plc Six months to 30th June	Turnover £k			Operating Profit £k			Margin	
	2003	2002	Change	2003	2002	Change	2003	2002
Retail	24,929	19,656	26.8%	3,491	3,504	-0.4%	14.0%	17.8%
Health UK & Ireland	39,652	31,604	25.5%	10,238	7,163	42.9%	25.8%	22.7%
Health Continental Europe	27,729	26,348	5.2%	5,100	3,891	31.1%	18.4%	14.8%
Central Costs			n/a	- 2,320	- 1,866	n/a	n/a	n/a
	92,310	*77,608*	*18.9%*	*16,509*	*12,692*	*30.1%*	*17.9%*	*16.4%*
Goodwill				-4566	-3769			
TOTAL	92,310	77,608	18.9%	11,943	8,923	33.8%	12.9%	11.5%

The results break down as follows:

- Retail saw turnover rise 27% to £24.9m (H1 02: £19.6m), but operating profits were flat at £3.5m

- Health UK and Ireland increased turnover by 26% to £39.6m and operating profit by 43% to £10.2m

- Health Continental Europe grew revenue by 5.2% to £27.7m and operating profits by 31% to £5.1m.

Commenting on the outlook, Chris Moore, Chairman, said: "*Our outlook remains very buoyant and we believe the achievement of our objectives would be accelerated by the successful completion of our proposed merger with* ***iSoft****; the strengths of our two businesses are complimentary and improves further our positioning in our respective markets*".

On the National Programme, Moore said: "*During the second half we expect to strengthen our position with the prospective LSPs whilst the National Procurement Programme moves into delivery and fulfil mode; our domain knowledge and service capability setting us apart from our competitors in particular*".

Comment: A strong set of results from Torex, which is understandably pleased to report "*consistent growth performance for the fifteenth consecutive half year*". It is also good to see strong cash generation (£15.8m was generated from operating activities during the period) and good revenue visibility – the order book stands at £160m.

However, Torex's strength in health is its large installed base, much of its revenue comes from extensions and upgrades to existing customers. As a result, we believe Torex on its own (without **iSoft**) would be likely to lose out in the longer term as newer systems are implemented under the National Programme. But in the short to medium term, Torex has a role to play in working with the successful LSPs to ensure interoperability.

Question marks remain over the future of the Retail division, which wouldn't fit within a merged iSoft/Torex. Performance at the division has improved substantially over the second half of 2002, largely thanks to strong business with existing customers. The new Petroleum Retail business also made a "*strong contribution*" in the first half – this could be a source of growth and profitability for the Retail division going forward. *(Tola Sargeant)*

25%
35p

QUANTICA

QUANTICA: MOVING FOCUS AWAY FROM TECHNOLOGY

Quantica, the recruitment and training group has released results for the six months to 31st May 03. They reveal a reduction in turnover of 14% to £11.5m with gross profit margins maintained as a result of reducing cost of sales by 20%. However, with administrative expenses increasing by 39%, the operating profit before exceptionals and goodwill amortisation was down by 38% to £0.8m. And the Group was loss making at the pre-tax level (after £600K of exceptionals and £200K of goodwill amortisation) to the tune of £215K (H1 02: PBT of £504K). Diluted loss per share was 0.53p.

The bit that we're really interested in is the Technology division (the IT staff agency), however the contribution from this part of the business has been declining for some time now. Indeed, over the last six months the company attributes the entire decline in turnover to this division. Nonetheless, Quanitca should pat itself on the back for maintaining profitability. It has now finished the restructuring of the division, which included the closure of an unprofitable office (hence the £600K exceptional).

Philip Bennett, Chairman, commented, "*We believe that there is light at the end of the tunnel. There has been no deterioration in trading conditions since the end of last year and run rates going forward have now started to improve*". We wouldn't be quite as confident of a "*significant potential upside (in the Technology division) as the market picks up*". So it's probably just as well the Group is targeting its efforts on "*less cyclical*" areas of the market – healthcare, government-funded training and recruitment for the public sector. *(Georgina O'Toole)*

5%
69p

DIAGONAL

DIAGONAL PINS HOPES ON CORE BUSINESS

IT consultancy **Diagonal** has reported interim results for the six months to 30th May 03. The highlights are as follows:

- Turnover is 10% lower than the same period last year at £30.6m, while turnover from continuing operations dropped by 23% to £26.2m
- Operating profits fell 91% to £126K, compared to £1.5m in H1 02
- PBT was £324K, down from H1 02's £1.6m
- Loss per share was 0.27p (H1 02 EPS: 0.77p).

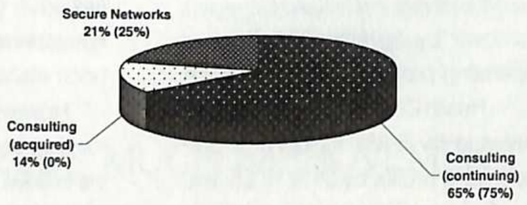
Revenues from the continuing consulting businesses were 22% lower than the same period last year at £19.9m and operating profits were down by a similar percentage to £1.5m. The **SAP** Consulting Division is said to have *"performed well"* in the first half against difficult market conditions and maintained profitability. According to new CEO Colin Burnside, the Enterprise Application Integration business also performed well with profit and revenue figures ahead of target.

Meanwhile, operating losses worsened at the Secure Networks business, which has had a *"difficult six months"*, not helped by the distraction of a failed MBO. Operating losses for the first half were £1.4m (H1 02: £427K) on revenues of £6.3m.

Commenting on the outlook, Mark Sammuels, Chairman, said: *"I am pleased that we are on track for the first half, despite continuing difficult market conditions. I believe there will be major benefits in concentrating on our core competencies"*.

Comment: There is little doubt that Diagonal is operating in a difficult market and that the management team could have done without the distraction of a failed MBO. The sooner the new team resolve the future of the Secure Networks business and truly return to their core focus of SAP/consultancy the better.
(Tola Sargeant)

Diagonal - H1 03 business mix
Total = £30.6m(H1 02: £33.9m)



21%
122p

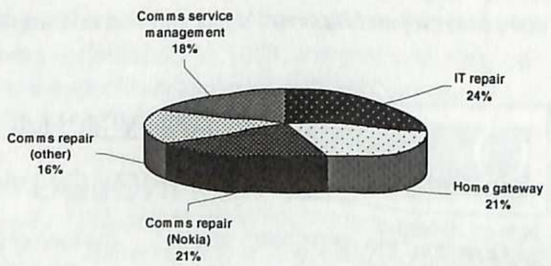
crc group

A CHALLENGING SIX MONTHS FOR CRC

CRC Group provider of *"integrated after-sales solutions to equipment manufacturers and service operators in the communications, home gateway and information technology sectors"*, has announced results for the six months to 30th Jun. 03. Turnover is down 38% to £35.8m, PBT has fallen 53% to £2.0m, and diluted EPS, previously 11.43p, is now 5.4p.

Comment: We don't usually comment on CRC, as it is mainly involved in repairing mobile handsets and set top boxes. However, the company is increasing active in IT repair, and today announced wins with **NCR** (for a new retail point of sale system) and **Logicom** (for a variety of peripherals). Last month CRC acquired **ADP Technical Services** (for a maximum consideration of £1.0m), thereby expanding its repair services to include laptops and PDAs.

CRC Group - H1 03 continuing ops
Total = £25.0m



Whilst the headline results do not look great, CRC comments that the uncertainties surrounding the communications market, and its service activities with Nokia in particular, have reduced greatly, and repair volumes *"appear to be stabilising"*. Meanwhile both the home gateway and IT operations reported *"strong performance"*. Despite mixed results across the business, CRC was able to report that operating margins (pre exceptionals and goodwill) were maintained at 8.0%, and cash flow remained positive (£3.4m compared to £4.7m). Investors will be pleased to hear that the dividend is to be maintained.

CRC's IT repair activities generated £6.0m in H1 - up 5% on the same period last year. The focus is on mobile computing, and vertical specialisation in retail and banking. Further acquisitions are possible – especially to expand the range of products supported, or add to the company's geographical and customer base.

