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SYSTEMHOUSE

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

THE ROAD TO PROFITABILITY

The UK software and IT services industry looks set to make another huge pre-tax loss in 2002, although there are signs that companies are moving towards operating profitability.

We are just completing our interim analysis of the state of the UK S/ITS industry based on the financial performance of about 150 UK S/ITS companies that have already reported full year results during 2002 and 100 or so that have announced interim results.

We're now pretty sure that UK S/ITS companies will show basically no top-line revenue growth in 2002. Indeed, across the board, revenues from continuing operations (i.e. 'organic' revenue growth) look like falling a couple of percent – a far cry from the c9% organic growth in 2001.

The news on the profits front is very mixed. On the one hand, those companies that have so far reported full year results during 2002 have generated total pre-tax losses of c£1.5bn. The same companies recorded loses of 'only' £107m the prior year. If this performance was repeated across the rest of the industry then 2002 looks like being even worse than 2001 once all the results are in. On the other hand, there are signs (mainly from companies that have reported interim results during 2002) that operating margins are improving, although for many companies this only means that operating losses are reducing.

GOOD SENSE ON GOODWILL

One of the reasons for the massive increase in pre-tax losses so far in 2002 is goodwill impairment and amortisation. Indeed, nearly £1.3bn of goodwill has been wiped off the balance sheets of the companies that have already reported 2002 results, albeit two-thirds of this came from just two companies – **Xansa** (wrote down c£540m) and **Innovation Group** (wrote down c£310m). This compares with a net *increase* in goodwill of some £200m across the UK S/ITS industry in 2001.

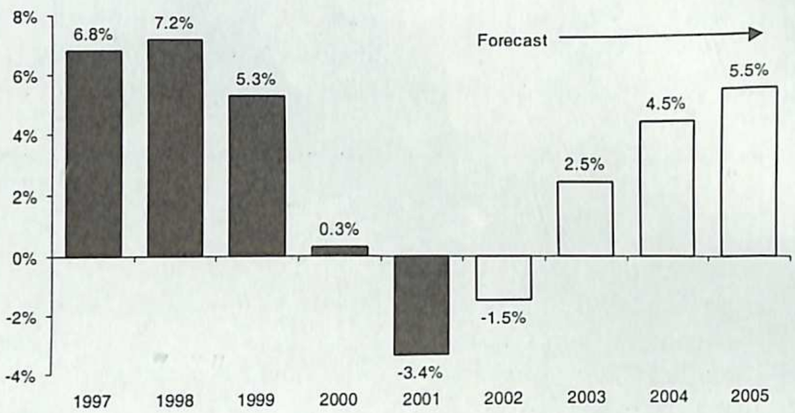
While it is encouraging to see companies taking a much more realistic view of the 'real' value of the goodwill they are carrying, it is of course a sad reflection on the extent to which company valuations have fallen. Mind you, we reckon there will still be some £6bn of goodwill left on the balance sheets of UK S/ITS companies at the end of 2002 – equivalent to about half the market capitalisation of the quoted companies in the UK S/ITS industry – so there's still some work do be done here! Indeed, there are still a handful of public UK S/ITS companies, led by **NSB** and **Anite**, whose market capitalisation is less than the goodwill they are carrying on the balance sheet. There are surely more painful goodwill write-downs to come.

	Company	Market Cap. 30-Nov-02	Goodwill at 30-Nov-02	Market Cap MINUS Goodwill at 30-Nov-02
1	NSB RETAIL SYSTEMS	£24.1m	£199.8m	-£175.7m
2	ANITE GROUP PLC	£71.4m	£225.6m	-£154.2m
3	IDS GROUP PLC	£8.9m	£66.1m	-£57.2m
4	INNOVATION GROUP PLC (THE)	£29.7m	£54.0m	-£24.3m
5	HARRIER GROUP PLC	£2.7m	£17.9m	-£15.2m
6	DCS GROUP PLC	£3.7m	£16.0m	-£12.3m
7	RDL GROUP PLC	£4.6m	£15.5m	-£10.9m
8	AFA SYSTEMS PLC	£5.6m	£16.3m	-£10.7m
9	GLADSTONE PLC	£1.9m	£6.6m	-£4.7m
10	HARVEY NASH GROUP PLC	£27.2m	£29.8m	-£2.6m
11	TRANSEDA PLC	£2.3m	£4.7m	-£2.4m
12	SBS GROUP PLC	£2.0m	£3.1m	-£1.1m
13	NETBENEFIT PLC	£1.6m	£2.3m	-£0.7m

CLOSER TO THE WATERLINE

But there is also some room for optimism. Although we still believe that the UK S/ITS industry will make an *operating* loss in 2002, there are signs that the extent of the these losses may not be as great as in 2001, when operating margins went 'below water' for the first time to –3.4%. Interim results from publicly quoted UK S/ITS companies are showing some overall improvement in operating profits. In fact, operating profits from the c100 companies that have so far announced interim results in 2002 totalled £21m, compared to a £171m loss for the same companies in H1 01. As a result we are now forecasting that operating margins for the entire UK S/ITS industry in 2002 will come in at about –1.5%, though we are hedging our bets to within the range –0.5% and –3.5%. Given that we expect to see no improvement in top line revenues in 2002, **this stabilisation and improvement in operating margins is purely the result of cost cutting.**

Forecast operating margins for UK S/ITS companies 1997 vs 2005



ON MESSAGE

We stand by the message we have been giving all year. It *is* possible to make reasonable profits in the current market so long as you face reality and adjust your cost base to a level commensurate with current revenues. For many companies this will mean more staff cuts and pruning of the product and service portfolio.

However, we hope that UK S/ITS companies will also take a wider view of means of cost cutting and perhaps follow the example of an increasing number of their clients by looking offshore. We think that software companies in particular should be considering offshore partners to take on significant parts of their product development and support in order to take advantage of the lower cost base in countries like India. But it doesn't have to be India, by the way. Indeed, on Christmas Eve, UK financial services software player **London Bridge** announced it had taken an 8% stake in **AFA Systems**, a company that does all its development in South Africa, in order to *"fast start"* its own offshore capability. Others please take note! More on this next month.

Meanwhile, you can see our interim analysis of the state of the UK S/ITS industry in our *Industry Trends 2002 Update* report and much more on offshore in our *Offshore Services* report. Please contact Andrew Randles (01252-740908 ajr@ovum.com) for details.

And may we take this opportunity to wish all our loyal clients a happy and profitable new year.

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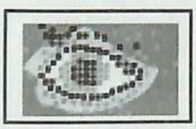
INDICES (changes in Dec. 02)

Holway S/ITS	-4.1%	2713
Holway Internet	-4.4%	2025
FTSE IT (SCS)	-11.7%	340
techMARK 100	-10.6%	649
FTSE 100	-5.49%	3940
Nasdaq Comp	-9.7%	1336



INGENTA: SOME WAY OFF REAL SUSTAINABLE PROFITS

Ingenta has announced preliminary results for the 12 months to end Sep. 02. The company develops websites for publishers and libraries, as well as distributing academic and professional publications through its own online presence. Turnover fell to £9.3m, from £9.9m in comparable period last year. Loss before goodwill amortisation was reduced to £6.4m (from £11.0m). However, the Directors' decision to take a £19.4m charge for the write-off of all outstanding goodwill meant total losses hit £25.8m.

Non-Executive Chairman Martyn Rose struck a confident note, "*Ingenta continues to make substantial progress in its underlying trading activities ... The Board is confident that a further substantial improvement in earnings can be achieved in the current year.*" This of course is not a promise of impending profitability. Despite having 'restructured' (i.e. reduced staff numbers) during the year to save costs, Ingenta is still some way away from generating real, sustainable profits.

HOLWAY COMMENT

THAT WAS THE YEAR THAT WAS

Forty years ago, in 1962, satire hit UK TV screens for the first time when David Frost, Ned Sherin and a multi-talented team launched That Was The Week That Was. 1962 also just happened to be the year that EDS was formed. Indeed it's highly probable that the company you work for now was founded in the early 1960s too.

It was the start of the growth phase for the IT sector.

We now believe that that growth phase is over to be replaced by a long period of maturity where IT experiences modest growth. We addressed all this in our *"IT's all over now"* pamphlet (available to subscribers on the Ovum website) and Prince's Trust presentation.

We therefore thought it was particularly appropriate to headline our review of 2002 with a slightly amended title of a 40 year TV show but had a sneaking feeling that we had used it before. A trip down memory lane unearthed **SYSTEM**HOUSE Jan. 1991 with that same title on the front page.

But then it gets spooky. The review started with the words:

"Many would wish good riddance to 1990 – if only they didn't feel that 1991 might be even worse". Olde Holway's Almanac for 1991 forecast that the recession hitting the industry would indeed get worse.

It did, of course.

Indeed it took another three years before growth in the sector got motoring again.

At this point the glib quip would be ***"Reread our 1991 message....but pay attention this time"***.

But the situation today is much different to the market environment in 1990.

In 1990 our sector was full of really exciting stuff which already existed but hadn't been exploited. The mobile phone, e-mails, the internet, Windows, a nascent home PC market, a pubescent outsourcing market. You really could see the future.

The situation 12 years on is so, so different.

Sure you can identify many things around today that will become significant in the IT market over the next ten years. But they are all evolutionary. A load of *"Next Small Things"* rather than one (or more) *"Next Big Things"*.

Today, we cannot expect technological innovation to drive the market to an ever larger share of the UK economy.

2003 – *"THE YEAR OF COMPETITIVENESS AND MARKET SHARE"*

This month, as usual, I interviewed the CEOs of the larger UK S/ITS players on their hopes and aspirations for 2003. One of the Top Five CEOs told us that if his company achieved the same revenues in 2003 as made in 2002, they would have done very well.

"2003 is not the year of revenue growth. It is the year of ***competitiveness and market share****."*

GROWTH

The UK S/ITS sector was in recession in 2002. But this was in a year when the UK economy continued to grow, fuelled by consumer spending, which in turn was financed by rising house prices.

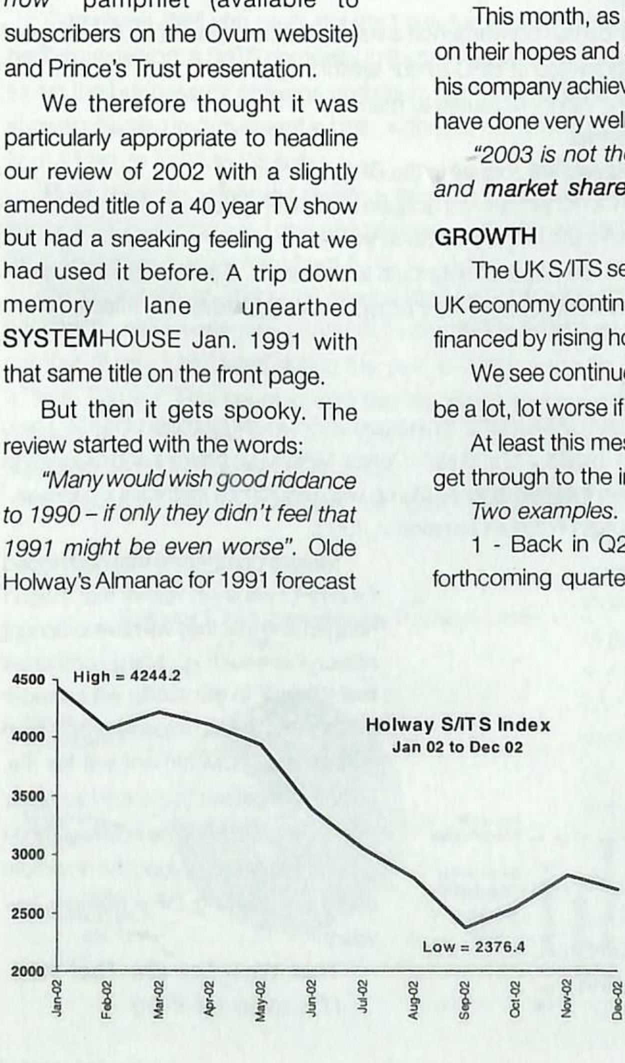
We see continued modest recession in the S/ITS sector in 2003. But it could be a lot, lot worse if the general economic climate worsens significantly.

At least this message seems at long last, but far too slowly, to be starting to get through to the industry and investors alike.

Two examples.

1 - Back in Q2 2002, 75% of Intellect members were optimistic for the forthcoming quarter. In the latest survey, it's fallen to 48%. Still far too many *Living in Denial* – but at least the move is in the right direction!

2 - Back in Apr 02, consensus broker forecasts for the combined revenues of the companies in our S/ITS Index were for a revenue rise of 11% in 2003. The latest issue (mid-Nov. 02) forecasts a mere 4% increase.



PROFITS

Conversely, we have seen much "restructuring" already in 2002 with perhaps as many as 50,000 losing their jobs since 2000 in the UK S/ITS sector. We expect the trend to continue in the short term but, hopefully, most of the associated costs will be taken in the 2002

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accounts. Hence our estimate that in 2002 S/ITS UK plc will collectively report another year of losses. (By the way, latest, mid-Nov. 02, consensus broker forecasts now agree with that total loss estimate for the first time).

But we still believe that we should return to overall positive profits territory in 2003 (although margins overall will be wafer thin).

SHARE PRICES

S/ITS share prices have fallen *another* 43% this year and are now back to the level last seen at the end of 1996. They are 83% off the end Feb. 00 high of 16077.

But there's been a mini rally since the low of 2376 at end of Sep. 02.

The chart below shows that at end Sept 02 relative valuations, as measured by historic P/Es, had indeed fallen to all time record lows. Therefore the rebound since, on the surface, seems justified.

But take care.

The earnings recovery is fully built into current valuations so there is limited upside. Of course, if it fails to materialise and the general economy takes another dive, the downside is another slump – albeit of much lower proportions than of yore.

Also remember that in previous times when valuations were this low, the outlook for the sector was still for high growth. This is **not** the case today.

MANAGEMENT

Alistair Cox was appointed this year to lead **Xansa**. He came from Lafarge, i..e. from outside the S/ITS sector. S/ITS companies now need strong leadership versed in managing mature companies. There are few that fit that bill within the sector at the moment. There are if you look outside.

CONSOLIDATION

We have already seen some pretty big acquisitions already in 2002. **HP** and **Compaq**, **Atos Origin** and **KPMG** , **IBM** and **PwCC**...and IBM and a string of software purchases like **Rational**.

As we have said before these look trifling compared to those to come.

Expect HUGE consolidation – it always happens in every maturing market and ours will be no exception.

But rather than asking who the targets will be it is easier and shorter to list those that won't. IBM and **Microsoft** will lead the consolidation as buyers. Others like **Accenture** will probably stay independent...for now anyway.

Most of the rest, however big, are vulnerable.

CONVERGENCE....

The convergence of hardware, software and IT services is both well established and will continue. 2003 could well be the year that decides if the Telcos will be an agent in the convergence – or finally exit from the sector. Both BT and Deutsche Telekom have to decide if the are in or out of the sector. Their current positions are untenable.

....and BPO

But the more certain convergence issue is that occasioned by the rampant growth of the importance of BPO to our sector.

