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ovum HOLWAY

SYSTEMHOUSE

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

IMPORTANCE OF NETWORK MANAGEMENT SERVICES IN A MULTISOURCING WORLD

The *"Clerk of the Works"* article last month, expounding our view that the days of the *"Onesourcing"* were numbered to be replaced with more *"Multisourcing"*, certainly created much interest. The companies responding most positively were those that felt they were 'Best of Breed' but had been excluded from, or reduced to, the stature of sub contractor with limited customer contact in these mega deals.

One of the most interesting debates concerns the telco companies and the IT services (ITS) companies and is centred around Network Management Services.

We have written for years of the growth in the UK IT outsourcing market. If you include Application Management, and IT related BPO, the UK market had grown c8% in 2002 to around £7.5bn (Source: Holway@Ovum *Market Trends Update 2002*). The bulk of the market (£4.7bn) is IT infrastructure outsourcing. At its simplest definition, this would cover the datacentres at the top end through to desktop PCs at the other.

However, the definition gets murky. We have included Network Management Services (most normally the outsourcing by corporations of their WANs) where this was part of a larger IT infrastructure deal. But have not included it when it was a standalone contract. If we did, a further £1bn for Network Management Services could be added to the UK IT infrastructure outsourcing total.

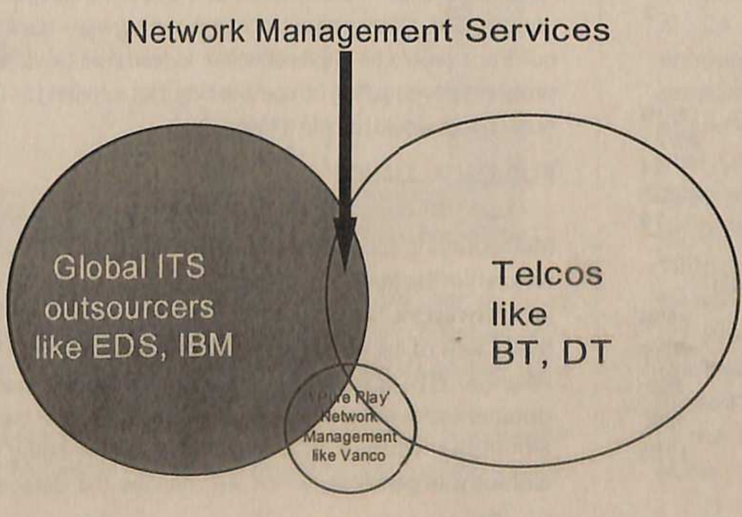
THE PLAYERS

As you might expect, the Network Management Services market leader in the UK is BT (in particular via **BT Ignite Solutions**). The incumbent telco (eg DT's T-Systems is the market leader in Germany) is usually the market leader in each European country. But competition and liberalisation means that other major telco players like **C&W**, **Energis**, **Equant** are also very active in the UK market. Indeed, the Network Management Services market has attracted its own 'pure play' providers like **Vanco** (see page 3) and **Nexagent**. Vanco also proves that, in these days of bandwidth oversupply, you don't need a network of your own to play in this market – Vanco outsources all the connectivity bits.

If you look at this market on a European – rather than UK - basis, the leaders are very different with **IBM** and **EDS** in the top two slots. Indeed, the top rankings of players in the Network Management Services market in Europe contain most of the players in the IT infrastructure outsourcing rankings. Companies like **Accenture**, **Fujitsu**, **CGEY**, **Atos Origin**, **Siemens** etc.

This is where the discussion – and the competition – gets really interesting. And also why our 'Multisourcing' article last month created such debate.

In a 'onesource' outsourcing deal – the mega deals which have become the preserve of the likes of EDS and IBM – the user quite often outsources everything – IT AND telco infrastructure – to just one outsourcer. The telco finds that its precious direct relationship with the client now has to go via EDS or IBM. Indeed, in the Network Management Services area, the telco finds it is in direct competition with the onesourcer. Whereas connectivity is now a low margin utility, Network Management Services is much higher up the value chain so the telcos really want to protect (indeed grow) their Network Management Services operations.



As users still seem to want to outsource everything, Network Management Services has become a key factor in the Onesource vs. Multisource debate. The Network

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Management Services companies prefer to form partnerships to submit consortia bids. But they are unlikely to be completely happy to partner with the Onesourcers; many of whom are now direct competitors. They need to seek out other non competitive 'Best of Breed' IT services players.

Correction: Last month's article, 'Higgs Review Could Shake up S/ITS Boardrooms', contained an error. Keith Burgess, Executive Chairman of QA, was appointed to this role in Nov. 00. He had not previously held an executive position at QA.