Maintenance and repair activities are hardly glamorous or exciting, but they are essential, and it is entirely possible to make decent living in this space. We'll be watching CRC's IT repair activities closely in the future.
(Heather Small)

5%
41p

FINANCIAL OBJECTS

FINANCIAL OBJECTS STILL TO PROVE ITS WORTH

Financial Objects, the supplier of advanced technology banking products and services, has released results for the six months to 30th Jun. 03. Turnover has fallen 16% compared to the same period in 2002, as the company continued to experience pricing pressure and slow decision making by potential clients. By destination, UK revenues were down 17% (to £1.7m) however this region did not suffer as much as the RoE, which saw a fall in revenues of 30% (to £2.5m).

Financial Objects plc Six months to 30th June	Turnover £m		
	2003	2002	Change
United Kingdom	1,703	2,063	-17.5%
Rest of Europe	2,524	3,607	-30.0%
North America	266	300	-11.3%
Rest of the World	1,170	810	44.4%
TOTAL	5,663	6,780	-16.5%

Note: Turnover by destination

Financial Objects has two software divisions:

- **IBIS**, the long established international wholesale banking s/w group acquired to form the company in 1996, saw revenues decline from £3.6m to £2.0m.

- **ActiveBank**, "*a next generation banking system*" for financial services organisations, saw revenues decline from £3.2m to £2.6m.

Overall, product licence revenues increased considerably while support and other services revenues declined by more than 20%.

In terms of profitability, the company made a pre-tax loss of £1.2m compared to £1.1m in H1 02 and a diluted loss per share of 4.44p (H1 02: 2.37p). The company was also loss-making at the operating level (to the tune of £750K) before goodwill amortisation of £570K.

On release of the results, Financial Objects' share price fell by 18.0% to a day-low of 36.5p despite results being "*in line with guidance*" issued in June. The problem was with the outlook. Roger Foster, Chairman, commented, "*In the light of these (market) conditions, management has undertaken a strategic review to revitalise the business. We believe that the strategic measures we have outlined will significantly improve the company's performance as the market for our product recovers*". However, the order book is down from £9.8m to £8.6m.

The company believes the order book suggests the decline in revenues from the IBIS business won't continue in H1 02. However, an improved order book does not necessarily lead to increased short-term revenues when orders are taking longer to close. The short-term outlook for the ActiveBank business is less rosy with the revenue decline expected to continue in H2. In the longer-term, a £1.5m investment over the next 12 months in growing the reseller channel and increasing development of the ActiveBank product (particularly offshore) is expected to have a positive impact. But it is still too early to tell whether Financial Objects will make a success of its new business model. Its previous track record of managing the profitability of the business is shaky and the new management team has yet to prove itself. *(Georgina O'Toole)*

Financial Objects plc Six months to 30th June	Turnover £K		
	2003	2002	Change
Product Licences	874	535	63.4%
Product Support	2,702	3,509	-23.0%
Product Services	2,087	2,736	-23.7%
TOTAL	5,663	6,780	-16.5%

10%
48p

CLINICAL COMPUTING

CLINICAL COMPUTING LOOKS FOR FUNDING LIFELINE

Clinical Computing, provider of clinical information systems to the US and UK healthcare markets, announced results for the six months to end June 03. Turnover was up 3% to £1.15m - or up 12% on a constant currency basis that excludes the effects of the weakening dollar. Operating losses decreased from £531K in H102 to £367K and loss per share was down from 2.4p to 1.6p.

Clinical Computing has made remarkably little progress since its IPO way back in 1994 and we've regularly pointed this out in our comments on the company's performance. Nonetheless, these results - and the 7% rise in revenue posted for 2002 - do show Clinical taking tentative but welcome steps towards sustainable profits. If it can finally get its act together, there's no doubting that the clinical information market on both sides of the Atlantic should offer a wealth of opportunities.

Clinical also announced a proposed share placing and open offer designed to generate net proceeds of £2.2m. The successful raising of these much-needed additional funds will be vital to the company's future. *(Phil Codling)*

Getronics
ICT SOLUTIONS AND SERVICES

GETRONICS HAS A "LONG WAY TO GO"

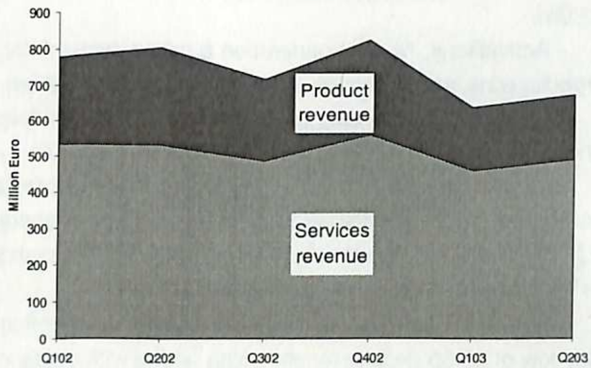
Netherlands-based **Getronics** has announced interim results for the six months to 30th Jun. 03 – revenues have fallen 26% to Eur1,363m, EBIT went from Eur30m to a loss of Eur71m, and a pre tax profit of Eur15m in H1 02 turned into a loss of Eur106m.

Getronics does not provide a breakdown at the UK level, but commented that "*the Benelux, Central Europe, Spain and the UK performed on target in flat to declining markets*". EMEA reported a c16% drop in revenues, but services clearly fared better than products, slipping just 6%.

Comment: Getronics has had a horrendous time of late. New management – appointed in Feb. after both Peter van Voorst (Chairman & CEO) and Jan Docter (FD) stood down – have undertaken a financial and operational restructuring, designed to lift the "*dark cloud*" that hung over the company, and restore profitability.

Actions have included further divestments. During the period Getronics sold off its Government Solutions and Human Resources Solutions activities (both described as "*highly profitable units*"). The combined sales raised Eur326m which has been used to repay debt. Getronics has also earmarked a further ten "*under performing*" units for closure or disposal. Other measures to reduce costs have resulted in the loss of 1,400 jobs worldwide.

As for the outlook, Chairman Axel Ruckert was upbeat about the prospects for Getronics' core business, Managed Services (which accounts for about two thirds of ongoing services revs). Certainly here in the UK Getronics' strong suit is desktop and network services – indeed we reckon they are a top ten player, with revenues of c£70m in 2002. But, as Ruckert conceded, the company "*still has a long way to go*", and customer confidence will be key in the months ahead. *(Tola Sargeant)*



40%
39p

statpro

STATPRO:"OUTLOOK REMAINS TOUGH"

AIM-listed **Statpro**, provider of performance measurement solutions for the global asset management industry, has announced interim results for the six months to 30th Jun. 03. Turnover is up 18% to £4.1m compared to the same period last year, pre tax losses are much reduced at £78K (H1 02: £1.7m), and loss per share has improved from 5.2p to 0.3p. Commenting on the outlook Carl Bacon, Chairman, said: "*Whilst we retain a cautious outlook for the second half of 2003, there are some signs of an improvement in our market as IT projects that have been delayed are being reactivated. In the meantime, our key financial objectives are to build further on the progress made in the first half, to continue to generate cash from operations and to put the company firmly into profit for the year as a whole*".

Comment: Statpro has made some good progress over the past six months. Not only was revenue ahead of H1 02, through a combination of sales to new and existing clients, but also the company was also able to point to growth in total annualised recurring revenues (up from £6.6m to £7.6m).

In brief:

- Revenue from software licences increased 25% to £3.2m
- Revenue from consulting grew 53% to £0.6m
- However other recurring revenues fell 41% to £0.3m (primarily due to the absence of revenue from the Swiss agency agreement, which was terminated in Aug. 02).

At the PBT level Statpro remains loss making for the fifth consecutive year, however it did managed to produce an operating profit – just. Cash is also moving in the right direction, with an inflow of £0.8m compared to an outflow of £0.6m in H1 02.

With a focus on cash generation, recurring revenues & multi-year contracts, and a cost base now in line with revenues, the future looks brighter for Statpro.