2003 will see a variety of routes to market:

- some will partner
- some ITS players will acquire in the BPO space
- some non-IT BPO players will acquire in the ITS space

The off-shore/Indian players will do all three!

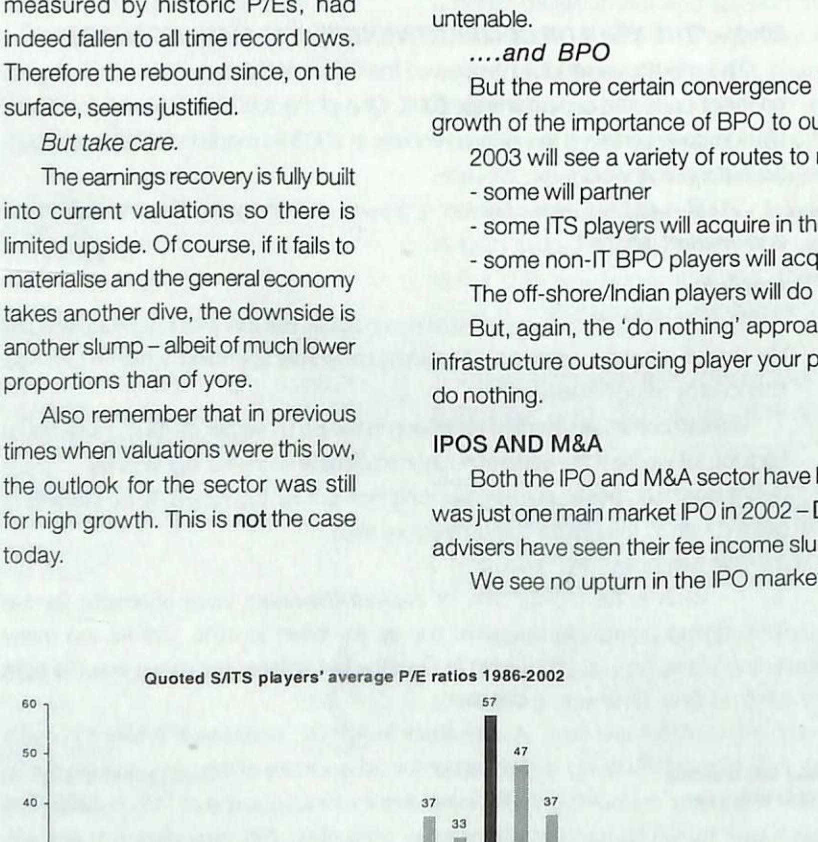
But, again, the 'do nothing' approach is untenable. If you are currently an IT infrastructure outsourcing player your prospects will be adversely affected if you do nothing.

IPOS AND M&A

Both the IPO and M&A sector have been underwater for most of 2002. There was just one main market IPO in 2002 – **Detica**. Most M&A brokers and associated advisers have seen their fee income slump with resulting substantial job losses.

We see no upturn in the IPO market in 2003.

Quoted S/ITS players' average P/E ratios 1986-2002



Mature companies that had hoped for an IPO will finally realise that it won't happen and that they will have to accept reasonable valuations. Many companies that 'played' in the sector will consider these to have been expensive non-core investments. Divestment will be rife. Hence, we believe that there has never been a better time to be in M&A. Those in M&A that have survived the downturn could be heading for a bumper few years.

That Was The Era That Was
IT's over, let it go

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In that Jan 1991 edition of SYSTEMHOUSE when we first used the *That Was The Year That Was* headline, our SITS Index had hit an all time low of 771. It hit 16077 at end-Feb. 00.

At end of Dec 02, you would be showing a 283% return. That's c11% p.a. compound growth.

If we were unwisely forced into a prediction on long term investment returns from our sector over the next 10 years, we would probably settle for a similar c10% compound growth rate too. Possibly with a quarter of that return resulting from dividend yield rather than capital growth.

-2%
59p
synstar INTERNATIONAL

SYNSTAR: IN SAFE HANDS

Pan-European computer services company **Synstar**'s results for the year to 30th Sep. 02 revealed a welcome return to profitability, and were slightly ahead of expectations. Total turnover was down c7% to £221.9m, but continuing operations nudged up 1% (Synstar disposed of its loss-making Swiss operations back in Feb. 02). After last year's £21.3m pre tax loss, Steve Vaughan, Chief Executive, was pleased to announce a PBT of £6.5m. Synstar was back in profits at the interim stage (£1.6m), but the changes Vaughan has instigated really started to pay off in the second half. EPS was 2.4p compared to a loss per share of 13.8p.

Synstar plc FYE: 30th September	Turnover £m		
	2002	2001	Change
Computer Services	202.3	218.9	-7.6%
Continuing operations	200.6	199.2	0.7%
Discontinued operations	1.7	19.7	
Business Continuity	19.6	19.3	1.7%
TOTAL	221.9	238.2	-6.9%

Commenting, Vaughan said: "*These results show excellent progress for the Group. Synstar is now positioned for planned growth and improvement in operating margins. We have benefited more than I had hoped from our strategic plan*".

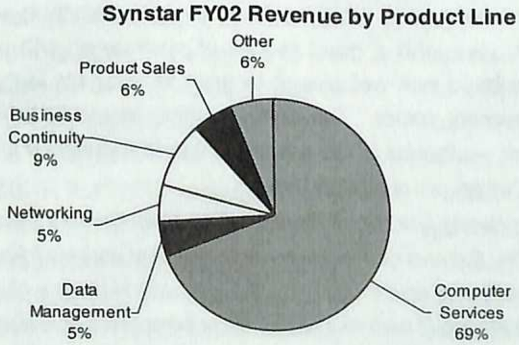
Comment: Well you really couldn't ask for a more robust and reassuring performance from a S/ITS company in these difficult times. Vaughan's strategy is to run the business for earnings and cash, not market share, and these results showed marked improvement in both, with cash generated during the period up from £1.8m in FY01 to £8.4m.

Both divisions improved revenue from continuing operations and, more importantly, both improved operating margins. In the case of business continuity (BC), operating margin went from 6.8% to 12.5%.

Success in cross-selling the service lines (maintenance, managed services, networking, data management and BC) within the existing customer base, and a number of new client wins during the year, boosted the order book by a super 47% to £319m. This coupled with the fact that Synstar derives around three quarters of its revenues from contracted business, means Vaughan has good reason to be confident going into 2003.

Investors will also be reassured that Synstar has a 'clean' balance sheet, with no goodwill on the books and no debt. Indeed with this kind of performance, and a cash balance of £17.4m, investors might wonder why no dividends are forthcoming (Synstar has not paid a dividend since listing in 1999). Pressed on this point, Vaughan said that for the time being at least, they have other, better plans for what to do with the cash, such as developing new service lines (i.e. high availability services for smaller companies and security assessments), and 'investing' in new contracts. The six year/£21m contract win with Westland announced in Jun. for instance, involved an upfront investment of £0.5m on Synstar's part. We were told to expect to see more deals that require this amount of investment.

Synstar FY02 Revenue by Product Line



So, all in all it's a pretty good picture. But we do have to pick Synstar up on a couple of things. Firstly, the French operation "*remains problematic*" (i.e. unprofitable), so a new management team has been installed to turn things around. Secondly, Synstar is aiming for top line growth of 7% and referred to expectations of 6-7% market growth p.a. We do not envisage 6-7% growth in the support services sector over the next few years, more like 1.5% to 2%. So for Synstar to grow at that rate it would need to take market share. Having said that based on the evidence so far, Synstar stands a fighting chance of growing faster than the support services market as a whole. The question is, at whose expense?

-18%
54p

Glotel.

GLOTEL: STABLE BUT PROFITS NOT IN SIGHT

Glotel plc	Turnover £m		
	H1 03	H2 02	Change
UK	19.1	20.3	-5.8%
Managed Services	0.3	1.1	-72.9%
International	2.0	1.9	6.1%
Other businesses	0.5	0.3	56.2%
Total UK	*21.9*	*23.6*	*-7.2%*
North America	13.2	11.3	16.5%
Continental Europe	1.3	1.9	-33.3%
Australia	1.6	1.3	18.5%
Total international	*16.1*	*14.6*	*10.1%*
TOTAL	**38.0**	**38.2**	**-0.6%**

Glotel, an IT staff agency with an established overseas presence, has announced results for the six months to 30th Sep. 02. Turnover for the period was down 36.8% to £38.0m, but was virtually static compared to the previous six months. LBT 'improved' from £2.0m this time last year, to £416K, helped by a turnaround in the cash position (interest receivable contributing £0.1m in H1 03). Diluted loss per share went from 3.9p to 0.9p. Commenting on the results, Chairman and co-founder Les Clark said: *"The sentiment in the technology sector is still uncertain but the dramatic headcount reductions and layoffs of contract staff experienced last year have slowed....Sales in the UK, Europe and Australia continue to be stable with no sign of an early upturn"*.

Comment: Comparisons with the previous six months are the best indication of what is happening to the business, and maintaining revenues in the current climate is no mean feat. Interestingly it was Glotel's overseas operations that offset a c6% decline in UK revenues - indeed US revenues increased almost 17% compared to the previous six months. In accord with what we are hearing from other players, Glotel continues to experience "*extreme competitive pressures*" in the UK. Revenues derived from Managed Services shrunk drastically as Glotel's key client stopped hiring.

We spoke with Les Clark to get more detail. UK revenues in H1 were given a helping hand by supplying contractors to government departments and agencies (via the S-CAT register). Indeed Clark commented that placing contractors with the public sector contributed a significant proportion of *new* business signed up in the UK during the period. Meanwhile commercial customers continue to turn the thumbscrews, some adopting a take-it-or-leave-it approach to negotiating.

With revenues having stabilised, Glotel is confident that it has been able to identify a sustainable cost base. Indeed it has reinstated the salaries of staff that had participated in a salary sacrifice scheme introduced in Jan. 02. The cost of this has been offset by savings elsewhere. Clark said that no further redundancies were made during H1, but headcount has continued to fall due to natural attrition - staff numbers are about half what they were back in Dec. 00.

However, the company is *not* on course for a return to profitability this year. Assuming H2 revenues mirror the first half, then Glotel will end FY03 (to Mar.) down 23%, and we were told *not* to expect the business to breakeven (probably close to it). Nonetheless, Glotel's situation going forward is actually pretty robust: they have a clean balance sheet (never having made an acquisition, there's no goodwill on the books), c£7.5m cash, a broad geographical spread (close to half total revenues are generated overseas, and typically at higher margins than in the UK), and an increasingly diverse customer base. Not all ITSAs can boast the same. This did not stop the share price falling on the day, and ending the month down 18% at 54p.

-6%
12p

i-documentsystems

I-DOCUMENTSYSTEMS: CHALLENGE LIES IN REACHING PROFITABILITY

i-documentsystems, provider of software solutions for 'e-government', has announced results for the year to end Oct. 02. Organic revenues grew 82% to £2.19m, compared to the corresponding period to in 2001. The acquisition of The Planning Exchange, completed in May 02, contributed a further £831K. Total losses deepened from £1.18m to £1.48m.

CE Andrew Fraser, claimed that *"i-documentsystems has again made significant progress during the year under review ... Despite the general economic climate, we have attained the goals we set ourselves more than two years ago"*. With more than 50 local authority clients on its books, and a good record of revenue growth, i-documentsystems does indeed look well placed to grow its business in the attractive UK local government sector. The company also seems to have successfully integrated this year's acquisition and is starting to experience the benefits of The Planning Exchange's customer base.

The challenge now is clearly around profitability. The management team confidently believes that *"by the end of the current financial year we should be starting to enjoy regular profitability on a monthly basis"*. At Ovum Holway, we've often emphasised the importance of partnership to smaller companies operating in the public sector; it may bode well for i-documentsystems' chances of hitting its revenue and profitability targets for this year that the company already has in place some handy alliances (such as those with Serco and Syntegra).

12%
256p

ISOFT: RELATIONSHIPS WITH PSPS WILL BE CRUCIAL

iSoft Group, the supplier of healthcare information systems to hospitals and healthcare provider organisations has announced results for the six months to 31st Oct. 02 revealing strong growth in revenues across its geographies of the UK, Ireland, Australia and New Zealand. Total turnover, including a £1.9m contribution from Northgate's healthcare business, increased by 56% to £35.3m. Organic turnover growth was 46.6%. Pre-tax profits before goodwill amortisation increased by 61% to £8.2m. Goodwill amortisation was £2.1m (2001: £1.6m). Diluted EPS was 3.29p, up from 2.04p in the comparable six months of 2001.

CE, Patrick Cryne, commented, "*Our contracted workload for the second half, the strength of our customer base and our positioning in ongoing procurements give me considerable confidence for continuing progress in the second half and beyond.*"

The next stage for the Group will involve geographic expansion, as well as "*an increased focus on product strategy to open up new markets and strategic partnerships*". As such, from Jul. 03, Patrick Cryne will step down from his role as CE to take on the executive role of Director Corporate Development. Tony Whiston, Finance Director since 1997 will succeed Cryne as CE.

Also announced was the acquisition of **Revive Group Ltd**, "*the leading supplier of e-booking solutions to the NHS in the UK*". The consideration comprises an initial element of £1.0m (to be satisfied by a 50/50 mix of cash and shares on completion), and a deferred element of up to £3.05m to be satisfied in loan notes dependent on the performance of Revive Group in the three years from completion.

Comment – iSoft has made good progress over the period, winning seven enterprise wide hospital system wins and six major contract extensions with existing customers. In terms of strategy, the Group has recognised that the Government's policy in a number of its preferred territories, most notably the UK, is to separate the application service and application content provision. In effect, what this means for iSoft is that it must develop strategic relationships with the outsourcers. In the healthcare sector, the outsourcers are the large SIs named as key Prime Service Provider (PSP) organisations. The Government will increasingly outsource healthcare computing and information service provision to these organisations. iSoft has recently released new versions of its Electronic Patient Record applications specifically designed to operate under an outsourced model, and is in advanced negotiations with several of the PSPs. The outcome to these negotiations will be crucial to iSoft's future success. In Nov. 02 (when the results were announced), iSoft's share price rose 16.8% to 230p. A 12% increase followed in Dec. 02.

DEMONSTRATING THAT SUPPORT SERVICES IS THE *BORING* PLACE TO BE!

The transition from product reseller to services supplier was never going to be an easy one, but **ComputerLand**'s latest results demonstrate that the company does seem to be getting there. In the six months to 31st Oct. 02 revenue rose 58% to £26.7m compared to the same period last year, and was up 28% on the previous six months. PBT was up almost fivefold, from £151K to £738K, and diluted EPS rose from 1.1p to 5.1p. Graham Gilbert, Chairman, said, "*The Group has significant potential to expand its presence in the market for essential IT services. Your Board therefore looks forward to the future with confidence*".

Comment: Gilbert's use of the dreaded 'c' word is not misplaced. As we have said many times lately, support services really is a *boring* place to be! But it takes time to get there. Computerland has been cracking the services nut for the past four to five years. We estimate that services currently accounts for c35% of revenues, with this proportion increaseing all the time. Contracted services were up 18% on H101 to £4.6m (17% of total revenues). Furthermore the company expects these revenues to grow strongly in H2 with new multi-year contracts expected to start in the first quarter of calendar 2003. Pre tax margins have continued to improve - up from 1.6% in FY02 to 2.8% - and whilst a sub 3% margin may not sound great, its pretty much in line with other support services players (Synstar's margin for FY02 was 2.9%).