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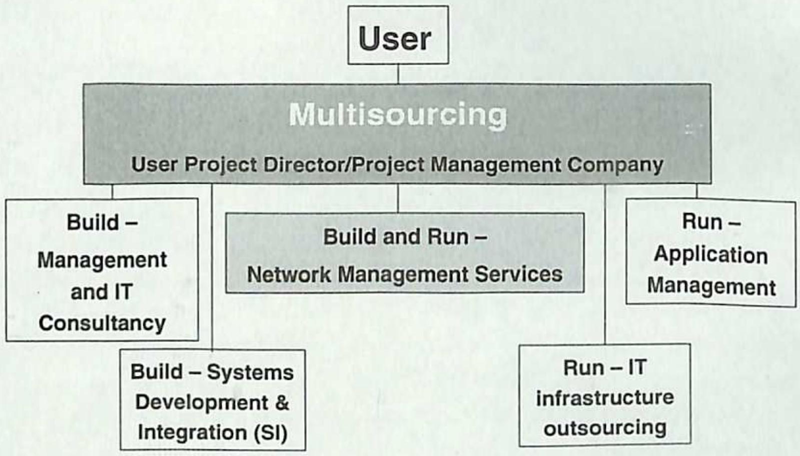
Holway S/ITS	+0.6%	2536
Holway Internet	-3.4%	1917
FTSE IT (SCS)	+6.2%	327
techMARK 100	-1.7%	602
Nasdaq Comp	+1.3%	1338

CONTRACTS

The (potential) Consignia/Post Office contract is a classic example. Initially Consignia had wanted a 'Big Bang/One Prime' mega deal. But now a 'Best of Breed' consortium is proposed. **Xansa** doing the Application Management (where they are the UK market leader), **CSC** doing the IT infrastructure, **BT Ignite Solutions** doing the network management (where they are the UK market leader).



Other recent examples include Abbey National (where BT gets the telecoms infrastucture but **Capita** is involved in other BPO-type activities); C&W providing hosting services at Marks & Spencer which uses a range of other IT suppliers; the huge £1bn global network outsourcing deal won by BT Ignite at Unilever (where others, like HP provide desktop managed services); and DVLA where **Fujistsu Services** gets all the IT, desktop and network bits with **PwCC** (now IBM) getting the implementation consultancy.

But the Onesource deals are far from dead. Boots last year outsourced all their ICT – including the telecoms bit – in a Euro1bn+ contract to **IBM Global Services**. When **CSC** won a mega Onesource deal with Belron (aka Autoglass) it subcontracted the network bits to Vanco. **EDS** usually manages the network bit itself; using its close working relationship with **Worldcom** (although this has obviously come under strain of late) or subcontracting the connectivity bits. Similarly, IBM has a close relationship with **AT&T**.

The granddaddy of all mega deals (in the UK) is the Aspire contract with the Inland Revenue worth at least £4bn over the next ten years. It had been 'assumed' that the incumbents, EDS and Accenture, would win pretty much unopposed. Ousting an outsourcer is rare anyway – ousting one in such a large contract would be unprecedented. Indeed, HM Govt. seemed to be having problems even getting competitive bids. Not surprising as the costs of mounting such a bid would run into millions.

FUSION ALLIANCE

But this month, the **Fusion Alliance** emerged with exactly the kind of Multisourcing approach that we have suggested. The partnership is led by BT which has the financial muscle to pull the deal together. BT's systems integration arm, **Syntegra**, has been working on the deal for some years and will act as the "Clerk of the Works" (see last month's SYSTEMHOUSE) in managing the Alliance. **BT Ignite Solutions** is providing network management services - data/voice/desktop and IT management. The other partners are **Computer Sciences Corp.** (CSC), which will be managing the desktop, and **SchlumbergerSema**, which will manage the datacentres. These were

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companies we had expected to have been there bidding initially. We also understand that HM Govt. is sweetening the process with considerable financial assistance with both the bid costs and the costs of the transfer."

This partnership/multisourcing bid looks very powerful and, as far as we understand, has considerable backing from the 'user' and, we think, now has a significant chance of being successful.

Just a year back, for EDS to lose this deal seemed unlikely, to say the least. But, we could have said that for the Alstom $2.5bn ICT outsourcing deal where EDS was announced as preferred bidder in Nov. 02. This month Alstom has dropped EDS. Indeed, the contract had major similarities with Aspire in that it was both a 'mega/onesource' deal AND it was to involve EDS taking on the Network Management Services activities as well. It now looks as if Alstom too will go down a 'multisourcing' route.

EDS' Dick Brown this month said that EDS would no longer chase these mega onesource deals *"unless they made sound business sense"*. EDS has shown that they rarely do.