The shares have picked up 40% to 39p during the month, but still remain a long way off their May 00 float price of 80p. *(Heather Small)*

Vedior VEDIOR ADJUSTS TO FRAGILE STAFFING MARKETS

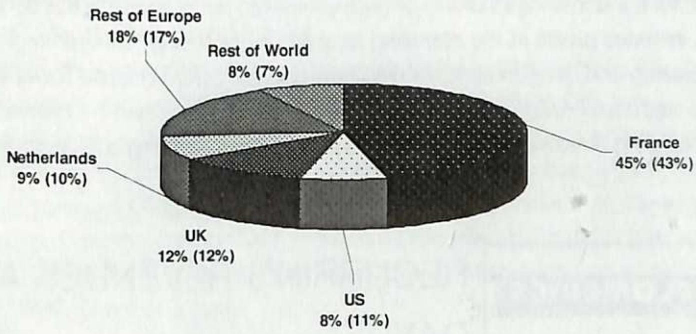
Dutch mega staff agency **Vedior** (parent company of Top 10 UK ITSA **Abraxas**) has announced results for the six months to 30th Jun. 03. Total sales fell 6% to Eur2.87bn and operating income (before goodwill amortisation) dropped 3% to Eur75m. Goodwill amortisation of Eur137m resulted in a pre-tax loss of Eur101m, just Eur1m more than the same period last year, and a loss per share of Eur0.67 cents.

The IT staffing business was one of the hardest hit in terms of revenue, reporting a 20% fall in turnover compared to H1 02 to Eur288m (an 8% fall on an organic basis). However, tight cost control enabled operating profits from the IT business to grow by 50% to Eur12m (before goodwill amortisation). In the UK, the IT staffing market "*remains weak*", but Vedior has the luxury of staffing businesses in the engineering, healthcare and legal sectors, which continue to grow. Nevertheless, turnover from the UK businesses fell 7% to Eur341m and operating income dropped 4% to Eur24m.

Commenting on the outlook, Tony Martin, Chairman, said: "*The long anticipated global recovery failed to emerge in the second quarter and economic indicators remain mixed. Staffing markets around the world remain fragile and visibility is limited.... Management will continue to carefully adjust the Group's cost base to reflect market circumstances*".

Comment: We met Abraxas MD Godfrey Morrell last week as part of the research programme for our upcoming report on the UK IT staffing agency market. Like all ITSAs, Vedior's UK brands are facing an extremely competitive market and continued pressure on margins. But we were reassured to see Abraxas, which we understand is profitable at the pre-tax level, has a realistic view of the market and is looking for innovative ways to build its business. Vedior's diverse geographic and vertical sector spread should also mean it is better positioned to weather the storm than many of its smaller competitors. *(Tola Sargeant)*

Vedior - H103 business mix
Total = Eur2.87bn (H102 = Eur3.05bn)



CSC US GOVERNMENT AT THE HEART OF CSC'S BUSINESS

CSC reported a 29% increase in revenues to $3.55bn for its first quarter ended 4th Jul. 03. However, much of this increase was due to its recent acquisition of DynCorp in the US, which significantly boosted its US federal government business. Pre-tax income rose 20% to $133.1m; a 3.7% operating margin, down from 4% in the same period last year. CSC's commercial business was a mixed bag, with US revenues slashed by one-third to $962m, but Europe bounding ahead by 21% to $819m. CSC chairman and CEO Van Honeycutt reported "*solid demand*" for global commercial IT infrastructure outsourcing. However, demand for consulting and SI, which had "*stabilised*" in North America, is still "*soft*" in Europe and Asia. Honeycutt anticipates Q2 revenues will be up 27%-29% and is "*comfortable*" with consensus revenue and EPS estimates for the full year.

Comment: With the acquisition of DynCorp, US government is even more the heart of CSC's business, standing at nearly 42% of total revenues, up from 29% last year. But at current course and speed, it may not be long before CSC gets more business from Europe than it does from the US private sector, especially if it keeps on signing outsourcing megadeals like at Royal Mail and Marconi – and CSC's new EMEA head, George Bell, will do his best to see that happens! Of course, CSC UK is still gutted about being turfed from the Aspire shortlist, but we're not sure if its other attempt to boost its UK public sector business by acquiring **Sema** from **Schlumberger** is totally dead yet. *(Anthony Miller)*

16%
66p
London Bridge Group

LONDON BRIDGE TRIMS COSTS AMIDST TURBULENT WATERS

London Bridge Software, provider of software to the financial sector, announced that turnover in the six months to 30th Jun. 03 fell by 12% to £28.4m compared to the same period in 2002. The reduction occurred despite a 10% increase in licence revenues. The problem area was consulting, where delays in projects being signed off, a lower level of licence revenues in 2002, as well as a reduced consulting headcount, all contributed to a 46% fall in turnover to £5.8m. As a result recurring maintenance and e-services revenues increased their proportion of the total to 55%.

Across the geographies, Europe was the worst performing region with turnover down 20.5% to £7.5m. The Americas, London Bridge's biggest geography (67% of turnover), saw turnover decline 10%.

In terms of profitability, London Bridge has made further reductions to its cost base by reducing headcount by 45% and consolidating certain operations in the US. The one-off restructuring cost was £600K. As a result, London Bridge increased its profitability at the operating level (before goodwill amortisation) to £951K from £377K in H102. At the pre-tax level the company turned in a loss of £726K (H102: £2.8m loss). Diluted loss per share was 0.64p (H102: 1.7p loss).

Comment: Despite the unarguably tough market conditions in the finance sector London Bridge looks to be getting itself into better shape. It has done well to increase profits at the operating level whilst continuing to invest in product research and development. Its new development centre in Cape Town, where 20 staff have now been recruited, will help to keep costs down in this area. This continuing investment in its products is paying off with existing customers as well as new customers contributing to the increase in licence revenues. This bodes well for a turnaround in the consulting division in the year ahead.

We are also pleased to see that the company is keeping tight control of its ship – just one example is a further reduction in debtor days. It also continues to be cash generative. If London Bridge can keep this up while much of the competition is falling by the wayside, it will soon be playing against, in Chairman Gordon Crawford's words, *"a reduced number of viable competitors"*.

Along with the results announcement, the company also announced the arrival of Jo Connell as non-executive director. Connell retired from Xansa on 31st Mar. 03 after 24 years and is, in our opinion, a welcome addition to the London Bridge Board. *(Phil Codling)*

25%
82p
FLOMERICS

RECURRING REVENUES AT FLOMERICS SAVE THE DAY

Flomerics, *"supplier of analysis software to the telecoms, semiconductor and computer industries, and other sectors such as electronics industries"* has announced results for the six months to 30th Jun. 03. Turnover was down 18% compared to H1 02, to £4.9m. At constant exchange rates the decline was 14%. Of greater concern, however, was the slide into losses – Flomerics posted a pre-tax loss of £144K (PBT of £147K), and a diluted loss per share of 0.98p (compared to an EPS of 0.75p in H1 02).

Flomerics Group plc Six months to 30th June	Turnover £m		
	H1 03	H1 02	Change
US	2.4	3.1	-20.6%
Europe & Asia Pac	2.5	2.9	-15.7%
TOTAL	4.9	6.0	-18.2%

David Mann, Chairman, commented, *"When the economic conditions improve, we are well placed for growth and there are some signs that the worst is over. We expect the remainder of 2003 to be challenging, but with the release of the major new product, measures taken to reduce costs and some scheduled large renewals, the directors currently see good prospects for the company to end the year with reasonable results"*.

Comment: In common with most software vendors, it was sales to new customers that caused Flomerics the problems. Customer renewals actually exceeded budget with all major accounts renewing, and some expanding their use of Flomerics' products. In such a tough environment, investors will draw some comfort from the fact that Flomerics' turnover is underpinned by a high proportion (74%) of recurring revenues.

The story seems to have been the same across the geographies with the US experiencing a decline in total turnover of c21% and Europe and Asia Pac seeing revenues decline by c16%. The effect on losses could have been worse had the company not cut its costs over the period - administration costs were reduced by 12% partly through reduction in staff numbers.