Cash generation was excellent (£1.6m compared to just £53K this time last year) enabling ComputerLand to increase the interim dividend by c38%.

Being a small player in a large pool has played to ComputerLand's advantage. It is not dependent upon one sector over another (such as banking or telecoms) and has been well placed to target the mid-market customer base. But with many of the larger players now looking at the mid-market, competition is bound to hot up. Now is the time that ComputerLand will need to decide how it is to differentiate itself from 'the rest' in order to continue its momentum.

-15%
133p

sage LEARN FROM SAGE

SAGE - *BORING* AS EVER!

Sage Group's results for the year to 30th Sep. 02 are solid and respectable against a turbulent market.

REVENUE GROWTH

Headline figures show revenues up 14% to £551.7m. Of this CE, Paul Walker, told us that c5% growth was organic. UK growth was also up c5% to £156m.

There were two things that really impressed us:

- The 200,000 new customers attracted to use Sage for the first time. The brand franchise for Sage is now very strong. As in 'Nobody got fired for buying IBM' of yore, in these difficult times when the very future of some suppliers is in doubt, the choice of Sage by many businesses is a bit of a no-brainer. Also as new businesses are often started by IT-savvy people, moving to computerise your accounts is starting earlier in the business cycle. This also benefits Sage. The trick is both to keep these new customers AND migrate them away from the cheaper entry-level systems up the value chain later. Sage seems pretty good at doing this! Upselling and cross selling generated 8% and 4% respectively of licence revenues – Walker reported Sage had "*only just started on thia program*" but was very focused on developing this area.

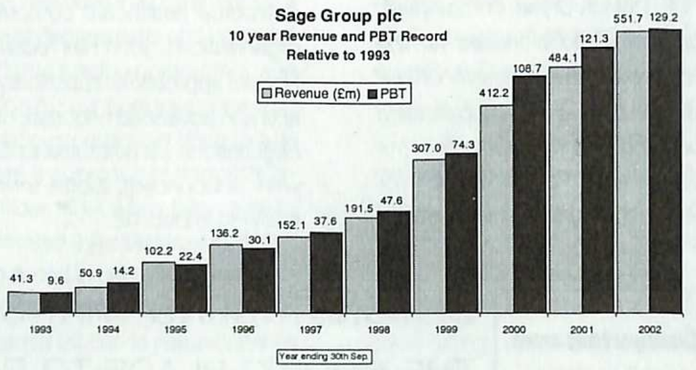
- Indeed, the evidence is shown by the 18% increase in support revenues which now represent 46% of Sage's turnover. Sure, the number of contracts has increased by 7%, but the 18% increase in revenues means that Sage is able to squeeze more and more out of the existing base. Mind you, Walker preferred us to say this was because they were improving service/giving better value for money rather than *"milking the clients for all they worth*".

GEOGRAPHIC PERFORMANCES

All of the geographies reported an increase in revenues. The UK was in "*good shape*", although the enterprise division had spent much time grappling with defining its target market. Sage believes that issue has now been addressed, and going forward this division should demonstrate further growth and be more profitable. Mainland Europe faced "*a challenging market in H2*". Revenues rose 13% to £118.8m, and operating profit rose 7.5% to £28.6m. In France, organic growth was 7% whilst in Germany it stood at just 2%. The US continues to be a tough market, but "*surprisingly more stable and predictable*". Revenues rose 22.4% to £276.9m, and operating profit rose 28.6% to £57.5m.

INTERACT

Sage seems to have done well here achieving a 14% margin on revenues of £54m. Although the division was reported to be in better shape than it had been, this division is still work in progress. New products for the SME market have failed to generate "*significant*" revenues but Sage continues to be excited by its prospects. We, like Sage, await the **Microsoft** offering in this sector, which could come within months. Walker thinks that added competition might actually boost the market visibility for such products and therefore be good for Sage.



PROFITS

According to Sage, PBT grew by 11% to £135.2m and EPS by 11% to 7.32p. However, both these are stated before the £6m "one-off" sponsorship of the Gateshead Music Complex. We don't buy this. It's a marketing expense pure and simple. Otherwise we'd have everyone excluding their contribution to the Holway's Princes Trust event from their P&L!

Fortunately, Sage would still have grown both PBT and EPS even if you exclude this £6m.

AMORTISATION

Sage has undertaken an impairment review but still refuses to amortise goodwill – now over £800m of its £2bn market capitalisation.

Sage sticks out like a sore thumb with this as everyone else we know in the S/ITS sector writes it off over some period or other from five to 20 years. Indeed, many have written off bigger slugs of goodwill recently as valuations have plunged.

Walker is adamant though. He says that it's all perfectly correct and that the new standards likely to be adopted by everyone soon are more like Sage's current policies. And we have to say that unlike some other S/ITS companies, Sage's market valuation is still well in excess of the market capitalisation on its

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balance sheet.

As we have said on countless occasions, all we want is ONE STANDARD so that we can make meaningful comparisons. Walker reposts *"Well, all the analysts take out goodwill anyway before they make the comparisons"*. And there is us thinking that the days of EBITDA were coming to an end!

DIVIDEND

Now we get really boring. Sage has increased its dividend by about 10% since its IPO in 1989. Profits and cash have grown rather more! So Sage has rebased its dividend and increased it over threefold from 0.425p to 1.5p. Actually we were rather flattered when Walker was asked Why? *"Because Holway told us to do it"* was his reply! Yep, we do think that, in this new paradigm when capital growth will be modest, giving shareholders a good dividend yield will become more and more important. However based on today's price the yield is still c1%. But a lot better than last year's!

ACQUISITIONS

Compared to previous years Sage has been particularly quiet on the acquisition front of late. Walker commented that going forward the company intends to focus on *"industry-specific or vertical solutions"* acquisitions.

Sage already provides systems to not-for-profit organisations in the US via MIP, and in the US and France for the professional accountants' market via CPASoftware. Verticals now account for 8% of Sage's revenues.

We see this as the major growth sector for Sage. Indeed we expect one or two acquisitions, to either strengthen existing verticals or expand the sectors covered, in the next six to 12 months.

OVERALL

Overall, this was another ***Boringly*** consistent set of results. To have achieved this against the current economic backdrop is even more of a feat.

The Sage business philosophy of sticking to the knitting has seen it right up until now. With an experienced and strong management team under Paul Walker, we expect it to continue to do well.

Ultimately we still see it being gobbled up by Microsoft. But that's been our prediction for a long, long time. And, sorry to be ***Boring***, one that we have no intention of changing either.

-15%
55p

xansa

XANSA: A ROBUST COX AT THE HELM

There's no denying that reading Xansa's results announcement (six months to 31st Oct. 02) did little to put a smile on our faces. After all:

- Turnover was down 14% to £232.5m

- Operating profit (before goodwill amortisation, impairment, and exceptional items) was down 36% to £15.6m

- Goodwill amortisation and impairment relating to the acquisitions of Druid, OSI and Synergy was £151.6m...

- ...So 'real' pre-tax losses were £140.7m

- Outside the UK, Continental Europe saw revenues fall by 56.3%, Asia Pacific revenues fell 26%, N. America was down 17.6% and India was down 0.6%.

And all the business units suffered:

- *Systems Integration* (56% of turnover): Turnover was down 13.5% to £130.4m. The entire £20.4m reduction was as a result of a lower minimum guaranteed spending from HBOS.

- *Enterprise Solutions* (18% of turnover): Turnover down 13% to £42.3m. Its profit contribution was up 6.4% to £5m but margins are expected to fall significantly this financial year.

- *Business Change* (9% of turnover): Due to the consultancy based nature of the business, turnover was down 50.4% to £20.8m, and it reported a loss of £2.3m.

- *Recruitment* (9% of turnover): Turnover down 25.4% to £20.8m.

- *Business Process Management* (8% of turnover): Initial revenues for its first trading period of £18.2m.

We're not claiming that these results are good. However, since speaking to Cox, we have very positive feelings about him being at the helm of the organisation. We commented in the past on our 'robust' chats with Hilary Cropper (Chairman) and 'robust' is a word, which is equally valid when describing Cox. Following his arrival, Xansa is no longer *'living in denial'*. It has jettisoned the old family image where compulsory job cuts were unthinkable – particularly for 'old retainers'. Cropper made a good move in installing as CEO a person from outside the IT industry – his most recent role was at Lafarge (cement!). As a result, he understands the dynamics of a mature/zero growth market just at the time that this realism was needed most.

Singing off the same hymn sheet as us, Cox sees the market, at best, flat for some time. He said *"at least until the end of out next financial year"*. In other words, for 18 months or throughout 2003. One of the only ways to make profits in a flat or reducing market is to control the costs base. So, Cox's main

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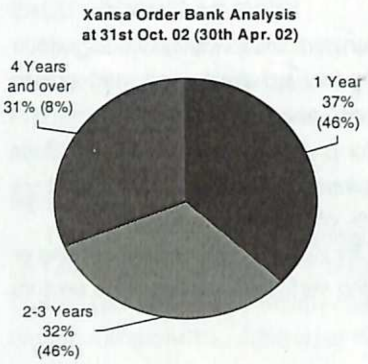
(even, only) emphasis is on cash generation and profits.



The most obvious consequence of his "*streamlining programme*" will be voluntary or compulsory redundancies affecting between 380 and 430 people across the entire business (it is interesting to note that only in June of this year, Cropper commented that she believed they had taken all the difficult "*restructuring*" actions required). Consultants in the Business Change area will be hardest hit. The half yearly average workforce is already down by 516 to 5938 compared the same time last year, and this is after 550 people joined as part of the BT contract. Other people related measures will involve a reduction in rates paid to contractors (15-20% reduction in fee rates), a freeze (at best) of permanent staff wages, a move from fixed to variable incentives (i.e. no wage increases but you can earn more as a bonus), and voluntary salary cuts for some.

The redundancy programme along with other measures, such as the reduction of indirect costs covering merged overhead functions, property and infrastructure, will result in total annualised gross savings of between £20m and £23m, and an exceptional cost for the full year of between £22m and £25m. In addition to Cox's focus on profit, his drive to manage the cash flow resulted in a 100% improvement in cash flow from operating activities. This is bound to please shareholders, particularly when they see the dividend per share being maintained at the half year at 1.08p (it is also expected to be maintained at the full year).

Another smart move has been to reorganise the business units by geography (taking effect on 1st Jan. 03). The current structure has been making less and less sense as most of Xansa's contracts draw from the skills of all business units. Indeed, the SI business actually incorporates a substantial amount of application management work (e.g. the Boots contract, which draws on skills of the SI and Enterprise Solutions businesses). The new structure reflects the integrated nature of the business. The BPM unit remains separate for a number of reasons. Firstly it is seen as a relatively new market, secondly Cox wishes to maintain the focus on this area, and thirdly the required skills are industry- or horizontal process-focused as opposed to technical. The BT contract will be a real test of whether Xansa can succeed in this market, we just hope that it does not get distracted and forget where its biggest strength lies i.e. in application management.

In terms of performance going forward, the positive news was that the order book is up 41% to £625m. However, we would point out that as contracts are getting longer, this does not actually mean an increase in the contracted revenue due to be recognised over the next year. Indeed, this has actually declined slightly from £238m to £231m. And contracted revenue to be recognised in the next two to three years has actually fallen from £238m to £200m. Cox states that he is comfortable with consensus forecasts specifying a decline of 5.3% in revenues and a 40.6% decline in profits (before nasty bits!) for the full year, and a further decline in revenues for FY04 of 3.1% but profits then recovering by 7.4% as the cost cutting programme begins to bear fruit. Commenting on the outlook, he stated: "*The current economic climate suggests that we are unlikely to witness any marked upturn in demand during our financial year 2003/4 and so we are putting in place an organisational structure and cost base appropriate to compete in a market that we assume will be flat.*"

-17%
43p

Total Systems plc

TOTAL STRUGGLES TO WIN BUSINESS

Total Systems, supplier of software systems to the financial services sector, has announced results for the six months to 30th Sep. 02. Turnover fell 29% from £2.83m in 2001 to £2.03m and PBT dropped 64% from £772K to just £280K. As a result, diluted EPS was lower at 1.84p (2001: 5.11p). The interim dividend has nevertheless increased 11% to 1p.

Terry Bourne, Chairman, said "*At the time of the Chairman's Statement for the year ended 31 Mar. 02 it was anticipated that the second half of this financial year would be stronger than the first half. Due to continuing delays in the signing of significant new business this is now unlikely. Such delays make it extremely difficult to forecast performance for the full year. ... With so many global uncertainties and the continual downgrading of UK economic growth forecasts, considerable doubt must surround any expectation of an improvement in trading conditions in 2003*".

Comment: Selling software to the UK insurance and pension fund sectors isn't at all easy at the moment as Total's results testify. Despite "*strong interest*" in its Ultima open software

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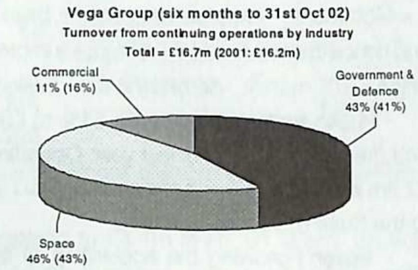
2%
60p

VEGA - MAKING GOOD PROGRESS

Vega Group has announced results for the six months ended 31st Oct. 02. Turnover from continuing operations inched up 3% to £16.7m (total turnover was 1% down at £17.4m). Pre-tax losses deepened to £8.7m from £332K, as did loss per share, which increased from 1.9p in the corresponding period in 2001 to 47.99p.



Commenting on the outlook Andy Roberts, non-exec Chairman, said, "*The first half results are consistent with the Group achieving full year market expectations. Our established position in the space, government and defence sectors is a major strength in the current economic climate, and we continue to make good progress in growing our business and improving profitability*".

The figures were impacted by two exceptional items: A £4.7m loss on the disposal of its non-core process automation business in Holland (part of the Commercial Industries division) and a goodwill impairment charge of £4.1m. The operating profit from continuing activities (before exceptional items and goodwill amortisation) improved to £0.9m (£0.6m in 2001).

· Turnover in the **Space** division grew by 10% to £7.7m. Orders received in the period were £7m, £1.9m ahead of the corresponding period last year. Margins were impacted by the investment in higher value consultants but these are expected to improve in H2 "*as those consultants undertake the projects won in the last six months*".

· **Government and Defence** "*had a strong start to the year*", with turnover up 9% to £7.2m. Order intake in the period is down 7% to £8.1m, but last year included a £5.5m order for Eurofighter. The company's participation in the Government's S-CAT supplier catalogue is starting to reap rewards, with a "*doubling of work received in the period*". (Strong utilisation particularly in the consulting

· The **Commercial Industries** division, which accounts for just 10.5% of total revenues continued to have difficulties, mainly as a result of declining demand in the retail and financial services sector. Turnover fell 32% to £1.8m and the division fell into the red as the lack of work led to utilisation issues in Q1. On the bright side the healthcare business that provides procurement services to NHS Trusts and other agencies, had an "*excellent*" start to the year, with order intake doubling to £0.9m.

With the Commercial Industries business struggling, Vega has now restructured its commercial businesses, integrating healthcare, aviation and learning into Government & Defence.