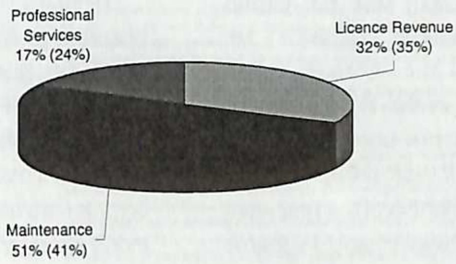
Going forward, several large renewals are still expected in H2 so Flomerics may make it back into the black by the year-end. *(Heather Small)*

18% 90p Systems Union

SYSTEMS UNION REVEALS CAUTIOUS STANCE AT INTERIM STAGE

Global software vendor **Systems Union Group** has released results for the six months to 30th Jun. 03 revealing an increase in pre-tax profits of 23% to £2.0m despite revenues falling by 9.0% to £34.0m. Diluted EPS was 1.7p (2002: 1.6p). The company has taken a tough line and has reduced its cost of operations as well as its R&D spend. Going forward, the company is taking no chances. Paul Coleman, Chief Executive commented, "*We are encouraged by the current level of potential orders and are reasonably optimistic that revenues will improve in the second half. However, we have already initiated further cost efficiency measures to ensure that if income levels remain consistent with the first half, there should be an improvement to earnings*".

Systems Union - 2001 Business mix
Total = £34.0m (£37.5m)



The majority of Systems Union's revenues (88%) come from SunSystems (financial and business management software for the medium-sized business), which saw revenues drop 10.6% to £29.8m. The major culprit here was The Americas where revenues fell by more than a third. However EMEA held up quite well with revenues pretty much flat. The other parts of the business – Pegasus Software (supplier of accounting software to SMEs) and REDtechnology (internet, intranet and extranet development) – reported only minor movements in turnover compared to the same period in 2002.

Overall, licence revenues and services revenues were down – by 15.9% and 10.7% respectively – maintenance revenues were up 10.7% to £17.1m.

The company continues to generate cash and had net assets at the period end of £28.6m (H102: £24.9m). The results just go to show that targeting the SMEs in today's climate is just as tough as winning business from the large corporates. However shareholders seem to be impressed with the company's ruthless management of its finances – the share price has been pushed up by 18% to 90p. *(Georgina O'Toole)*

SERVICES DOES IT FOR HP IN Q3

HP has released its results for the three months ended 31st Jul. 03 showing total revenues up 5% to $17.3bn, although this represented a 4% decline over the previous quarter. Operating earnings for Q3 turned positive to the tune of $301m compared to a $2.5bn loss in Q302 (from restructuring charges). Pre-tax earnings were also positive - $287m, compared to $2.5bn losses in Q302. Both operating earnings and pre-tax earnings in Q3 were substantially down compared to the previous quarter.

Services revenues grew 5% to $3.08bn, so still comprise 18% of total revenues. Managed services revenues stormed ahead by 21%, and even support services revenues grew a handsome 8%. However, consulting & SI revenues were down 15% "*due to project deferrals and consulting overcapacity in the consulting market*". HP also broke the landmark double-digit margins barrier – services margins were 10.9%, up from 9.4% last year and 9.9% the previous quarter.

HP chairman and CEO Carly Fiorina reckoned HP "*should have done better*" but she is "*confident*" in their strategy and "*expects to deliver a strong fourth quarter with every one of our businesses profitable*".

Comment: The numbers say it all. While HP still has a long way to go to turn itself into more of a services-led business, we certainly can't pooh-pooh 11% margins. HP's outsourcing megadeals earlier this year (e.g. Bank of Ireland) will surely help to push managed service revenues even higher in coming quarters, and its support services business looks pretty solid too. They are a long way from being another IBM Global Services – but at least they seem to be heading in the right direction. Of course, they could always look at making another major acquisition … *(Anthony Miller)*

-3% 8p

HIGHAMS SYSTEMS SERVICES GROUP

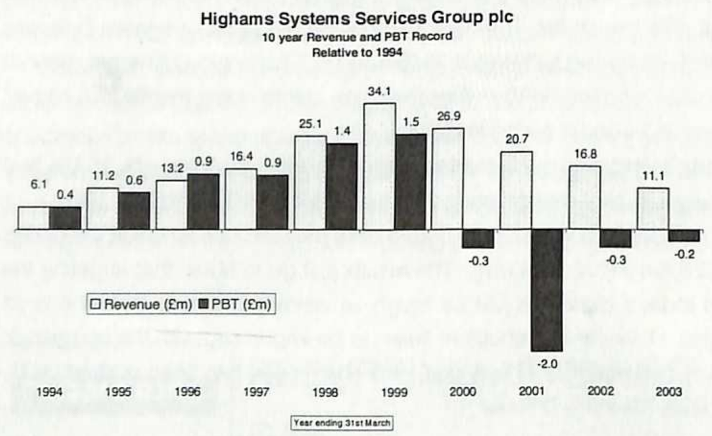
HIGHAMS SYSTEMS NOT IMMUNE TO ITSA LOWS

Highams Systems Services, an ITSA focusing on the financial services sector, has announced preliminary results for the year to 31st Mar. 03. Group turnover has fallen 34% to £11.1m reflecting the *"challenging conditions"* in the IT recruitment market, but pre-tax losses have lessened to £195K (2002: £298K). The last six months of the year were stronger, however, and Highams managed to report a small profit for the second half. Loss per share for the year was 1.0p, up from a 1.45p per share loss in 2002.

The recruitment business, which makes up the majority of Highams' business, reported a 36% drop in turnover in 2003 to £9.5m and a 38% decrease in pre-tax operating profits (before Group overheads) to £523K.

Highams Business Solutions' turnover fell 16% to £1.6m but it made an operating profit of £535K before Group overheads (more than the recruitment business!). Business Solutions did better in H2 thanks to a *"significant new sale"* of its Hi-Finance solution to a major bank for its European operations.

Graham Maw, Chairman, commented on the outlook: *"It is likely that the IT recruitment market will continue to be challenging in the coming year. Although contract recruitment has started slowly again this year, we have experienced a much stronger demand for permanent recruitment. The international market for factoring software remains immature, with in-house systems being the main competitor for us to attack"*.



To say that the UK ITSA market is not the best place to be at the moment would be an understatement and we don't expect things to improve much over the coming year. But being a niche player, focussed on insurance, investment management and finance, is helping to mitigate some of the pain. It is encouraging to hear that Higham's permanent recruitment business was much stronger in the second half and that the number of contractors on site has climbed back to where it started the year, after a dip in the first half. Gross margins at the ITSA business also *"showed a similar improvement"* as the year progressed. *(Phil Codling)*

14% 171p

DELCAM www.delcam.com

DELCAM NOT STANDING STILL IN MORIBUND MARKET

CAD/CAM software developer **Delcam** has reported its results for the six months to 30th Jun. 03. They revealed a record first half turnover of £9.8m, 3.1% up on H1 2002. EPS was also higher at 6.4p (H1 2002: 6.1p). However, operating profit declined by 8.6% to £481K (bringing margins down from 5.5% to 4.9%) but PBT fell by only 2.9% to £504K helped by a doubling of contribution from associate companies to £83K. Delcam will pay an interim dividend of 0.95p.

Delcam chairman T R Kinsey advised that *"The general outlook for the second half of the year is in line with the Board's expectations, although events of the last six months have shown how external factors can quickly impact our forecasted performance. Historically, our results have been biased towards the second half of our financial year. Although this was not the case during 2001 or 2002, we believe that we will return to this trading pattern in the future"*.

Comment: Delcam has done well to grow revenues in the face of delayed orders from the SARS epidemic and the conflict in Iraq. Profits have been affected by the Group's high level of investment in product development – R&D costs increased by over £250K over the same period last year and now represent 25% of turnover. This is because Delcam wants to expand its business outside its traditional 'mould and die' area, into other areas of tool-making and other industries. Delcam also wants to target larger enterprises as well as SMEs. We like this aggressive approach to extending its product range to reach new customers – indeed it's what they *must* do as a relatively small player in a very tough market. And it's good to see a dividend too! Delcam's shares ended the month at 171p, 14% up since the beginning of the year. *(Anthony Miller)*

Mergers & Acquisitions

Buyer	Seller	Seller Description	Acquiring	Price	Comment
Clarity Commerce Solutions	Pacer CATS from Ticketmaster	Software for cinemas	100%	c£1.9m	The consideration ($3m) is being satisfied from existing resources, short-term finance and a placing of 1.5m ordinary shares at 50p each. Pacer CATS operates primarily in the UK but also in France, Germany and the US. In FY02, the company had a turnover of $11.6m and an EBITDA of $237K.
Detica	Rubus Ltd	SI focused on *"content management and customer interaction solutions"*	100%	£2.6m	Rubus' clients operate in the Financial Services (c50% of turnover), TMT (c25% of turnover) and Legal & Publishing (c25% of turnover) sectors. In the year to 30th Apr. 03, the company generated revenues of £7.6m and a pre-tax loss of £1.6m, however it is expected become profitable in FY04. This is Detica's first acquisition - it's a bite size deal, and sensibly priced.
Netprofessions Ltd	Vocalis Ltd (principal trading subsidiary of Vocalis Group)	Voice recognition technology	100%	n/a	Vocalis was created via an MBO from Logica in 1993 and floated in 1996. Unfortunately, the company struggled to make any impact. Indeed in Jul. 03 a trading update stated that it had failed to secure any major new orders since the end of March. Perhaps Vocalis' technology will succeed with the support of a larger business - in Netdecisions' last financial year it made revenues of just over £30m (compared to Vocalis' <£2m annual revs). Vocalis Group appointed the receivers.
Northgate	Hays' Consulting & Solutions Group	Consulting and solutions for the public sector	100%	£5.5m	Hays CSG comprises three main operations: NMIS (National Management Information System, serving 40% of the UK's police forces), Guardian (records management system for crime management, missing persons, property and intelligence), and Consultancy (project and applications hosting, mainly in the health sector). Hays CSG generated turnover of £13.5m in the year to 30th Jun. 03 and an ongoing operating profit of £0.5m. The acquisition is expected to be earnings enhancing in its first full year of operation.
Sage	Softline Ltd	South African business management software vendor	100%	£66.0m	The offer will be financed using Sage's existing debt facilities. The acquisition fits with Sage's strategy of expanding geographically into attractive markets - Softline is strong in the South African and Australian markets.
SAIC (Science Applications International Corporation)	Opta Ltd	Management consultancy	100%	n/a	Opta employs c25 consultants specialising in the design and launch of new businesses, products and services. In addition to strengthening SAIC's UK consulting capabilities, Opta's standing in the UK public sector market will come in handy, not least because SAIC is a member of consortia short-listed for both the £4bn DII contract in Defence and an LSP contract under the £2.3bn National Programme for IT in the NHS.
Specialist Computer Holdings (SCH)	Hays' payroll services business	Payroll services	100%	n/a	Another divestment from Hays - the deal was not considered worthy of disclosure to the Stock Exchange and no terms were given. However we understand that this division was managing fewer than 50 employees and was *"insignificant"* in the grand scheme of things. SCH's non-IT activities includes payroll services.
Torex	Civica's operating theatre management systems business	Operating theatre management and anaesthesia systems business	100%	£1.4m	Formerly part of Civica's Public Sector UK division, the business's Galaxy software is installed in 24 Hospital Trusts. So, another acquisition from Torex, which is itself in the midst of merging with/being acquired by rival iSoft. We worry that when the dust settles, integrating iSoft and Torex, let alone all of Torex's acquisitions, will be no easy task.
Tribal Group	Geronimo Public Relations Ltd	Public sector PR	100%	£13.7m	Another acquisition adding to Tribal's communications offering. Geronimo's clients include the DfES, DVLA and DWP, and c70% of sales come from the education sector. Geronimo turned over £3m in FY03 and made an OP of £1.1m.
Twins Acquisition Inc	IDS Group	Software for the equipment leasing and asset based finance industry	100%	£15.4m	The tussle for IDS began back in May, when Capital Stream offered 19p per share (valuing the company at c£10.8m). Twins, a company formed at the direction of Schroder Ventures US, pitched in at 23p, and subsequently increased its offer to 27p per share to secure the deal. IDS turned over £30.2m in FY02 (so PSR = 0.5), and was profitable at the operating level. Goodwill impairment lead to pre tax losses of £36.9m.
Various	Sopheon's German subsidiary	Software, services and information management	100%	n/a	Product development solutions provider Sopheon completed the spin-off of its German subsidiary. Most of the German divisions of the company are now operating independently as resellers of Sopheon's 'Accolade' solutions. The parts that were involved in the Information Management side of Sopheon have been sold to private investors in Germany for 'nominal proceeds'.

Forthcoming IPOs

Name	Activity	S/ITS or Dotcom Index	Index Class	Market	Est Issue Price	Est Mkt Cap.	IPO Date
Logcom	Software 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

Recent IPOs

Name	Activity	S/ITS or Dotcom	Index Class	Market	Issue Price	Market Cap.	IPO Date	Price end Aug 03	Premium/ Discount
Corpora	Software development & sales	S/ITS	SP	AIM	38p	£1.5m	28-Aug-03		-100%

Atos Origin

ATOS ORIGIN OUTSOURCING PERFORMANCE DISAPPOINTS

Paris & Amsterdam-based European IT services player **Atos Origin** lifted the veil on its Q2 results revealing, in effect, a 6% decline in revenues toEur677m on a like-for-like basis. In actual terms, revenues for the three months ended 30th Jun. 03 grew 3% to Eur763m, including an Eur86m contribution from the acquisition of **KPMG Consulting**'s operations in the UK and Netherlands last year. Consulting & SI revenues dropped 15% to Eur363m (inc. KPMG) partly from "pricing pressure" in Q2, although volumes improved slightly. Managed Operations (i.e. outsourcing) revenues also declined a tad, by 3% to Eur400m (same as Q1) but Atos Origin reports "*a steady and encouraging flow of medium-sized orders*". By country, UK showed the biggest jump due to KPMG, from Eur35m to Eur81m though it sounded like this actually represented a decrease in like-for-like terms. Full results for H1 will be announced on 10th Sep. 03.

Comment: It's a bit tricky to unpick all the numbers at this stage, but we would say that the outsourcing performance disappoints. Let's hope the "*steady stream of orders*" makes up for it in H2. More comment when we see their full H1 results. *(Anthony Miller)*

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

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		£218,336,000	+6.8%
PBT	£5,764,000		-£112,480,000	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		£7,263,000	-4.7%
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

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£9,518,000	£18,913,000	£9,816,000	+3.1%
PBT	£519,000	£1,071,000	£504,000	-2.9%
EPS	6.10p	13.80p	6.40p	+4.9%

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
REV	£75,622,000	£149,527,000	£80,338,000	+6.2%
PBT	£4,216,000	£3,521,000	£4,628,000	+9.8%
EPS	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

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£6,780,000	£12,841,000	£5,663,000	-16.5%
PBT	-£1,103,000	-£2,839,000	-£1,175,000	Loss both
EPS	-2.37p	-6.72p	-4.44p	Loss both

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

	Final - Mar 02		Final - Mar 03	Comparison
REV	£16,777,000		£11,096,000	-33.9%
PBT	-£298,000		-£195,000	Loss both
EPS	-1.45p		-1.00p	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	-£62,672,000		-£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

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

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£85,547,000	£178,992,000	£91,215,000	+6.6%
PBT	£2,800,000	£7,336,000	£8,730,000	+211.8%
EPS	0.47p	3.01p	7.53p	+1502.1%

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

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£32,262,000	£62,137,000	£28,426,000	-11.9%
PBT	-£2,799,000	-£51,446,000	-£726,000	Loss both
EPS	-1.70p	-30.31p	-0.64p	Loss both

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

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.