Comment: These are a pretty good set of results; the company is getting itself back into shape. Profit before tax and exceptional items is up threefold to £703K, net debt is coming down (slowly) from £5.6m to £5.3m, order intake from continuing businesses in the period managed a 1% rise to £16.8m (£16.6m) and the forward order book at end Oct. 02 stood at £37.8m, down just 2% on last year. In addition, restructuring actions mean that the Commercial Industries business is expected to running at breakeven in the second half. All in all not bad going. The share price inched forward 2% over the month to finish at 60p.

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product Bourne, admits it is proving "*extremely difficult*" to persuade new prospects to commit investment. With no sign of an improvement in this sector, Total claims it is trying to achieve a larger share of a "*shrinking market*" (although it's not clear how) and looking for opportunities to enter new markets.

Total hopes its Ultima product will become the software behind a new generation of fully integrated systems and open up new business opportunities in sectors other than pure insurance, such as premium finance administration. But the whole financial sector is struggling at the moment and Total faces heavy competition in the fragmented financial services software market from the likes of The Innovation Group, Sherwood International and Marlborough Stirling.

However, the London-based company has beaten the odds to report a profit and remains positive that its strong cash balance and zero gearing "*should enable it to take advantage of any improvement in trading conditions when this occurs*" (where have we heard that before?).

11%
24p

Anite

STILL MORE OF A CONGLOMERATE THAN AN INTEGRATED BUSINESS?

Anite has announced its results for the six months to 31st Oct. 02. Here are the highlights:

- Turnover from continuing operations is up 20% on H101 to £111.5m, driven by a strong order intake and contributions from last year's acquisitions. Total turnover is up 17% (£2.6m contribution from discontinued operations in 2001).

- PBT (excluding goodwill amortisation and exceptional items but after finance charges) was £8.9m, down from £14.3m last year. But taking goodwill and exceptionals into account, the company made a pre-tax loss of £43.4m.

- A £39.1m impairment charge in the period brings the total amount of goodwill on Anite's balance sheet down to £158m. The impairment charge related to the acquisition of **Calculus** in Dec. 00.

- As a result of goodwill impairments, the loss per share was 14p compared to 0.5p in H1 01.

- Anite expects to appoint a new Finance Director early in the New Year, following the resignation of Simon Hunt earlier this year.

CE, John Hawkins, commented, *"Overall, we are confident that, for the year as a whole, Anite will perform in line with expectations, continuing to benefit from its strong order book and its business and geographical diversification against a background of tough trading conditions. Our strategy to focus on building strong market positions in our chosen sectors means that the Group ... will be well placed to recover strongly in 03/04."*

Comment – Anite benefits from a broad geographical and vertical spread and hence the headline turnover figure is impressive considering the current climate in the S/ITS market. Across the four divisions, results were as follows:

- **Public sector**: Turnover up 54% to £36.4m, and order intake up 47% to £43.5m on the first half of last year. Operating profits of £1.2m were down from £2.8m in H101 as a result of increased R&D spend and pre-sales costs in relation to the State of Victoria contract.

- **Travel**: Following the acquisition of its largest competitor, **FSS**, and its subsequent integration, half year operating profits were up 50% to £3.3m on sales 36.3% higher at £16.2m. This was the only profitable business over the period.

- **Telecoms**: Turnover was up 18.3% at £21.3m but operating profits fell 29% to £4.1m. The profitability was impacted by Anite Calculus, which made no contribution to profit compared to a £1.9m contribution over the same period last year. This is the billing systems business, which contributes about 7% of total telecoms turnover. The rest is attributable to the core wireless testing business.

- **Consultancy**: Operating profits for the consultancy business fell more than 50% to £3.2m on sales reduced from £39.1m to £37.5m. The majority of the losses came from Anite Consulting Germany, which it sold to the management team for a "*nominal consideration*" later in the month. The SAP/ERP consultancy focusint on the manufacturing and industrial sectors was no longer considered to be core to the business.

Anite is now focusing on managing its assets and on good housekeeping in order to reduce costs and increase the synergies between the numerous businesses. This is good news but with all but the travel business reporting losses for the period, we would have preferred to see these actions being taken sooner. Head count reduction has already been implemented in Consultancy and Travel to give annualised costs savings of c£1m. In Anite Public Sector, the plan is to reduce headcount by 70, at a cost of £1.5m-2m, to save £3m annually. In the current downturn, the fact that parts of Anite's business still look more like a conglomerate than an integrated business (particularly in the travel and consultancy areas) has arguably had an impact on profits over this period.

If Anite can really get the businesses working together and cross-selling services, the possibilities for improving its performance over the next few years are significant. The £11m/five year contract for the provision and support of an integrated system for the State of Victoria's Office of Housing in Melbourne (won in Oct. 02) is one of the first signs that the different businesses are truly beginning to work together. The contract utilises skills from five of the Group's companies. However, we still have some concerns about the consultancy business, which operates close to ten separate businesses across five countries. Anite's real strength lies is in its proprietary mission critical products focused on its core verticals. Having this software installed in its client base leads to follow-on demand for its managed services (31% of revenues for the full year are forecast to be recurring). If in the future, we see a truly integrated business from Anite, the consultancy business could also benefit from such leads but there is still a way to go.

Anite Group	Turnover £m			Operating Profit £k*			Margin	
Six months to 31st Oct	2002	2001	Change	2002	2001	Change	2002	2001
Consultancy	37.6	39.1	-4%	3.2	6.7	-52%	8.5%	17.1%
Solutions	73.9	53.5	38%	8.6	10.8	-20%	11.6%	20.2%
Public Sector	36.4	23.7	54%	1.2	2.8	-57%	3.3%	11.8%
Telecoms	21.3	18.0	18%	4.1	5.8	-29%	19.2%	32.2%
Travel	16.2	11.8	37%	3.3	2.2	50%	20.4%	18.6%
Continuing Operations	*111.5*	*92.6*	*20%*	*11.8*	*17.5*	*-33%*	*10.6%*	*18.9%*
Discontinued operations		2.6	n/a		-1.1	n/a		-42.3%
TOTAL	**111.5**	**95.2**	**17%**	**11.8**	**16.4**	**-28%**	**10.6%**	**17.2%**

*Before goodwill amortisation and exceptional items

-13%
26p
northgate

NORTHGATE BENEFITS FROM GREATER FOCUS

Northgate Information Solutions	Turnover £k			Operating Profit £k			Margin	
Six months to 31st October	2002	2001	Change	2002	2001	Change	2002	2001
Public Sector	19,526	15,088	29.4%	315	- 49	*Loss to profit*	1.6%	-0.3%
Human Resources Systems	8,169	7,573	7.9%	554	573	-3.3%	6.8%	7.6%
Corporate Sector	11,921	17,832	-33.1%	243	- 433	*Loss to profit*	2.0%	-2.4%
Continuing Operations	*39,616*	*40,493*	*-2.2%*	*1,112*	*91*	*1122.0%*	2.8%	0.2%
Discontinued operation	1,918	4,135	*-53.6%*		1,221	*n/a*	n/a	n/a
TOTAL	**41,534**	**44,628**	**-6.9%**	**1,112**	**1,312**	**-15.2%**	**2.7%**	**2.9%**

Northgate Information Solutions has announced results for the six months to 31st Oct. 02. The highlights were as follows:

· Group turnover fell c7% to £41.5m, while revenue from continuing operations (excluding revenue from the healthcare business divested earlier this year) dropped slightly to £39.6m from £40.5m.

· PBT came in at £29.8m compared to £4.1m in H1 01 largely thanks to a £28.1m profit on the sale of the health business. Group operating profit pre exceptionals (reorganisation costs and employee share option scheme) increased by 26% to £1.7m.

· Adjusted diluted EPS (taking into account discontinued operations) was 0.41p, up from 0.08p last year (non-adjusted diluted EPS was 8.99p compared to 1.39p).

CE Chris Stone commented: *"From the firm foundation of very high client retention, we continue to sign new clients and deliver good operational results from the decision to focus on our key applications led solutions and outsourcing. In line with this strategy, our acquisition of* **Prolog Business Solutions**...*will grow our HR applications and outsourcing business and we continue to search for additional acquisition opportunities*."

The outlook for the full year result remains dependent on the successful negotiation of public sector business contracts that typically fall in the second half of the year, Stone said, adding that Northgate's current trading is broadly in line with management expectations.

Comment – No big surprises. Chris Stone remains committed to his strategy of slimming down the business to focus on being a supplier of software applications and outsourcing solutions to the public sector, human resources and corporate markets. 70% of turnover is now derived from software applications and outsourcing, with its exposure to low margin resale of third party products steadily declining. The disposal of the healthcare business to **iSoft** earlier in the year was yet another sign of Stone's determination to ensure Northgate concentrates on its strengths.

The strategy has served Northgate particularly well in the public sector and human resources markets where the company has made a name for itself in some highly specific niches. Its IPR forms the core of the business with much of the outsourcing work and also systems integration work being won off the back of these successful products.

With the success of its software applications, a familiar name has risen up the rankings of Northgate's top clients. Indeed, **Capita** is now the company's second largest client. We first got an inkling of this relationship with the announcement that Northgate would be providing the software for the congestion-charging scheme (Capita as lead supplier). Northgate is also Capita's preferred application provider for HR systems and supplies the software for its contract with Cumbria CC. Indeed, where Northgate is unsuccessful in winning BPO contracts, it is still willing to supply software to potential BPO partners such as Capita and **Vertex**. This confirms our belief that IT services suppliers will increasingly partner with the business services players as they strengthen their hold on the client base.

Northgate's performance in the public sector and HRS businesses was as follows:

· **Public sector**: Turnover up 29% to £19.5m, and an operating profit of £315K compared to a loss of £49K in the comparable six months. The focus in the public sector is on the local government and police markets. In local government Northgate continues to sell its e-government enabling applications to local councils and increase its IT outsourcing and BPO activities. As a supplier to police forces in the UK, it is a leader in the provision of software for penalty notice enforcement, and is also providing software for the trial of on-the-spot penalties for disorder.

Human Resources Systems (public and private sector): Turnover up 8.4% to £8.2m, and operating profit down marginally to £554K. Northgate's HRS application business has seen compound annual growth of more than 20% over the last few years. The small reduction in operating profit came about as Northgate invested in the development of its FinanceLink product. This product is expected to further strengthen Northgate's BPO offering in HR, alongside its ResourceLink product.

Outside HRS, the strategy in the corporate sector is a little less precise, with the strategy based around Northgate's own technology as well as IT outsourcing. Stone claims Northgate's differentiation in the IT outsourcing market is its flexible modular approach i.e. clients who are less confident about outsourcing can have a solution tailored specifically to their needs. He states that the corporate business now has a "*bigger pipeline than ever*". This is one area where Northgate still has some work to do to prove itself. Turnover in H1 was down 33% to £11.9m, but it is now in the black at the operating level with a profit of £242K compared to a loss of £433K in the comparative period in 2001.

One thing for sure - cash is under control. Northgate now has cash and liquid investment of £45.1m, thanks

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largely to profit on the disposal of its healthcare business, but also due to a positive cash flow of £1.8m (before the disposal). This will be used to make further acquisitions to support Northgate's now clear-cut strategy. Northgate has little experience of acquisitions, and 'pre-Stone' went down the route of biting off more than it could chew (something we hope it will avoid this time round). The proof will be in the pudding but fortunately the business looks to be in safe hands.

NO SURPRISES AT CSC'S HALFWAY POINT

CSC reported Q2 results last month showing revenue for the six months to 27th Sep. 02 about static at $5.5bn and pre-tax income up 44% to $241m. These results masked a somewhat poorer Q2 (three months to 27th Sep. 02) as revenue dropped 1% to $2.73bn though pre-tax income rose 32% to $130m. European revenue in Q2 fell 3% (11% at constant currency) to $707m, and by 1% for H1 to $1.4bn. CSC chairman and CEO Van Honeycutt reported *"no significant improvement in demand for IT consulting and SI in North America ...(and) weaker demand for short-term project-related work... outside North America"*. Europe continues to be *"challenging"*, and global commercial outsourcing is *"robust"*. CSC expects revenue growth of 2-4% in fiscal H2.

A month after reporting these results CSC announced it had agreed to buy US IT services firm **DynCorp** for $950m (c£600m), including $273m in debt, in a move that will help it compete against **IBM** and **EDS** and take advantage of the U.S. government's investment in security-related services. Shareholders in DynCorp, which is privately owned, are set to receive $15 in cash and about $43 in CSC shares for each of their DynCorp shares (depending on the value of CSC shares in the run up to the DynCorp shareholders' vote on the merger). The deal is expected to close in the first quarter next year and to contribute to CSC's fiscal 2004 results. DynCorp, which had revenues of $2.3bn in the year ending 26th Sep. 02, is focused on the defence, security and other public sector markets, and counts the U.S. Department of Defence and the U.S. Navy among its customers.

Comment: All much as to be expected. So long as the £1.5bn megadeal with Royal Mail gets finalised this quarter we would expect it to contribute to CSC's full year results next March.

Meanwhile, the acquisition of DynCorp (which came hot on the heels of IBM's $2.1bn offer for **Rational**) reinforces what we've been saying for a while now - the S/ITS industry is in for a period of major consolidation. Having met with CSC UK President Guy Hains again recently, we came away assured that CSC is really focused on the 'necessaries' in today's market, viz competitiveness, market share, and of course cost management and profitability. We expect continued (organic) growth in the UK operation.

ATKINS FOLLOWS AMEY INTO THE DOLDRUMS

Support services player and BPO 'unusual suspect' **WS Atkins** announced the immediate departure of its CEO Robin Southwell as it reported a pretty damning set of results for the six months to end Sep. 02. Atkins moved into the red, with pre-tax losses totalling £32.8m, compared to a £14.6m profit in the same period last year. Total turnover (inc. share of JVs) meanwhile increased 19% to £487m. The company also said it would pay out no interim dividend, and that any full-year dividend is dependent on it hitting its £15m pre-tax profit target for 02/03. Atkins chairman Michael Jeffries will take over as CEO until a replacement for Southwell is found.

Atkins gave advance warning of its problems back in early October. The reasons given were the poor performance of the North American operation and frankly what seems to be a major cock-up implementing a new financial system as part of a project to completely replace its back office systems. This threw their billing and debt collection into chaos and although things have since improved, *"the systems are still not performing entirely satisfactorily"*. These losses come as no great surprise (in fact they are slightly 'better' than predicted) and Atkins has retained its revised forecast for the full-year.

Comment: We estimate that Atkins did some £33m of BPO business in the UK in 2001, including work for a number of public sector clients. It remains to be seen exactly how damaging the company's present difficulties (and in particular its inability to sort out its own internal IT challenges effectively!) will be to its fortunes in the attractive public sector BPO arena. Add to this the departure of its CEO and its exit from the FTSE250 and this does not give much of an encouraging view of Atkins prospects.

We had previously surmised that support services companies like Atkins and troubled support services player **Amey** (another BPO unusual suspect) would take the high ground in the UK BPO market over the next few years. We'd have to say that this proposition may well need a serious rethink.

Mergers & Acquisitions

Buyer	Seller	Seller Description	Acquiring	Price	Comment
Capita	Cost Auditing Ltd (CAL)	Legal-cost auditing services for the insurance services	100%	max£7.9m	Capita paid an initial £4.9m in cash, with the balance dependent on performance (payable Mar. 05). They also assumed bank borrowings of £4.3m. CAL turned over £4.2m in FY02, and made a profit of £1.2m. It's a good 'bolt-on' acquisition, which extends Capita's range of services for this sector.
Chelford Group	Cleves Solutions Ltd (owner of Notability Solutions plc)	SAP solutions	100%	max £645K	Chelford's strategy is to become a *"premier mid-market systems solutions business"*. This acquisition is expected to open up new target markets. In the 10 months to end Oct. 02, the SAP division turned over £2.5m and made an EBITDA loss of c£0.1m. Howard Rosen, owner of Cleves, will join the board of Chelford, and becomes MD of the group's SAP division.
CIBER UK	ECsoft	IT consultancy and systems integration	100%	c£34m	CIBER UK (a wholly owned subsidiary of NSYE-listed CIBER) acquired ECSoft for cash. ECSoft is forecast to turn over c£41m in the year to 31st Dec. 02, making the PSR 0.83. Given that the compnay was loss-making in FY01 and H1 02, the price looks fair.
CODASciSys	SquareSum plc	Accounting s/w provider to SMEs	100%	c£9.1m	OFEX-listed SquareSum's product (DREAM) is a good fit with the CODA suite of accounting s/w. SquareSum turned over £5.1m and made a pre-tax profit of £367K in the year to 31st May 02, but expects to make a loss in H1 03 due to falling new licence sales (no surprises there). The deal, at a PSR of 1.8, reflects this.
Easynet	Maiaah! SA	French network connectivity provider	100%	c£64K	Easynet's purchase of Maiaah! is expected to accelerate the Group's route to profitability in France. Maiaah! turned over c£1.5m in the first 10 months of 2002.
MetaSolv Holdings (UK) Ltd	Orchestream Holdings plc	IP network management s/w	100%	c£7.9m	NASDAQ-listed MetaSolv (a UK subsidiary set up specifically for this transaction) offered 6p per share for Orchestream - it floated at 185p in Jun. 00. Orchestream had been looking at longer term financing alternatives recently, but obviously decided this cash offer was the best deal it was likely to get.
MindLife Ltd	Ultrasis International Ltd (UIL)	Israeli subsidiary of Ultrasis	100%	£35K	Ultrasis disposed of its Israeli subsidiary to a director for £35K cash. Closing the operation would have cost £238K so this looks like the better option. The sale is subject to shareholder approval and a working capital loan being granted by the company to UIL of £100K. Other arrangements (for IPR etc) have been proposed.
Serco	CCM Software Services Ltd	Scheduling, resource allocation & finance systems for schools	100%	max£12.8m	Serco paid £8.6m up front for Dublin-based CCM, with the deferred consideration dependent on performance. CCM turned over £3.6m in the year to Jul. 02, and a made an operating profit of £638K. The acquisition adds to Serco's existing presence (change management/software) in the education sector. It is further evidence that the company is looking to increase its IT solutions capabilities and confirms our belief that the IT element of Serco's contracts continues to expand.
Syntegra	KPMG Consulting France from KPMG audit partners	IT consultancy	100%	Not disclosed	KPMG Consulting France had revenues of EUR25m in the year to 30th Sep. 02 and had c170 consultants on billing. The acquisition boosts Syntegra's exisitng French business (c£40m). The two operations are to be integrated.
Warthog	Zed Two Ltd	Games developer	100%	max £1.5m	Warthog paid no initial consideration - it is all dependent on Zed Two's profits in FY03, 04 and 05, and wil lbe paid in shares. Manchester-based Zed Two employs 21 staff.
XKO	Informed Systems Ltd (ISL)	Mid range ERP application vendor	100%	max £80K	XKO paid an initial £40K cash, with the balance based on performance over 15 months. ISL has annualised revs of c£1m, was trading at breakeven and has no debts. With contracted revs in excess of £550K it looks like a good purchase, and increases XKO's business apps portfolio.
Xpertise	Power Education and part of the trade & assets of Sphinx CST	Training businesses of Lynx plc	100%	c£2.6m	As a reverse takeover, the acquisition is subject to shareholder approval. To fund the deal, and to increase working capital, Xpertise plans to raise £2.2m via a placing. Richard Last, Chairman and CE of Lynx (and 40% shareholder of the acquired businesses) will become Chairman of Xpertise (current Chairman Mike McGoun becomes non exec director). The purchase broadens Xpertise's geographical coverage and gives the combined operation the scale to compete.

Forthcoming IPOs

Name	Activity	S/ITS or Dotcom Index	Index Class	Market	Est Issue Price	Est Mkt Cap.	IPO Date
Profectus	Consultancy to 3G Maintenance	S/ITS	CS	TBA	tbc	£100.0m	n/a
System-C Healthcare	Healthcare IT Solutions	S/ITS	SP	TBA	tbc	£36.0m	n/a
Xchanging	Support Services	S/ITS	CS	MAIN	tbc	£1.0bn	n/a
Sporting Options	Online betting exchange	Dotcom	B2C	AIM	tbc	£15.0m	2003

13%
85p
MERANT

MERANT - STILL SITTING PRETTY ON ITS CASH PILE

MERANT, "*provider of software and services for managing code, content and other business critical assets*", has announced its results for the six months ended 31st Oct. 02. Turnover declined 8.4% over the corresponding period last year to $58.7m, LBT 'improved' to $20m from $27m as did loss per share from $0.23 in 2001 to $0.19 in 2002. Commenting on the outlook, Gerry Perkel, President and CEO said, "*The company remains cautious regarding revenue and earnings performance over the next several quarters as global recessionary pressures continue to limit IT and software development spending. However, the company has taken aggressive actions to resize the business to allow for these economic realities, while providing for increased R&D expenditures required to drive future growth. Over the longer term.....the company's goal is to generate 15% to 20% operating income as a percent of sales*".

Comment: The company has made progress in its transition from provider of development tools to change management solutions. Operating expenses, which were threatening to spiral out of control, have been reduced and the company reports that it generated positive cash flow from operations in Q2 (excluding restructuring cash payments). But the market remains challenging. Overall, licence revenues fell 9.5% to $21.9m and accounted for 37% of total revenues, maintenance subscription revenues inched up 1% to $29.2m (51% of revenues) and training and consulting revenues fell 31% to $7.6m (12% of revenues). Visibility is still poor, and MERANT's focus remains on monitoring costs to enable profitability but also on investments for future growth opportunity, such as the web content management market.

At one stage, MERANT had been in discussions concerning the sale of the company, and although it remains (rightly) cautious on earnings over the next few quarters, it's in the fortunate position of having a cash pile of $76.5m to help see it through the tough times. However, we have seen many instances where companies have managed to burn through their cash piles with nothing to show at the end of it (e.g. **Baltimore**, **Izodia**) - we hope MERANT isn't one of these.

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

AFA Systems plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£4,077,000	£8,136,000	£3,137,000	-23.1%
PBT	-£1,417,000	-£14,619,000	-£2,163,000	Loss both
EPS	-5.60p	-56.90p	-8.50p	Loss both

Affinity Internet Holdings Plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£15,781,000	£52,765,000	£38,072,000	+141.3%
PBT	-£14,944,000	-£30,090,000	-£5,646,000	Loss both
EPS	-58.50p	-109.81p	-18.40p	Loss both

AIT Group plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£20,196,000	£36,224,000	£8,417,000	-58.3%
PBT	£364,000	-£9,272,000	-£37,732,000	Profit to loss
EPS	42.00p	-40.64p	-1556.50p	Profit to loss

Alphameric plc

	Interim - May 01	Final - Nov 01	Interim - May 02	Comparison
REV	£24,743,000	£56,848,000	£27,373,000	+10.6%
PBT	-£2,245,000	-£1,677,000	£187,000	Profit to loss
EPS	-2.20p	-2.39p	0.20p	Profit to loss

Alterian plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£1,803,000	£4,267,000	£1,807,000	+0.2%
PBT	-£4,753,000	-£9,247,000	-£4,485,000	Loss both
EPS	-12.10p	-23.90p	-11.40p	Loss both

Anite Group plc

	Interim - Oct 01	Final - Apr 02	Interim - Oct 02	Comparison
REV	£95,220,000	£202,510,000	£111,541,000	+17.1%
PBT	£1,964,000	£5,764,000	-£43,405,000	Profit to loss
EPS	-0.50p	-0.60p	-14.00p	Loss both

Argonaut Games

	Final - Jul 01	Final - Jul 02	Comparison
REV	£4,396,000	£14,232,000	+223.7%
PBT	-£3,131,000	£2,763,000	Loss to Profit
EPS	-3.35p	2.87p	Loss to Profit

Autonomy Corporation plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£19,975,000	£36,271,000	£18,172,000	-9.0%
PBT	£7,635,500	£9,146,896	£3,045,000	-60.1%
EPS	0.03p	5.00p	0.03p	+0.0%

Aveva Group plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£14,034,000	£31,818,000	£16,462,000	+17.3%
PBT	£1,130,000	£4,938,000	£1,234,000	+9.2%
EPS	4.26p	19.48p	4.72p	+10.8%

Axon Group plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£22,590,000	£42,762,000	£21,348,000	+89.3%
PBT	£2,428,000	£5,464,000	£1,222,000	+125.0%
EPS	4.40p	6.70p	2.50p	+52.3%

Azlan Group plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£298,300,000	£610,100,000	£298,600,000	+0.1%
PBT	£8,000,000	£18,400,000	£7,300,000	-8.8%
EPS	5.30p	11.90p	4.50p	-15.1%

Baltimore Technologies plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£38,928,000	£70,421,000	£22,065,000	-43.3%
PBT	-£550,646,000	-£659,711,000	-£42,968,000	Loss both
EPS	-110.00p	-131.80p	-8.50p	Loss both

Bond International Software plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£5,698,000	£11,365,995	£3,175,000	-44.3%
PBT	£443,000	£1,256,609	-£2,085,000	Profit to loss
EPS	2.17p	6.11p	-13.80p	Profit to loss

Business Systems Group Holdings plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£13,061,000	£24,224,000	£14,051,000	+7.6%
PBT	-£4,539,000	-£10,510,000	-£446,000	Loss both
EPS	-5.74p	-12.84p	-0.55p	Loss both

Capita Group plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£323,000,000	£641,940,000	£391,222,000	+21.1%
PBT	£20,984,000	£53,026,000	£29,043,000	+38.4%
EPS	1.85p	4.67p	2.50p	+35.1%

Charteris Plc

	Final - Jul 01	Final - Jun 02	Comparison
REV	£13,276,000	£19,087,000	+43.8%
PBT	£828,000	£1,588,000	+91.8%
EPS	1.52p	2.50p	+64.5%

Clarity Commerce plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£2,428,000	£7,620,000	£3,399,000	+40.0%
PBT	-£276,000	-£221,000	-£429,000	Loss both
EPS	-2.84p	-2.51p	-3.08p	Loss both

Clinical Computing plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£1,176,000	£2,179,894	£1,102,000	-6.3%
PBT	-£498,000	-£1,369,934	-£598,000	Loss both
EPS	-1.99p	-5.50p	-2.4	Loss both

CMG plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£456,700,000	£920,400,000	£442,800,000	-3.0%
PBT	-£10,200,000	-£588,800,000	£9,300,000	Loss to Profit
EPS	-2.60p	-99.60p	0.40p	Loss to Profit

CODASciSys plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£32,970,000	£64,820,000	£33,566,000	+1.8%
PBT	£2,599,000	£5,054,000	£2,869,000	+10.4%
EPS	6.40p	12.70p	7.4	+15.6%

Comino Group plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£9,310,000	£20,560,000	£11,803,000	+26.8%
PBT	-£1,441,000	-£576,000	£420,000	Loss to Profit
EPS	-6.50p	-3.80p	2.00p	Loss to Profit

Compass Software Group plc

	Interim - May 01	Final - Nov 01	Interim - May 02	Comparison
REV	£1,961,614	£4,266,677	£2,244,772	+14.4%
PBT	£91,481	£356,253	-£15,004	Profit to loss
EPS	0.47p	1.61p	-0.68p	Profit to loss

Compel Group plc

	Final - Jun 01	Final - Jun 02	Comparison
REV	£235,731,000	£68,892,000	-70.8%
PBT	-£13,367,000	-£1,691,000	Loss both
EPS	-47.00p	-3.20p	Loss both

Computacenter plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£1,175,570,000	£2,093,423,000	£976,958,000	-16.9%
PBT	£29,259,000	£34,900,000	£24,405,000	-16.6%
EPS	10.60p	9.90p	8.60p	-18.9%

DCS Group plc

	Interim Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£58,000,000	£104,900,000	£37,800,000	-34.8%
PBT	-£8,100,000	-£4,600,000	-£7,700,000	Loss both
EPS	-8.10p	-22.58p	-31.72p	Loss both

Delcam plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£9,004,000	£18,248,122	£9,518,000	+5.7%
PBT	£734,000	£853,565	£519,000	-29.3%
EPS	8.90p	9.70p	6.10p	-31.5%

Detica Group plc

	Interim - Sep 01	Final Mar 02	Interim - Sep 02	Comparison
REV	£14,534,000	£32,841,000	£17,626,000	+21.3%
PBT	£2,179,000	£5,928,000	£2,847,000	+30.7%
EPS	7.50p	20.80p	9.30p	+24.0%

Diagonal plc

	Interim - May 01	Final - Nov. 01	Interim - May 02	Comparison
REV	£44,955,000	£82,182,000	£33,902,000	-24.6%
PBT	£2,920,000	£4,256,000	£1,607,000	-45.0%
EPS	1.71p	2.26p	0.77p	-55.0%

Dicom Group plc

	Final - Jun 01	Final - Jun 02	Comparison
REV	£140,290,000	£149,527,000	+6.6%
PBT	£7,471,000	£3,521,000	-52.9%
EPS	22.80p	3.50p	-84.6%

Dimension Data plc

	Final - Sep 01	Final - Sep 02	Comparison
REV	£1,707,500,000	£1,489,600,000	-12.8%
PBT	-£1,148,900,000	-£1,756,500,000	Loss both
EPS	-96.20p	-155.60p	Loss both

DRS Data & Research Services plc

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

Easynet plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£28,607,000	£71,276,000	£42,361,000	+48.1%
PBT	-£10,586,000	-£292,667,000	-£53,077,000	Loss both
EPS	-38.40p	-440.50p	-47.90p	Loss both

Easyscreen plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£1,245,696	£3,236,111	£1,234,399	-.9%
PBT	-£2,188,965	-£4,289,119	-£2,237,521	Loss both
EPS	-4.70p	-9.34p	-4.30p	Loss both

ECsoft Group plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£34,119,000	£59,327,000	£20,710,000	-39.3%
PBT	£2,763,000	-£18,345,000	-£5,754,000	Profit to loss
EPS	8.40p	-169.70p	-51.00p	Profit to loss

Eidos plc

	Fifteen months Jun 01	Final - Jun 02	Comparison
REV	£170,579,000	£142,564,000	-16.4%
PBT	-£111,723,000	-£30,655,000	Loss both
EPS	-97.70p	-22.90p	Loss both