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

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		7.80p	+110.8%

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

	Final - Jun 02		Final - Jun 03	Comparison
REV	£465,180,000		£351,343,000	-24.5%
PBT	-£124,000		-£14,095,000	Loss both
EPS	-6.10p		-13.30p	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

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£6,037,000	£11,922,000	£7,107,000	+17.7%
PBT	-£2,654,000	-£3,352,000	-£328,000	Loss both
EPS	-2.14p	-2.69p	-1.71p	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

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£39,524,000	£73,359,000	£32,907,000	-16.7%
PBT	-£43,949,000	-£196,232,000	-£14,658,000	Loss both
EPS	-11.04p	-49.05p	-3.68p	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	-£1,284,000	-£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

	Interim - May 02	Final - Nov 02	Interim - May 03	Comparison
REV	£13,421,000	£26,127,000	£11,527,000	-14.1%
PBT	£504,000	-£3,443,000	-£215,000	Profit to loss
EPS	0.74p	-9.07p	0.53p	-28.4%

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

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£3,432,000	£7,229,000	£4,065,000	+18.4%
PBT	-£1,683,000	-£2,373,000	-£78,000	Loss both
EPS	-5.20p	-7.30p	-0.30p	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

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£37,459,000	£74,631,000	£34,016,000	-9.2%
PBT	£1,616,000	£4,316,000	£1,989,000	+23.1%
EPS	1.60p	3.70p	1.70p	+6.2%

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

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

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£77,608,000	£161,791,000	£92,310,000	+18.9%
PBT	£10,770,000	£14,688,000	£14,587,000	+35.4%
EPS	9.00p	16.80p	12.20p	+35.6%

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

Workplace Systems International 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

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-Aug-03	Capitalisation 31-Aug-03	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 31-Aug-03	Share price move since 31-Jul-03	Share price % move in 2003	Capitalisation move since 31-Jul-03	Capitalisation move (£m) in 2003
AFA Systems	SP	£0.23	£8.6m	Loss	1.42	192	-1.08%	21.05%	-£0.09m	£4.05m
AIT Group	CS	£0.75	£18.5m	Loss	1.05	492	5.63%	114.29%	£0.92m	£10.16m
Alphameric	SP	£0.75	£81.8m	19.3	1.32	342	17.79%	46.08%	£15.65m	£28.47m
Alterian	SP	£0.60	£23.3m	Loss	4.87	298	1.71%	60.81%	£0.40m	£8.80m
Anite Group	CS	£0.57	£194.5m	Loss	0.90	330	23.50%	140.43%	£38.63m	£115.54m
Argonaut Games	SP	£0.07	£6.9m	Loss	0.49	76	-3.33%	-58.57%	-£0.39m	-£9.96m
Autonomy Corporation	SP	£1.95	£219.4m	59.5	6.46	60	2.63%	11.43%	£3.12m	£0.72m
Aveva Group	SP	£4.76	£81.9m	22.4	2.27	2380	1.82%	34.65%	£2.22m	£22.10m
Axon Group	CS	£1.23	£63.7m	29.1	1.48	700	15.02%	114.91%	£8.26m	£34.10m
Baltimore Technologies	SP	£0.37	£19.9m	Loss	0.57	379	-2.63%	-17.78%	-£0.44m	-£3.14m
Bond International	SP	£0.29	£4.3m	Loss	0.66	446	-13.43%	65.71%	-£0.54m	£1.75m
Business Systems	CS	£0.09	£7.6m	Loss	0.29	76	33.33%	89.47%	£2.00m	£3.73m
Capita Group	CS	£2.41	£1,604.0m	19.3	1.79	65215	-1.53%	-2.53%	-£29.67m	-£42.87m
Charteris	CS	£0.21	£8.6m	12.9	0.45	228	-10.87%	-8.89%	-£1.05m	-£0.81m
Chelford Group	CS	£0.01	£5.6m	Loss	0.77	130	50.00%	-99.30%	£2.65m	-£1.10m
Clarity Commerce	SP	£0.70	£10.8m	30.0	1.55	560	19.66%	0.72%	£2.65m	£1.16m
Clinical Computing	SP	£0.48	£11.9m	Loss	4.98	383	10.47%	46.15%	£1.10m	£3.74m
CODASciSys (was Science Systems)	CS	£2.80	£71.1m	11.2	1.07	2171	10.89%	14.29%	£6.95m	£10.20m
Comino	SP	£2.45	£34.1m	21.0	1.39	1885	5.38%	92.16%	£1.83m	£16.49m
Compass Software	SP	£0.75	£8.9m	47.2	1.83	500	0.00%	13.64%	£0.00m	£1.10m
Compel Group	R	£0.83	£25.6m	Loss	0.40	660	-10.33%	0.00%	-£2.94m	-£0.01m
Computacenter	R	£4.09	£768.9m	20.6	0.40	610	7.63%	46.07%	£55.01m	£250.00m
Computer Software Group	SP	£0.04	£11.3m	Loss	3.73	306	80.00%	10.77%	£8.52m	£6.66m
DCS Group	CS	£0.17	£4.3m	Loss	0.06	288	-2.82%	64.29%	-£0.12m	£1.69m
Delcam	SP	£1.71	£10.3m	12.1	0.54	658	14.00%	36.80%	£1.23m	£2.76m
Detica	CS	£4.35	£97.2m	16.5	2.48	1088	7.41%	21.51%	£6.69m	£17.20m
Diagonal	CS	£0.69	£61.2m	Loss	0.96	996	5.38%	34.31%	£3.06m	£15.60m
Dicom Group	R	£5.73	£119.2m	15.7	0.80	1755	8.53%	41.36%	£9.44m	£34.90m
Dimension Data	R	£0.28	£375.8m	Loss	0.17	50	6.67%	-3.45%	£23.48m	-£13.39m
DRS Data & Research	SP	£0.46	£15.5m	12.4	1.21	414	0.00%	51.67%	-£0.02m	£5.10m
Easynet	CS	£1.38	£91.7m	Loss	0.99	38	8.70%	74.05%	£12.79m	£42.60m
Easyscreen	SP	£0.18	£10.1m	Loss	3.81	107	19.67%	-27.00%	£1.63m	-£3.20m
Eidos	SP	£1.29	£179.9m	Loss	1.76	6422	-1.15%	1.98%	-£1.99m	£5.16m
Electronic Data Processing	SP	£0.89	£21.8m	Loss	2.57	2710	4.12%	126.92%	£0.81m	£12.19m
Empire Interactive	SP	£0.07	£4.6m	Loss	0.18	113	-1.45%	-9.33%	£0.59m	-£0.49m
Epic Group	CS	£1.29	£33.4m	19.5	3.82	1229	3.20%	67.53%	£1.42m	£13.90m
Eurolink Managed Services	CS	£0.28	£2.9m	59.6	0.32	280	3.70%	-18.84%	£0.11m	-£0.68m
Financial Objects	SP	£0.41	£11.3m	Loss	0.88	178	5.13%	3.80%	£0.55m	£0.40m
Flomerics Group	SP	£0.82	£12.0m	41.9	1.03	3154	25.19%	19.71%	£2.37m	£2.07m
Focus Solutions Group	SP	£0.25	£6.9m	Loss	1.05	126	0.00%	68.97%	£0.63m	£3.20m
GB Group	SP	£0.22	£17.3m	Loss	1.01	140	7.41%	58.18%	£1.19m	£6.30m
Gladstone	SP	£0.12	£5.0m	Loss	0.28	306	2.08%	145.00%	£0.10m	£2.98m
Glotel	A	£0.69	£26.0m	Loss	0.34	356	0.00%	28.04%	£0.02m	£5.70m
Gresham Computing	CS	£3.73	£181.3m	152.0	15.66	4005	8.13%	508.16%	£19.31m	£151.68m
Harrier Group	CS	£0.27	£7.8m	Loss	0.82	212	60.29%	220.59%	£2.95m	£5.40m
Harvey Nash Group	A	£0.61	£34.2m	Loss	0.15	349	43.53%	74.29%	£10.43m	£14.64m
Highams Systems Services	A	£0.08	£1.6m	Loss	0.14	229	-2.94%	-2.94%	-£0.07m	-£0.08m
Horizon Technology	CS	£0.46	£30.9m	Loss	0.15	167	37.88%	121.95%	£8.50m	£18.90m
Host Europe	CS	£0.01	£15.4m	Loss	1.12	459	-7.14%	-7.14%	-£0.35m	-£0.40m
Hot Group (was RexOnline)	CS	£0.21	£10.7m	Loss	3.78	250	23.53%	50.00%	£2.62m	£6.78m
I S Solutions	CS	£0.11	£2.7m	Loss	0.36	401	2.38%	86.96%	£0.10m	£1.23m
ICM Computer Group	CS	£2.23	£44.0m	14.3	0.64	1236	-6.32%	21.92%	-£3.01m	£7.90m
I-Document Systems	SP	£0.13	£18.0m	Loss	5.97	16	24.39%	8.51%	£3.60m	£1.50m
IDS Group	SP	£0.27	£15.5m	Loss	0.51	303	-0.91%	109.62%	-£0.12m	£8.05m
Innovation Group	SP	£0.16	£67.2m	Loss	0.67	71	8.47%	39.13%	£6.17m	£44.89m
InTechnology	CS	£0.68	£93.2m	Loss	0.59	2700	10.57%	13.33%	£8.25m	£10.40m
Intelligent Environments	SP	£0.07	£9.9m	Loss	3.69	77	-9.38%	107.14%	-£1.20m	£5.27m
IQ-Ludorum	SP	£0.02	£1.3m	Loss	0.33	21	-30.43%	-41.82%	-£0.58m	-£0.90m
iSOFT Group	SP	£3.72	£459.2m	33.6	5.02	3377	3.92%	45.12%	£17.33m	£158.00m
ITNET	CS	£3.19	£233.8m	18.9	1.31	911	13.32%	65.71%	£28.08m	£93.10m
Izodia (was Infobank)	SP	£0.44	£25.9m	Loss	6.86	6985	0.00%	0.00%	£0.00m	£0.00m
Jasmin	SP	£0.99	£4.7m	Loss	0.80	657	4.79%	-36.04%	£0.22m	-£2.58m
K3 Business Technology	SP	£0.10	£4.8m	4.7	0.60	73	-15.56%	11.76%	-£0.89m	£0.53m
Kewill	SP	£0.56	£43.2m	Loss	1.71	1112	17.19%	129.59%	£6.31m	£24.20m
LogicaCMG	CS	£2.00	£1,500.0m	Loss	0.82	2742	19.91%	33.50%	£249.06m	£375.13m
London Bridge Software	SP	£0.66	£111.9m	Loss	1.80	1638	15.93%	162.00%	£15.40m	£69.50m
Lorien	A	£0.58	£10.7m	Loss	0.09	575	5.50%	-17.86%	£0.50m	-£3.00m

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Holway/SYSTEMHOUSE S/ITS Share Prices and Capitalisation

	SCS Cat.	Share Price 31-Aug-03	Capitalisation 31-Aug-03	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 31-Aug-03	Share price move since 31-Jul-03	Share price % move in 2003	Capitalisation move since 31-Jul-03	Capitalisation move (£m) in 2003
Macro 4	SP	£1.19	£24.7m	Loss	0.63	478	26.74%	160.44%	£5.22m	£15.24m
Manpower SoftWare	SP	£0.18	£8.1m	Loss	2.45	188	1.39%	114.71%	£0.11m	£4.31m
Marlborough Stirling	SP	£0.42	£93.7m	Loss	0.77	296	-1.19%	16.90%	-£1.13m	£13.60m
MERANT	SP	£1.83	£188.1m	Loss	2.39	881	15.87%	115.98%	£25.83m	£99.30m
Microgen	CS	£0.61	£36.4m	Loss	1.44	259	24.74%	202.50%	£7.30m	£24.70m
Minorplanet Systems	SP	£1.16	£96.0m	Loss	0.77	2369	6.42%	-5.69%	£15.94m	£6.00m
Misys	SP	£2.82	£1,571.0m	15.0	1.55	3502	3.49%	59.94%	£51.27m	£557.20m
MMT Computing	CS	£1.28	£15.5m	Loss	0.56	759	23.19%	43.26%	£2.89m	£4.73m
Mondas	SP	£0.41	£8.6m	Loss	2.30	540	-11.96%	62.00%	-£1.15m	£3.55m
Morse	R	£1.43	£184.5m	Loss	0.53	570	9.62%	11.76%	£16.20m	£18.70m
MSB International	A	£0.74	£15.2m	Loss	0.18	389	21.31%	35.78%	£2.67m	£4.09m
Myratech.net	CS	£0.03	£1.0m	Loss	0.56	25	43.48%	10.00%	£0.29m	£0.09m
Ncipher	SP	£1.79	£44.5m	Loss	5.01	714	16.29%	192.62%	£6.36m	-£32.70m
NetBenefit	CS	£0.50	£8.0m	Loss	1.32	250	117.39%	308.16%	£4.33m	£6.05m
Netstore	CS	£0.37	£34.9m	Loss	5.25	245	21.49%	90.91%	£6.30m	£16.60m
Nettec	CS	£0.08	£9.5m	Loss	0.58	0	3.33%	14.81%	£0.31m	£1.23m
Northgate Information Solutions	CS	£0.40	£114.7m	17.6	1.40	154	20.30%	53.85%	£19.35m	£40.33m
NSB Retail Systems	SP	£0.14	£45.5m	Loss	0.62	1217	16.67%	93.10%	£6.55m	£22.18m
OneclickHR	SP	£0.07	£4.0m	Loss	0.86	181	0.00%	-3.33%	£0.00m	-£0.14m
Parity	A	£0.14	£21.6m	Loss	0.12	2333	24.44%	-13.85%	£4.28m	-£3.30m
Patsystems	SP	£0.15	£19.4m	Loss	2.49	138	-14.49%	22.92%	-£3.34m	£3.80m
Pilat Media Global	SP	£0.38	£16.5m	Loss	2.24	1875	33.93%	127.27%	£4.18m	£9.25m
Planit Holdings	SP	£0.31	£28.4m	Loss	1.39	1292	26.53%	16.98%	£6.66m	£6.40m
PSD Group	A	£2.28	£57.2m	108.3	1.29	1034	-10.78%	22.97%	-£6.88m	£10.80m
QA (was Skillsgroup)	CS	£0.09	£8.5m	Loss	0.26	40	20.00%	63.64%	£1.44m	£3.42m
Quantica	A	£0.35	£13.9m	Loss	0.53	278	25.45%	2.99%	£2.80m	£0.40m
Raft International	SP	£0.25	£16.1m	Loss	2.42	389	6.52%	716.67%	£0.99m	£14.13m
Rage Software	SP	£0.00	£2.6m	Loss	0.22	10	0.00%	-75.00%	£0.00m	-£5.47m
Retail Decisions	SP	£0.13	£37.3m	Loss	1.31	179	26.19%	231.25%	£7.79m	£26.00m
RM	SP	£1.26	£112.6m	Loss	0.56	3586	-1.18%	39.44%	-£1.30m	£30.30m
Royalblue Group	SP	£4.38	£138.7m	20.2	2.43	2574	5.42%	86.17%	£8.34m	£67.18m
Sage Group	SP	£1.69	£2,156.0m	22.9	3.91	65000	-8.28%	27.07%	-£668.70m	£471.50m
SBS Group	A	£0.04	£1.3m	Loss	0.04	35	7.69%	-65.00%	£0.79m	£0.05m
SDL	CS	£0.64	£34.4m	Loss	0.59	423	4.96%	111.67%	£24.71m	£18.20m
ServicePower	SP	£0.30	£17.0m	Loss	3.79	300	46.34%	275.00%	£5.92m	£12.91m
Sherwood International	SP	£1.38	£63.9m	74.6	1.22	4597	0.00%	79.22%	£0.00m	£28.79m
Sirius Financial (was Policymaster)	SP	£0.95	£16.1m	8.5	0.71	630	1.07%	-14.09%	-£0.50m	-£3.40m
Sopheon	SP	£0.16	£14.4m	Loss	1.17	230	-8.57%	23.08%	-£0.44m	£3.33m
Spring Group	A	£0.91	£137.2m	Loss	0.47	1011	17.42%	97.83%	£20.37m	£68.15m
Staffware	SP	£6.18	£89.6m	33.5	2.30	2744	10.27%	160.00%	£8.30m	£55.40m
StatPro Group	SP	£0.39	£12.8m	Loss	1.77	484	39.64%	93.75%	£3.66m	£6.27m
SurfControl (was JSB)	SP	£9.78	£297.6m	Loss	7.93	4888	12.88%	134.13%	£33.99m	£171.70m
Synstar	CS	£0.80	£130.0m	21.7	0.59	485	10.34%	36.75%	£12.20m	£34.90m
Systems Union (was Freecom)	SP	£0.90	£93.6m	23.3	1.25	692	18.42%	24.14%	£14.58m	£18.80m
Tadpole Technology	SP	£0.12	£31.4m	Loss	1.88	290	-5.88%	39.37%	-£0.63m	£8.96m
Telecity	CS	£0.09	£18.6m	Loss	0.75	12	19.35%	184.62%	£3.30m	£12.08m
Tikit Group	CS	£1.34	£15.6m	102.7	1.90	1161	42.78%	63.80%	£4.69m	£6.03m
Torex Group	CS	£6.11	£335.5m	15.5	2.07	11864	2.09%	89.46%	£23.84m	£182.80m
Total Systems	SP	£0.77	£8.0m	36.4	2.05	1443	15.91%	80.00%	£1.10m	£3.58m
Touchstone Group	SP	£0.98	£10.1m	10.6	0.71	929	-0.51%	-2.50%	-£0.07m	-£0.30m
Trace Group	SP	£0.53	£8.0m	8.9	0.39	420	17.98%	12.90%	£1.21m	£0.89m
Transeda	SP	£0.02	£1.1m	Loss	0.19	30	-14.29%	-50.00%	-£0.09m	-£1.01m
Transware	CS	£0.04	£4.1m	12.1	0.32	52	14.29%	-42.86%	£0.63m	£1.62m
Triad Group	CS	£0.59	£8.9m	Loss	0.32	433	11.43%	101.72%	£0.90m	£4.47m
Tribal Group	CS	£3.28	£193.7m	20.3	1.83	1985	-3.96%	37.03%	£15.19m	£70.30m
Ultima Networks	R	£0.03	£5.5m	29.0	2.73	71	0.00%	190.00%	-£0.05m	£3.61m
Universe Group	SP	£0.35	£14.9m	14.1	496.67	1556	0.00%	55.56%	£1.41m	£6.88m
Vega Group	CS	£1.19	£21.9m	Loss	0.62	971	38.60%	99.16%	£6.07m	£11.00m
VI group	SP	£0.16	£6.0m	Loss	0.79	320	-1.54%	3.23%	-£0.09m	£0.18m
Vocalis Group	SP	£0.01	£1.6m	Loss	0.90	12	-12.00%	-56.00%	£0.00m	-£1.91m
Warthog	SP	£0.17	£8.1m	Loss	0.71	390	-17.28%	-4.29%	-£1.69m	-£0.20m
Wealth Management Software	SP	£0.31	£12.9m	Loss	1.17	237	53.75%	284.38%	£4.51m	£9.54m
Workplace Systems	SP	£0.12	£20.8m	Loss	1.46	0	-8.00%	109.09%	-£1.55m	£10.87m
Xansa (was F.I. Group)	CS	£1.10	£368.4m	Loss	0.81	2821	4.27%	100.00%	£15.21m	£185.64m
XKO Group	SP	£0.88	£24.2m	Loss	0.55	583	16.67%	139.73%	£3.50m	£14.39m
Xpertise Group	CS	£0.02	£6.8m	Loss	1.48	70	0.00%	-53.33%	£5.64m	£4.09m