Electronic Data Processing plc

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

Empire Interactive plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£4,563,000	£11,086,000	£11,259,000	+146.7%
PBT	-£1,633,000	-£2,406,000	-£1,515,000	Loss both
EPS	-2.78p	-3.95p	-2.20p	Loss both

Epic Group plc

	Final - May 01	Final - May 02	Comparison
REV	£8,041,000	£7,227,000	-10.1%
PBT	£1,569,000	£835,000	-46.8%
EPS	6.05p	3.10p	-48.8%

Eurolink Managed Services plc

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

Eyretel plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£24,151,000	£50,017,000	£21,385,000	-11.5%
PBT	£146,000	£648,000	-£5,626,000	Profit to loss
EPS	0.06p	0.49p	-3.77p	Profit to loss

Financial Objects plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£8,711,000	£17,526,000	£6,780,000	-22.2%
PBT	£937,000	£1,046,000	-£1,103,000	Profit to loss
EPS	1.22p	0.84p	-2.35p	Profit to loss

Flomerics Group plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£6,455,000	£12,875,000	£5,966,000	+99.5%
PBT	£110,000	£308,000	£147,000	+180.0%
EPS	0.55p	1.72p	0.75p	+212.7%

Focus Solutions Group plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£2,285,000	£5,073,000	£2,821,000	+23.5%
PBT	-£1,426,000	-£2,590,000	-£1,834,000	Loss both
EPS	-5.70p	-10.30p	-7.20p	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

	Final - Aug 01	Final - Aug 02	Comparison
REV	£17,826,357	£8,603,805	-51.7%
PBT	-£16,336,496	-£1,748,902	Loss both
EPS	-47.45p	-4.53p	Loss both

Glotel plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£60,142,000	£98,352,000	£37,991,000	-36.8%
PBT	-£2,054,000	-£4,445,000	-£416,000	Loss both
EPS	-3.90p	-8.60p	-0.90p	Loss both

Gresham Computing plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£13,026,000	£24,761,000	£6,152,000	-52.8%
PBT	£1,675,000	-£973,000	£2,674,000	+59.6%
EPS	2.59p	-3.32p	4.87	+88.0%

Harrier Group plc

	Final - Dec 00	Final - Dec 01	Comparison
REV	£11,183,749	£17,052,456	+52.7%
PBT	-£1,325,523	-£1,144,750	Loss both
EPS	-4.76p	-3.59p	Loss both

Harvey Nash Group plc

	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	-16.15p	Loss both

Highams Systems Services Group plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£9,630,000	£16,777,000	£5,618,000	-41.7%
PBT	-£370,000	-£298,000	-£212,000	Loss both
EPS	-1.83p	-1.45p	-1.09p	Loss both

Horizon Technology Group plc

	Interim - Jun 01	Final - Jun 01	Interim - Dec 01	Comparison
REV	£102,239,000	£249,091,000	£120,000,000	+17.4%
PBT	-£13,905,000	-£10,037,000	-£3,850,000	Loss both
EPS	-18.40p	-15.30p	-6.84p	Loss both

Host Europe plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£4,174,000	£9,529,000	£6,488,000	+55.4%
PBT	-£9,763,000	-£34,419,000	-£269,000	Loss both
EPS	-0.99p	-3.38p	-0.02p	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

ICM Computer Group plc

	Final - Jun 01	Final - Jun 02	Comparison
REV	£66,678,000	£68,871,000	+3.3%
PBT	£4,668,000	£4,478,000	-4.1%
EPS	16.00p	15.00p	-6.3%

IDS Group plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£16,038,000	£35,355,000	£15,983,000	-3%
PBT	-£5,244,000	-£18,138,000	-£2,235,000	Loss both
EPS	-9.40p	-31.96p	-4.10p	Loss both

Innovation Group plc (The)

	Final - Sep 01	Final - Sep 02	Comparison
REV	£43,695,000	£100,071,000	+129.0%
PBT	-£10,806,000	-£391,114,000	Loss both
EPS	-11.64p	-202.75p	Loss both

InTechnology plc

	Interim - Sep 01	Final - Mar. 02	Interim - Sep 02	Comparison
REV	£73,872,000	£158,108,000	£75,957,000	+2.8%
PBT	-£5,282,000	£82,672,000	-£4,638,000	Loss both
EPS	-3.33p	-53.65p	-2.98p	Loss both

Intelligent Environments Group plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£1,948,000	£3,111,584	£1,426,000	-26.8%
PBT	-£3,632,000	-£6,979,561	-£1,904,000	Loss both
EPS	-8.30p	-13.53p	-1.51p	Loss both

IQ-Ludorum plc

	Interim - Jun 01	Final- Dec 01	Interim - Jun 02	Comparison
REV	£1,897,000	£4,192,000	£1,892,000	-.3%
PBT	-£2,346,000	-£5,308,000	-£3,396,000	Loss both
EPS	-0.03p	-6.66	-0.04	Loss both

IRevolution plc

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

ISOFT Group plc

	Interim - Oct. 01	Final - Apr 02	Interim - Oct 02	Comparison
REV	£22,763,000	£60,102,000	£35,277,000	+55.0%
PBT	£3,491,000	£12,178,000	£6,072,000	+73.9%
EPS	2.04p	7.61p	3.29p	+61.3%

I S Solutions plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£5,904,000	£10,873,000	£3,621,000	-38.7%
PBT	-£161,000	-£222,000	-£879,000	Loss boh
EPS	-0.73p	-1.06p	-3.48p	Loss both

ITNET plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£87,590,000	£176,446,000	£85,547,000	-2.3%
PBT	£4,072,000	£10,467,000	£2,800,000	-31.2%
EPS	3.47p	9.12p	0.47p	-86.5%

Izodia plc

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

Jasmin plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£3,233,000	£7,099,000	£3,559,000	+10.1%
PBT	£325,000	£716,000	£333,000	+2.5%
EPS	6.72p	16.67p	6.89p	+2.5%

K3 Business Technology Group plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£3,449,000	£7,972,000	£3,944,000	+14.4%
PBT	-£881,000	-£1,373,000	-£49,000	Loss both
EPS	-2.30p	-3.60p	-0.10p	Loss both

Kewill Systems plc

	Interim - Sep 01	Final - Mar 02	Inerim - Sep 02	Comparison
REV	£24,399,000	£48,144,000	£14,172,000	-41.9%
PBT	-£55,069,000	-£57,638,000	-£5,742,000	Loss both
EPS	-71.90p	-75.20p	-8.00p	Loss both

Knowledge Support Systems Group plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£512,658	£1,020,520	£600,805	+17.2%
PBT	-£4,562,815	-£9,768,556	-£1,490,049	Loss both
EPS	-6.20p	-12.17p	-1.82p	Loss both

Logica plc

	Final - Jun 01	Final - Jun 02	Comparison
REV	£1,133,200,000	£1,102,300,000	-2.7%
PBT	£136,200,000	-£234,800,000	Profit to loss
EPS	20.60p	-58.40p	Profit to loss

London Bridge Software Holdings plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£36,935,000	£74,070,000	£32,262,000	-12.7%
PBT	£2,362,000	£4,725,000	-£2,799,000	Profit to loss
EPS	0.84p	1.73p	-1.70p	Profit to loss

Lorien plc

	Interim - May 01	Final - Nov 01	Interim - May 02	Comparison
REV	£67,090,000	£139,028,000	£60,449,000	-9.9%
PBT	£537,000	£1,997,000	-£6,346,000	Profit to loss
EPS	2.00p	8.10p	-36.80p	Profit to loss

Macro 4 plc

	Final - Jun 01	Final - Jun 02	Comparison
REV	£47,100,000	£39,405,000	-15.3%
PBT	£5,034,000	-£3,910,000	Profit to loss
EPS	9.40p	-18.80p	Profit to loss

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

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

Manpower SoftWare plc
	Final - May 01		Final - May 02	Comparison
REV	£2,769,667		£3,299,320	+19.1%
PBT	-£740,126		-£1,252,691	Loss both
EPS	-5.10p		-5.10p	Loss both

Marlborough Stirling plc
	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£32,177,000	£73,369,000	£58,400,000	+81.5%
PBT	£5,053,000	£9,277,000	£2,795,000	-44.7%
EPS	1.92p	2.90p	0.15p	-92.2%

MERANT plc
	Interim - Oct 01	Final Apr 02	Interim - Oct 02	Comparison
REV	£44,244,000	£87,068,000	£40,508,300	-8.4%
PBT	-£18,588,000	-£55,442,000	£13,759,000	Loss both
EPS	-0.13p	-46.80p	0.03p	Loss to profit

Microgen plc
	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£11,020,000	£21,009,000	£12,271,000	+11.4%
PBT	£59,000	£251,000	£103,000	+74.6%
EPS	0.10p	2.80p	-0.50p	Profit to loss

Minorplanet Systems Plc
	Final - Aug 01		Final - Aug 02	Comparison
REV	£52,900,000		£124,700,000	+135.7%
PBT	£5,300,000		-£3,300,000	Profit to loss
EPS	7.89p		-4.11p	Profit to loss

Misys plc
	Final - May 01		Final - May 02	Comparison
REV	£858,500,000		£1,036,300,000	+20.7%
PBT	£97,100,000		£34,700,000	-64.3%
EPS	13.00p		3.70p	-71.5%

MMT Computing plc
	Final - Aug 01		Final - Aug 02	Comparison
REV	£31,112,000		£27,472,000	-11.7%
PBT	-£2,792,000		-£658,000	Loss both
EPS	-19.40p		-6.40p	Loss both

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

Morse plc
	Final - Jun 01		Final - Jun 02	Comparison
REV	£586,076,000		£465,180,000	-20.6%
PBT	£19,194,000		-£124,000	Profit to loss
EPS	7.70p		-6.10p	Profit to loss

MSB International plc
	Interim - Jul 01	Final - Jan 02	Interim - Jul 02	Comparison
REV	£83,627,000	£145,987,000	£47,619,000	-43.1%
PBT	£416,000	£1,889,000	£0	Profit to B/E
EPS	1.10p	6.40p	0.00p	n/a

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
	Inerim - Ju 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£8,118,000	£14,367,000	£6,037,000	+77.0%
PBT	-£1,449,000	-£3,237,000	-£2,809,000	Loss both
EPS	-1.30p	-2.80p	-2.27p	Loss both

NetBenefit plc
	Final - Jun 01		Final - Jun 02	Comparison
REV	£6,353,000		£6,079,000	-4.3%
PBT	-£21,663,000		-£1,189,000	Loss both
EPS	-134.40p		-6.90p	Loss both

Netstore plc
	Final - Jun 01		Final - Jun 02	Comparison
REV	£3,563,923		£6,643,961	+86.4%
PBT	-£11,829,902		-£6,944,415	Loss both
EPS	-13.32p		-7.51p	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	-9.00p	-30.90p	-2.20p	Loss both

Northgate Information Solutions plc
	Interim - Oct 01	Final - Apr 02	Interim - Oct 02	Comparison
REV	£44,628,000	£92,564,000	£41,534,000	-6.9%
PBT	£4,102,000	£8,658,000	£29,807,000	+626.6%
EPS	1.39p	2.91p	8.99p	+546.8%

NSB Retail Systems plc
	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£44,308,000	£93,818,000	£39,524,000	-10.8%
PBT	-£44,125,000	-£89,319,000	-£43,949,000	Loss both
EPS	-11.09p	-22.63p	-11.04p	Loss both

OneclickHR plc
	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£2,721,780	£5,818,605	£2,792,765	+2.6%
PBT	-£1,180,617	-£2,114,778	-£875,776	Loss both
EPS	-2.30p	-4.10p	-1.60p	Loss both

Orchestream Holdings plc
	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£6,949,000	£14,784,000	£3,936,000	-43.4%
PBT	-£9,768,000	-£35,017,000	-£20,936,000	Loss both
EPS	-8.80p	-30.70p	-15.90p	Loss both

Parity Group plc
	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£130,367,000	£246,930,000	£95,958,000	-26.4%
PBT	-£1,468,000	-£3,265,000	-£820,000	Loss both
EPS	-0.48p	-2.03p	-0.17p	Profit to loss

Patsystems plc
	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£2,207,000	£5,811,000	£3,568,000	+61.7%
PBT	-£5,502,000	-£15,161,000	-£5,133,000	Loss both
EPS	-4.30p	-11.40p	-3.90p	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
	Interim - Oct 01	Final - Apr 02	Interim - Oct 02	Comparison
REV	£9,766,000	£22,347,000	£10,522,000	+7.7%
PBT	£916,000	£3,550,000	£642,000	-29.9%
EPS	0.70p	2.70p	0.40p	-42.9%

PSD Group plc
	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£41,974,000	£71,672,000	£22,845,000	-45.6%
PBT	£5,529,000	£4,815,000	£135,000	-97.6%
EPS	13.90p	10.20p	-0.40p	Profit to loss

QA plc
	Interim May 01	Final - Nov 01	Interim - May 02	Comparison
REV	£30,200,000	£55,300,000	£16,100,000	-46.7%
PBT	£400,000	£1,200,000	-£36,000,000	Profit to loss
EPS	-0.20p	-0.80p	-39.30p	Loss both

Quantica plc
	Interim - Jun 01	Final - Nov 01	Interim - Jun 02	Comparison
REV	£16,717,000	£33,418,000	£13,421,000	-19.7%
PBT	£1,596,000	£2,860,000	£504,000	-68.4%
EPS	2.74p	4.93p	0.74p	-73.0%

Raft International plc
	Final - Oct 01		Final - Oct 02	Comparison
REV	£9,468,000		£6,666,000	-29.6%
PBT	-£826,000		-£2,113,000	Loss both
EPS	-1.32p		-3.10p	Loss both

Rage Software plc
	Final - Jun 01		Final - Jul 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

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

Retail Decisions plc
	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£9,685,000	£22,195,000	£13,619,000	+40.6%
PBT	-£548,000	-£2,895,000	-£1,873,000	Loss both
EPS	-0.47p	-2.15p	-0.69p	Loss both

RM plc
	Final - Sep 01		Final - Sep 02	Comparison
REV	£241,916,000		£202,158,000	-16.4%
PBT	£15,207,000		-£5,914,000	Profit to loss
EPS	11.20p		-5.10p	Profit to loss

Rolfe & Nolan plc
	Interim - Aug 01	Final - Feb 02	Interim - Aug 02	Comparison
REV	£12,026,000	£25,584,000	£10,701,000	-11.0%
PBT	-£680,000	-£5,267,000	£77,000	Loss to profit
EPS	-4.60p	-36.40p	1.20p	Loss to profit

Royalblue Group plc
	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£34,693,000	£66,253,000	£29,315,000	-15.5%
PBT	£2,025,000	£4,197,000	£3,984,000	+96.7%
EPS	3.10p	6.00p	8.50p	+174.2%

Sage Group plc
	Final - Sep 01		Final - Sep 02	Comparison
REV	£484,137,000		£551,731,000	+14.0%
PBT	£121,317,000		£129,154,000	+6.5%
EPS	6.59p		6.99p	+6.1%

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

SDL plc
	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£16,747,000	£33,659,000	£28,131,000	+68.0%
PBT	-£2,770,000	-£5,098,000	-£2,002,000	Loss both
EPS	-6.50p	-11.56p	-4.02p	Loss both

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

Sherwood International plc
	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£26,847,000	£56,513,000	£24,563,000	-8.5%
PBT	-£1,445,000	-£11,012,000	-£2,136,000	Loss both
EPS	-4.10p	-25.60p	-5.60p	Loss both

Sirius Financial Solutions plc
	Interim - Jun 01	Final - Dec 00	Interim - Jun 02	Comparison
REV	£9,093,000	£17,135,457	£10,698,000	+17.7%
PBT	£115,000	£727,215	£1,359,000	Profit to loss
EPS	0.20p	4.40p	4.60p	Profit to loss

Software for Sport plc
	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	-2.18		-1.24p	Loss both

Sopheon plc
	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£6,068,000	£13,963,000	£6,511,000	+7.3%
PBT	-£12,565,000	-£34,631,000	-£8,961,000	Loss both
EPS	-32.50p	-76.20p	-10.90p	Loss both

Spring Group plc
	Interim - Jun 01	8 months to Dec 01	Interim - Jun 02	Comparison
REV	£172,126,000	£220,916,000	£148,378,000	-13.8%
PBT	£677,000	-£15,021,000	-£9,491,000	Profit to loss
EPS	0.47p	-9.15p	-6.39p	Profit to loss

Staffware plc
	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£19,127,000	£38,230,000	£18,231,000	-4.7%
PBT	-£3,369,000	-£3,250,000	£391,000	Loss to profit
EPS	-24.10p	-26.00p	0.30p	Loss to profit

StatPro Group plc
	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£3,172,000	£6,174,000	£3,031,000	-4.4%
PBT	-£4,879,000	-£4,742,000	£2,326,000	Loss both
EPS	-18.40p	-15.30p	-7.80p	Loss both

SurfControl plc
	Final - Jun 01		Final - Jun 02	Comparison
REV	£29,120,000		£37,538,000	+28.9%
PBT	-£63,746,000		-£48,084,000	Loss both
EPS	-217.40p		-156.55p	Loss both

Synstar plc
	Final - Sep 01		Final - Sep 02	Comparison
REV	£238,198,000		£221,870,000	-6.9%
PBT	-£21,296,000		£6,532,000	Loss to profit
EPS	-13.80p		2.40p	Loss to profit

Systems Union Group plc
	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£36,756,000	£78,385,000	£37,459,000	+1.9%
PBT	£679,000	£2,189,000	£1,616,000	+138.0%
EPS	0.60p	1.90p	1.60p	+166.7%

Telecity plc
	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£15,914,000	£32,628,000	£12,170,000	+105.0%
PBT	-£23,322,000	-£35,392,000	-£16,918,000	Loss both
EPS	-19.00p	-25.20p	-8.40p	Loss both

Telework Systems plc
	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£8,343,000	£17,713,000	£6,576,000	-21.2%
PBT	-£1,800,000	-£5,068,000	-£2,912,000	Loss both
EPS	-0.81p	-2.20p	-1.61p	Loss both

Tikit Group plc
	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£4,704,000	£9,123,000	£3,731,000	-20.7%
PBT	£320,000	£1,006,000	£1,000	-99.7%
EPS	3.10p	6.10p	0.00p	-100.0%

Torex plc
	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£61,954,000	£132,206,000	£77,608,000	+25.3%
PBT	£3,860,000	£8,915,000	£7,001,000	+81.4%
EPS	5.10p	9.90p	9.00p	+76.5%

Total Systems plc
	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£2,838,066	£5,384,299	£2,026,589	-28.6%
PBT	£772,911	£1,415,606	£280,033	-63.8%
EPS	5.11p	9.44p	1.84p	-64.0%

Touchstone Group plc
	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£6,725,000	£14,187,000	£6,912,000	+2.8%
PBT	£606,000	£1,770,000	£611,000	+0.8%
EPS	3.80p	10.90p	3.70p	-2.6%

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

Transeda plc
	Final - Jun 01		Final - Jun 02	Comparison
REV	£6,510,000		£5,751,000	-11.7%
PBT	£592,000		-£7,346,000	Profit to loss
EPS	0.66p		-11.72p	Profit to loss

Transware plc
	Final - Jun 01		Final - Jun 02	Comparison
REV	£10,417,322		£12,806,946	+22.9%
PBT	£1,550,188		£319,574	-79.4%
EPS	3.59p		0.33p	-90.8%

Triad Group plc
	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£24,182,000	£41,567,000	£14,091,000	-41.7%
PBT	£1,519,000	-£470,000	-£2,527,000	Profit to loss
EPS	4.10p	-1.36p	-7.91p	Profit to loss

Tribal Group plc
	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£15,344,000	£45,651,000	£38,275,000	+149.4%
PBT	£761,000	£4,680,000	£412,000	-45.9%
EPS	0.22p	6.60p	-1.74p	Profit to loss

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

Universe Group plc
	Interim - Jun 00	Final - Dec 00	Interim - Jun 01	Comparison
REV	£21,963,000	£58,990,000	£27,281,000	+24.2%
PBT	£111,000	£858,000	£431,000	+288.3%
EPS	-0.60p	0.10p	0.10p	Loss to Profit

Vega Group plc
	Interim - Oct 01	Final - Apr 02	Interim - Oct 02	Comparison
REV	£17,572,000	£35,572,000	£17,390,000	-1.0%
PBT	-£332,000	-£763,000	-£8,662,000	Loss both
EPS	-1.90p	-3.53p	-47.99p	Loss both

VI Group plc
	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£3,083,000	£6,456,000	£3,200,000	+3.8%
PBT	£324,000	£726,000	-£357,000	Profit to loss
EPS	0.94p	2.12p	-1.04p	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
	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£4,770,285	£8,858,117	£5,402,913	+13.3%
PBT	£35,816	£487,791	£134,394	+275.2%
EPS	0.03p	0.64p	0.16p	+433.3%

Wealth Management Software plc
	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£6,356,000	£12,009,000	£6,074,000	-4.4%
PBT	-£3,246,000	-£6,346,000	£1,000	Loss to Profit
EPS	-7.85p	-15.24p	0.04p	Loss to Profit

Xansa plc
	Interim - Oct 01	Final - Apr 02	Interim - Oct 02	Comparison
REV	£269,200,000	£515,100,000	£232,500,000	-13.6%
PBT	£1,700,000	-£507,800,000	-£140,700,000	Profit to loss
EPS	-3.52p	-184.66p	-51.00p	Loss both

XKO Group plc
	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£20,433,000	£38,880,000	£21,614,000	+5.8%
PBT	-£4,777,000	-£14,938,000	£257,000	Loss to Profit
EPS	-18.20p	-56.40p	0.40p	Loss to Profit

Xpertise Group plc
	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£2,936,000	£5,276,000	£2,120,000	-27.8%
PBT	-£231,000	-£1,571,000	-£333,000	Loss both
EPS	-0.74p	-4.83p	-0.46p	Loss both

Note: The companies listed on pages 16-19 are those companies in our S/ITS index with revenue of >£2m. Also included in our index are: **Atlantic Global, BSoftB, Earthport, Ffastfil, I-Document Systems, 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-Dec-02	Capitalisation 31-Dec-02	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 31-Dec-02	Share price move since 30-Nov-02	Share price % move in 2002	Capitalisation move since 30-Nov-02	Capitalisation move (£m) in 2002
AFA Systems	SP	£0.19	£4.5m	Loss	0.55	158	-19.15%	-79.23%	-£1.07m	-£17.22m
Affinity Internet Holdings	CS	£0.38	£12.5m	Loss	0.24	2885	-21.88%	-87.60%	-£3.46m	-£69.13m
AIT Group	CS	£0.35	£8.3m	Loss	0.23	230	-33.33%	-94.88%	-£4.16m	-£130.16m
Alphameric	SP	£0.51	£53.3m	Loss	0.94	234	5.15%	-53.21%	£2.63m	-£57.87m
Alterian	SP	£0.37	£14.5m	Loss	3.40	185	8.82%	-49.66%	£1.20m	-£14.30m
Anite Group	CS	£0.24	£79.0m	Loss	0.39	137	10.59%	-86.22%	£7.56m	-£410.33m
Argonaut Games	SP	£0.18	£16.9m	5.2	1.19	182	-26.32%	-72.00%	-£6.10m	-£40.48m
Autonomy Corporation	SP	£1.75	£218.7m	53.8	6.03	53	-4.89%	-46.48%	-£13.52m	-£193.03m
Aveva Group	SP	£3.54	£59.8m	17.4	1.88	1768	7.61%	-19.93%	£4.20m	-£14.90m
Axon Group	CS	£0.57	£29.6m	10.3	0.69	326	-5.00%	-67.43%	-£1.60m	-£60.20m
Azlan Group	R	£1.11	£123.9m	9.7	0.20	484	23.72%	-16.59%	£23.71m	-£21.69m
Baltimore Technologies	SP	£0.45	£23.0m	Loss	0.33	4615	-10.00%	-70.49%	-£2.56m	-£55.15m
Bond International	SP	£0.18	£2.5m	2.9	0.22	269	-2.78%	-76.67%	-£0.07m	-£8.20m
Business Systems	CS	£0.05	£3.9m	Loss	0.10	40	-5.00%	-64.81%	-£0.20m	-£7.05m
Capita Group	CS	£2.48	£1,646.9m	27.3	2.38	66904	-9.34%	-49.52%	-£170.13m	-£1,583.31m
Charteris	CS	£0.23	£9.4m	6.7	0.49	250	-32.84%	-74.58%	-£4.41m	-£22.91m
Clarity Commerce	SP	£0.70	£9.6m	Loss	1.27	556	-2.80%	-24.04%	-£0.27m	-£3.00m
Clinical Computing	SP	£0.33	£8.2m	Loss	3.74	262	0.00%	8.33%	£0.00m	£0.63m
CODASciSys (was Science Systems)	CS	£2.45	£60.9m	11.6	1.23	1899	-4.85%	-52.88%	-£3.20m	-£70.10m
Comino	SP	£1.28	£17.6m	Loss	0.86	981	-12.67%	-25.00%	-£2.49m	-£5.89m
Compass Software	SP	£0.66	£7.8m	16.3	1.80	440	-17.50%	-28.26%	-£1.65m	-£2.94m
Compel Group	R	£0.83	£25.6m	Loss	0.40	660	10.00%	-2.37%	£2.31m	-£0.59m
Computacenter	R	£2.80	£518.9m	18.5	0.25	418	-10.54%	-18.84%	-£61.20m	-£120.53m
DCS Group	CS	£0.11	£2.6m	Loss	0.03	175	-28.81%	-63.16%	-£1.06m	-£4.51m
Delcam	SP	£1.25	£7.5m	17.6	0.41	481	0.00%	-12.59%	£0.00m	-£1.16m
Detica	CS	£3.58	£80.0m	17.2	2.44	895	21.36%	-10.50%	£14.10m	-£8.00m
Diagonal	CS	£0.51	£45.6m	11.1	0.55	741	-2.86%	-50.24%	-£1.30m	-£44.80m
Dicom Group	R	£4.05	£84.3m	27.6	0.56	1242	-2.64%	-4.48%	-£2.30m	-£4.00m
Dimension Data	R	£0.29	£389.2m	Loss	0.18	52	13.73%	-65.68%	£46.99m	-£698.81m
DRS Data & Research	SP	£0.30	£10.4m	13.3	1.03	273	-9.09%	96.72%	-£1.00m	£5.13m
Easynet	CS	£0.79	£49.1m	Loss	1.18	22	-15.51%	-70.08%	-£8.90m	-£114.60m
Easyscreen	SP	£0.25	£13.3m	Loss	4.11	147	-9.09%	-36.71%	-£1.30m	-£7.61m
ECSoft Group	CS	£2.98	£33.5m	Loss	0.56	165	32.22%	-41.38%	£8.10m	-£25.85m
Eidos	SP	£1.26	£174.7m	Loss	1.02	6297	-17.65%	-30.00%	-£37.46m	-£74.87m
Electronic Data Processing	SP	£0.39	£9.6m	Loss	0.92	1194	-2.50%	-22.00%	-£0.25m	-£2.99m
Empire Interactive	SP	£0.08	£5.1m	Loss	0.46	125	-14.29%	-85.29%	-£0.85m	-£29.40m
Epic Group	CS	£0.77	£19.5m	24.4	2.70	733	-4.94%	-12.00%	-£1.00m	-£2.60m
Eurolink Managed Services	CS	£0.35	£3.6m	13.4	0.43	345	6.15%	-23.33%	£0.21m	-£1.09m
Eyretel	SP	£0.10	£15.3m	20.4	0.31	100	-16.67%	-86.30%	-£3.10m	-£96.40m
Financial Objects	SP	£0.40	£10.9m	5.4	0.62	172	2.60%	-52.41%	£0.30m	-£21.69m
Flomerics Group	SP	£0.69	£9.9m	28.4	0.77	2635	3.79%	-14.38%	£0.36m	-£1.67m
Focus Solutions Group	SP	£0.15	£3.7m	Loss	0.73	74	45.00%	-85.85%	£1.15m	-£21.98m
GB Group	SP	£0.14	£11.0m	Loss	0.64	89	-3.51%	52.78%	-£0.40m	£4.23m
Gladstone	SP	£0.05	£2.1m	Loss	0.12	125	17.65%	-63.64%	£0.21m	-£2.67m
Glotel	A	£0.54	£20.3m	Loss	0.21	278	-18.32%	30.49%	-£4.50m	£4.80m
Gresham Computing	CS	£0.61	£29.6m	Loss	1.20	659	-14.93%	137.86%	-£5.18m	£17.14m
Harrier Group	CS	£0.09	£2.4m	Loss	0.14	66	-5.56%	-83.33%	-£0.14m	-£11.77m
Harvey Nash Group	A	£0.35	£19.6m	Loss	0.08	200	-27.84%	-70.83%	-£7.64m	-£16.34m
Highams Systems Services	A	£0.09	£1.7m	Loss	0.10	236	0.00%	-42.37%	£0.00m	-£1.22m
Horizon Technology	R	£0.21	£12.0m	Loss	0.05	75	-10.87%	-34.92%	-£1.40m	-£6.40m
Host Europe	CS	£0.01	£15.8m	Loss	1.66	495	7.69%	-27.84%	£0.80m	-£4.30m
Hot Group (was RexOnline)	CS	£0.14	£3.9m	Loss	1.38	167	-15.15%	-65.00%	-£0.70m	-£1.34m
I S Solutions	CS	£0.06	£1.4m	Loss	0.13	214	-4.17%	-82.31%	-£0.06m	-£6.68m
ICM Computer Group	CS	£1.83	£36.1m	11.6	0.52	1014	10.61%	-39.17%	£3.50m	-£23.21m
IDS Group	SP	£0.13	£7.5m	Loss	0.21	144	-16.13%	-72.92%	-£1.43m	-£20.05m
Innovation Group	SP	£0.12	£22.3m	Loss	0.22	50	-24.59%	-96.81%	-£7.39m	-£645.49m
InTechnology	CS	£0.60	£82.8m	Loss	0.52	2400	9.09%	-64.29%	£6.90m	-£148.90m
Intelligent Environments	SP	£0.04	£4.6m	Loss	1.47	37	7.69%	-33.33%	£0.33m	£1.46m
IQ-Ludorum	SP	£0.03	£2.2m	Loss	0.36	37	-8.33%	-77.55%	-£0.20m	-£7.60m
iRevolution	CS	£0.01	£0.6m	Loss	0.09	28	0.00%	-93.90%	£0.00m	-£8.78m
iSOFT Group	SP	£2.56	£301.2m	20.8	5.01	2327	11.55%	-0.58%	£31.20m	-£1.79m
ITNET	CS	£1.93	£140.7m	12.9	0.80	550	-1.28%	-22.54%	-£1.80m	-£37.23m
Izodia (was Infobank)	SP	£0.44	£25.9m	Loss	6.86	6985	-5.38%	39.68%	-£1.30m	£7.52m
Jasmin	SP	£1.54	£7.2m	8.9	1.02	1027	-19.79%	-38.89%	-£1.78m	-£4.64m
K3 Business Technology	SP	£0.09	£4.3m	Loss	0.54	65	0.00%	-37.04%	£0.00m	-£2.54m
Kewill	SP	£0.25	£19.0m	Loss	0.39	484	8.89%	-43.02%	£1.90m	-£14.00m
Knowledge Support Systems Group	SP	£0.21	£15.1m	Loss	15.10	93	7.89%	15.49%	£1.10m	£1.98m
LogicaCMG	CS	£1.50	£1,124.9m	Loss	0.56	2054	-13.17%	-76.56%	£352.87m	-£1,735.25m
London Bridge Software	SP	£0.25	£42.4m	8.1	0.57	625	-21.88%	-85.99%	-£11.90m	-£260.50m