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MORE GAINS WHILE THE SUN SHINES

31-Aug-03	S/ITS Index	4487.45
	FTSE IT (SCS) Index	490.77
	techMARK 100	907.60
	FTSE 100	4161.10
	FTSE AIM	729.10
SCSI Index = 1000 on 15th April 1989	FTSE SmallCap	2407.16

Changes in Indices	S/ITS Index Index	FTSE 100	techMARK 100	FTSE IT SCS Index	FTSE AIM Index	FTSE Small Cap
Month (01/08/03 to 31/08/03)	+11.58%	+0.10%	+6.18%	+4.87%	+7.66%	+6.33%
From 15th Apr 89	+348.75%	+102.62%				
From 1st Jan 90	+387.71%	+76.17%				
From 1st Jan 91	+533.94%	+92.61%				
From 1st Jan 92	+329.48%	+66.90%				
From 1st Jan 93	+181.59%	+46.18%				+73.51%
From 1st Jan 94	+168.78%	+21.73%				+28.82%
From 1st Jan 95	+199.33%	+35.74%				+37.83%
From 1st Jan 96	+98.69%	+12.79%	+15.00%		-23.53%	+23.98%
From 1st Jan 97	+67.60%	+1.03%	-0.77%		-25.31%	+10.26%
From 1st Jan 98	+47.86%	-18.97%	-4.87%	-50.92%	-26.50%	+4.06%
From 1st Jan 99	+13.85%	-29.26%	-37.67%	-66.06%	-9.04%	+16.24%
From 1st Jan 00	-60.88%	-39.96%	-75.99%	-86.80%	-62.28%	-22.29%
From 1st Jan 01	-46.40%	-33.13%	-64.62%	-74.82%	-49.29%	-24.38%
From 1st Jan 02	-6.47%	-20.25%	-38.37%	-41.87%	-18.79%	-6.67%
From 1st Jan 03	+65.42%	+5.60%	+39.89%	+44.25%	+20.93%	+32.22%

End Aug 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 Aug 03
System Houses	-4.3%	-62.7%	-49.8%	-9.6%	80.1%	17.0%
IT Staff Agencies	-69.1%	-73.1%	-57.2%	-22.8%	16.1%	13.2%
Resellers	90.7%	-8.1%	21.5%	35.3%	82.9%	3.7%
Software Products	73.4%	-58.3%	-69.7%	-2.4%	61.6%	7.1%
Holway Internet Index	256.1%	-56.7%	-36.3%	15.2%	75.9%	28.9%
Holway S/ITS Index	20.5%	-58.6%	-43.3%	-1.0%	75.1%	11.6%

As August temperatures soared, S/ITS share prices continued to make positive moves. Ovum Holway's S/ITS index put on nearly 12% to take its gains for the year since Jan to 65%. And while the FTSE 100 moved up just a shade in the course of the month, the techMARK (with a 6% rise) and the FTSE IT SCS Index (5%) posted healthy improvements.

Investor sentiment in August appeared to favour not just the tech sector but smaller cap companies in general. The AIM index put on 8% and the FTSE Small Cap 6%.

Topping August's S/ITS share chart was domain name and hosting provider NetBenefit, with a 117% gain to 50p. A number of other small cap S/ITS companies also posted strong advances, including Computer Software Group (up 80%) and Harrier Group (up 60%). Gresham Computing and Raft International both posted increases to take their share price hikes for the year so far to 508% and 717% respectively.

In terms of S/ITS subsectors, System Houses put in a 17% gain and the hard-hit ITSAs managed 13%. Our Internet Index outstripped everyone though, with a 29% rise in the month. But whether the upwards dotcom speculation can outlast the summer remains to be seen.

SYSTEMHOUSE® is published monthly by Ovum Holway, 2, St. George's Yard, Farnham, Surrey, GU9 7LW. Telephone 01252 740900; Fax: 01252 740919; E-mail: mail@ovumholway.com which also publishes the annual "Holway Report". Ovum Holway analysts might hold stock in the companies featured.