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

Holway/SYSTEMHOUSE S/ITS Share Prices and Capitalisation

	SCS Cat.	Share Price 31-Dec-02	Capitalisation 31-Dec-02	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 31-Dec-02	Share price move since 30-Nov-02	Share price % move in 2002	Capitalisation move since 30-Nov-02	Capitalisation move (£m) in 2002
Lorien	A	£0.70	£13.7m	5.5	0.10	700	-1.41%	11.11%	-£0.20m	£1.40m
Macro 4	SP	£0.46	£9.5m	Loss	0.24	183	-24.79%	-81.98%	-£3.14m	-£43.04m
Manpower SoftWare	SP	£0.09	£3.8m	Loss	1.14	88	-12.82%	-66.00%	-£0.55m	-£2.23m
Marlborough Stirling	SP	£0.36	£80.1m	6.7	1.09	254	-14.46%	-82.68%	-£13.50m	-£386.60m
MERANT	SP	£0.85	£88.8m	Loss	1.02	408	13.42%	-23.53%	£10.50m	-£60.33m
Microgen	CS	£0.20	£11.7m	4.2	0.56	85	-41.18%	-80.49%	-£8.20m	-£40.43m
Minorplanet Systems	SP	£1.23	£90.0m	Loss	0.72	2512	21.78%	-58.79%	£16.10m	-£115.70m
Misys	SP	£1.76	£1,013.8m	12.5	0.98	2190	-26.05%	-45.85%	-£356.20m	-£857.82m
MMT Computing	CS	£0.89	£10.8m	Loss	0.39	530	6.59%	-19.09%	£0.67m	-£2.53m
Mondas	SP	£0.25	£5.0m	Loss	1.34	333	-5.66%	-9.09%	-£0.30m	-£0.50m
Morse	R	£1.28	£165.8m	Loss	0.36	510	-17.48%	-32.89%	-£35.20m	-£77.50m
MSB International	A	£0.55	£11.1m	8.8	0.08	287	-10.66%	-35.50%	-£1.29m	-£6.09m
Myratech.net	CS	£0.03	£0.9m	Loss	0.51	23	33.33%	-29.41%	£0.22m	-£0.30m
Ncipher	SP	£0.61	£77.2m	Loss	5.37	244	0.83%	-23.27%	£0.60m	-£23.40m
NetBenefit	CS	£0.12	£2.0m	Loss	0.32	61	19.51%	-5.77%	£0.32m	-£0.12m
Netstore	CS	£0.19	£18.3m	Loss	2.75	128	13.24%	-3.75%	£2.10m	£0.62m
Nettec	CS	£0.07	£8.3m	Loss	0.50	0	-12.90%	-38.64%	-£1.23m	-£5.24m
Northgate Information Solutions	CS	£0.26	£74.4m	11.7	0.80	100	-13.33%	-22.39%	-£11.43m	-£21.42m
NSB Retail Systems	SP	£0.07	£23.3m	Loss	0.25	630	-3.33%	-70.41%	-£0.78m	-£54.28m
OneclickHR	SP	£0.08	£4.2m	Loss	0.72	188	-16.67%	-82.14%	-£0.83m	-£17.92m
Orchestream	SP	£0.06	£7.5m	Loss	0.51	31	9.52%	-71.95%	£0.66m	-£19.29m
Parity	A	£0.16	£24.9m	Loss	0.10	2708	-10.96%	-66.84%	-£3.10m	-£50.27m
Patsystems	SP	£0.12	£15.6m	Loss	2.69	112	0.00%	14.29%	£0.00m	£1.95m
Pilat Media Global	SP	£0.17	£7.3m	Loss	1.19	825	-13.16%	-17.50%	-£1.10m	-£1.45m
Planit Holdings	SP	£0.27	£22.0m	7.1	0.99	1104	-23.19%	-51.82%	-£6.60m	-£23.70m
PSD Group	A	£1.85	£46.4m	18.1	0.65	841	-9.76%	-59.56%	-£5.10m	-£68.40m
QA (was Skillsgroup)	CS	£0.06	£5.1m	Loss	0.09	25	-18.52%	-88.04%	-£1.15m	-£35.55m
Quantica	A	£0.34	£13.5m	9.0	0.40	270	-2.90%	-39.09%	-£0.40m	-£8.10m
Raft International	SP	£0.03	£2.0m	Loss	0.30	48	9.09%	-70.73%	£0.17m	-£4.75m
Rage Software	SP	£0.01	£8.1m	Loss	0.66	38	-20.00%	-87.50%	-£1.99m	-£22.96m
RDL Group	A	£0.24	£4.6m	4.7	0.11	261	0.00%	-56.48%	£0.00m	-£5.81m
Retail Decisions	SP	£0.04	£11.3m	Loss	0.51	54	23.08%	-78.95%	£2.15m	-£17.95m
RM	SP	£0.90	£82.3m	Loss	0.41	2571	14.65%	-62.11%	£10.50m	-£140.60m
Rolfe & Nolan	SP	£0.76	£11.1m	Loss	0.43	899	1.34%	-8.48%	£0.10m	-£0.50m
Royalblue Group	SP	£2.35	£71.5m	10.4	1.08	1382	-18.26%	-61.63%	-£16.08m	-£112.88m
Sage Group	SP	£1.33	£1,684.5m	19.0	3.05	51154	-15.15%	-41.79%	-£301.50m	-£1,210.00m
SBS Group	A	£0.10	£1.3m	Loss	0.03	100	-37.50%	-53.49%	-£0.76m	-£0.70m
SDL	CS	£0.30	£16.2m	Loss	0.48	200	-25.93%	-55.88%	-£5.50m	-£12.51m
ServicePower	SP	£0.08	£4.1m	Loss	1.28	80	77.78%	-64.44%	£1.79m	-£7.41m
Sherwood International	SP	£0.77	£35.1m	Loss	0.62	2565	-15.38%	-41.67%	-£6.39m	-£23.95m
Sirius Financial (was Policymaster)	SP	£1.10	£19.5m	37.1	1.12	733	0.00%	12.82%	£0.00m	£3.90m
Software for Sport	SP	£0.03	£4.6m	Loss	1.53	277	-7.14%	-23.53%	-£0.35m	-£1.78m
Sopheon	SP	£0.13	£11.1m	Loss	0.79	187	-2.26%	-55.17%	£0.07m	-£13.65m
Spring Group	A	£0.46	£69.1m	Loss	0.31	511	-14.81%	-40.65%	-£12.05m	-£47.35m
Staffware	SP	£2.38	£34.2m	Loss	0.90	1056	-11.21%	-29.10%	-£4.30m	-£13.98m
StatPro Group	SP	£0.20	£6.5m	Loss	1.06	250	1.27%	-53.49%	£0.08m	-£7.37m
SurfControl (was JSB)	SP	£4.18	£125.9m	Loss	3.35	2088	-4.02%	-15.23%	-£5.30m	-£22.60m
Synstar	CS	£0.59	£95.1m	17.7	0.43	355	-1.68%	-15.22%	-£1.60m	-£17.00m
Systems Union (was Freecom)	SP	£0.73	£74.8m	11.5	0.95	558	4.32%	-13.17%	£3.10m	-£11.30m
Telecity	CS	£0.03	£6.5m	Loss	0.46	4	-7.14%	-75.00%	-£0.50m	-£19.58m
Telework Systems	SP	£0.06	£9.9m	Loss	0.63	0	-18.52%	-86.42%	-£2.27m	-£63.17m
Tikit Group	CS	£0.82	£9.6m	14.8	1.05	709	0.00%	-28.82%	£0.00m	-£3.73m
Torex Group	CS	£3.23	£152.7m	10.8	1.16	6262	-5.84%	-55.67%	-£9.40m	-£167.60m
Total Systems	SP	£0.43	£4.4m	7.1	0.82	802	-17.48%	-67.43%	-£0.94m	-£9.18m
Touchstone Group	SP	£1.00	£10.4m	9.2	0.73	952	0.00%	-25.37%	£0.00m	-£3.10m
Trace Group	SP	£0.47	£7.1m	3.5	0.41	372	0.00%	-50.79%	-£0.00m	-£7.32m
Transeda	SP	£0.03	£2.1m	Loss	0.36	60	-14.29%	-87.76%	-£0.17m	-£14.66m
Transware	CS	£0.07	£2.5m	21.2	0.20	90	16.67%	-84.44%	£0.36m	-£13.00m
Triad Group	CS	£0.29	£4.4m	Loss	0.11	215	-13.43%	-68.98%	-£0.69m	-£19.41m
Tribal Group	CS	£2.39	£123.4m	14.8	2.70	1448	-4.97%	-26.46%	-£6.50m	£5.00m
Ultima Networks	R	£0.01	£1.9m	Loss	0.28	24	0.00%	-55.56%	£0.00m	-£2.41m
Universe Group	SP	£0.23	£8.0m	6.4	0.17	1000	0.00%	-41.56%	£0.00m	-£3.38m
Vega Group	CS	£0.60	£10.9m	Loss	0.31	488	1.71%	-57.50%	£0.10m	-£14.90m
VI group	SP	£0.16	£5.8m	7.3	0.89	310	0.00%	-48.33%	£0.20m	-£1.81m
Vocalis Group	SP	£0.03	£3.5m	Loss	2.00	26	-16.67%	-64.29%	-£0.70m	£0.24m
Warthog	SP	£0.18	£8.3m	19.4	0.93	407	-37.50%	-58.82%	-£4.93m	-£9.53m
Wealth Management Software	SP	£0.08	£3.4m	Loss	0.28	62	60.00%	-48.39%	£1.26m	-£3.15m
Xansa (was F.I. Group)	CS	£0.55	£182.8m	Loss	0.35	1410	-14.73%	-84.46%	-£31.64m	-£971.82m
XKO Group	SP	£0.37	£9.8m	Loss	0.25	243	-15.12%	-28.43%	-£1.79m	-£3.89m
Xpertise Group	CS	£0.04	£2.7m	Loss	0.51	150	-11.76%	-25.00%	-£0.37m	£1.14m

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

2002 ENDS ON A DOWN BEAT NOTE

2002 ended with yet another month of share price falls. ITSAs were worst affected this month with a 12% decline. Servicepower was the best performer in Dec. (up 78%). Microgen (down 41%) was the worst.

It was the larger system houses which got the wooden spoon for the year as a whole – down 50%. Our own S/ITS Index ended 2002 down 44% but the FTSE SCS Index, heavily biased towards the larger companies, fell 60%.

Awarding any prizes for 2002 is difficult as only 10 companies managed any share price rise at all. Gresham Computing was up 138% closely followed by a revival at DRS (up 97%). Of course, the worst performers – like Mettoni - aren't in our index anymore because they went broke. A dozen others departed at "fire sale" prices. Of those still left, Innovation Group suffered a massive 97% decline in value in 2002. They were "worth" £668m on 1st Jan 02 but just £22m now. Mind you, the 95% decline at AIT was not far behind.

Our S/ITS Index starts 2003 on exactly the same level as it started 1997 – six years back. Capita (up 66x) and Sage (up 50x) remain at the top of the long term rankings since our Index started in Apr. 1989. Albeit that both are a long, long way off their highs.

31-Dec-02	
S/ITS Index	2712.80
FTSE IT (SCS) Index	340.22
techMARK 100	648.78
FTSE 100	3940.40
FTSE AIM	602.90
FTSE SmallCap	1820.58

SCSI Index =1000 on 15th April 1989

Changes in Indices	SCSI Index	FTSE 100	techMARK 100	FTSE IT SCS Index	FTSE AIM Index	FTSE Small Cap
Month (01/12/02 to 31/12/02)	-4.10%	-5.49%	-10.60%	-11.73%	+0.03%	-5.11%
From 15th Apr 89	+171.28%	+91.88%				
From 1st Jan 90	+194.84%	+66.82%				
From 1st Jan 91	+283.23%	+82.39%				
From 1st Jan 92	+159.63%	+58.05%				
From 1st Jan 93	+70.23%	+38.43%				+31.23%
From 1st Jan 94	+62.48%	+15.27%				-2.57%
From 1st Jan 95	+80.95%	+28.54%				+4.25%
From 1st Jan 96	+20.12%	+6.81%	-17.80%		-36.76%	-6.23%
From 1st Jan 97	+1.32%	-4.32%	-29.07%		-38.23%	-16.61%
From 1st Jan 98	-10.62%	-23.27%	-32.00%	-65.98%	-39.22%	-21.30%
From 1st Jan 99	-31.17%	-33.02%	-55.44%	-76.47%	-24.79%	-12.09%
From 1st Jan 00	-76.35%	-43.14%	-82.83%	-90.85%	-68.81%	-41.23%
From 1st Jan 01	-67.60%	-36.67%	-74.71%	-82.54%	-58.07%	-42.81%
From 1st Jan 02	-43.46%	-24.48%	-55.95%	-59.70%	-32.85%	-29.41%

End Dec 02	Move since 1st Jan 99	Move since 1st Jan 00	Move since 1st Jan 01	Move since 1st Jan 02	Move in Dec 02
System Houses	-46.8%	-79.3%	-72.1%	-49.8%	-4.9%
IT Staff Agencies	-73.4%	-76.9%	-63.2%	-33.5%	-12.2%
Resellers	4.3%	-49.8%	-33.6%	-26.1%	0.7%
Software Products	7.3%	-74.2%	-81.3%	-39.6%	-3.0%
Holway Internet Index	102.5%	-75.4%	-63.8%	-34.5%	-4.4%
Holway SCS Index	-31.2%	-76.4%	-67.6%	-43.5%	-4.1%

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