These new mutisourcing opportunities show how much there is to play for – particularly for the telcos and other smaller 'Best of Breed' IT services suppliers.

BACKING BOTH HORSES

The telcos must retain their links with the user otherwise they are going to find that competition in an oversupplied market makes profit margins evaporate. The one way to do that is to ensure that their Network Management Services operations are in there bidding and winning when the user outsources its ICT. The danger for them is that the Onesourcers will win the day. Their real hope is via partnership/consortia bids with 'Best of Breed' companies who are NOT direct competitors in the Network Management Services space. The Fusion Alliance might well be considered the 'classic example'.

A year or so ago, our money would have been on the Onesourcers but, much to do with bad user experiences, we would now give you at least evens on the Multisourcers. We guess that really means that there will be room for both models to succeed.

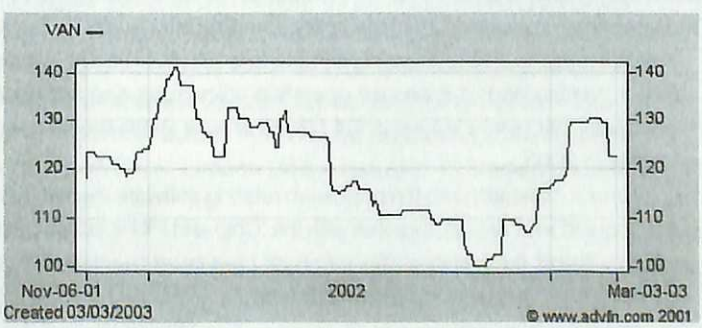
And if that sounds like backing both horses...so be it!

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

vanco
THE HUMAN NETWORK

VANCO: PROPOSITION ATTRACTIVE TO INVESTORS

Vanco was formed in 1988 when Allan Timpany bought the Data Services Company for £1 as they had a much coveted DTI VADS licence. Vanco describes itself as a *"global virtual network operator"*. Basically they buy the telco services from whatever operator gives the best price and service. Vanco's job is to



manage the network, the contract and the relationship with the user. As far as we can see, almost every other Network Management Services operation is either owned by an operator (eg BT Ignite/BT, T-Systems/DT) or they have ties with just one.

The Vanco proposition not only leaves them free to work with whatever operator is best for the contract but also to work with the user in a flexible way. At Autoglass they work via CSC. At recently won contracts at Avis Europe, Air Liquide, Powergen and Accor, they work directly for the user.

Vanco is still pretty small. But revenues grew 37% to £23m in the six months to 31st Jul. 02 although a £1.5m pretax loss was announced. The attraction of their proposition has not been lost on shareholders. Vanco undertook their London IPO in Nov 2001 at 103p and closed on their first day up 20%. They currently trade at 120p and are therefore one of a rare breed of tech companies showing any premium in a market which has slumped by 70% in the same period. Indeed they have shown a 5% rise in the first two months of 2003 alone.

12%
375p

TOREX TOASTS GOOD HEALTH

Torex has announced its preliminary results for the year ended 31st Dec. 02. The highlights are:

· Revenues up 22% (13% organic) to £161.8m

· PBT up 65% to £14.7m

· EPS up 87% to 16.8p

· Retail up 16% to £41.8m, but operating profit down 18% to £5m

· Health UK and Ireland up 16% to £65.5m, operating profit up 25% to £15.7m

· Health Continental Europe up 37% to £54.5m and operating profit up 120% to £11.7m.

The £161.8m in turnover was split between maintenance and managed services (£79.0m or 49%), services (18%), software (excluding the element of software in long term hospital contracts, 17%) and hardware (16%). Hardware contributed less to revenues than in 2001 (25%), partly because there is a trend towards upgrade and integration contracts, where the hardware is already in place.

Commenting on the outlook, Chris Moore, Chairman, said, "*We start 2003 with a total order book of £158.9m of which £108.9m is set for delivery in 2003 and this, combined with the normal level of projects identified with existing customers in our health and retail divisions, gives us a high degree of visibility in 2003 revenues*".

Comment: Torex's glowing set of results demonstrates what can be done if you are in the right market at the right time. With the Government committed to spending an additional £2.3bn on modernizing the NHS' IT systems over the next three years, Torex is well placed to benefit from the increased investment. The management are not complacent however, and stress the importance of the Group's strong recurring revenues, the Retail division and the Group's geographical spread, for weathering potential procurement delays in the UK Health market. The UK brings in 50% of revenues, but Torex is growing its Continental European business too and claims almost half the Dutch acute medical workforce now use Torex software.

Torex Plc FYE: 31st Dec.	Turnover £m			Operating Profit £m			Margin	
	2002	2001	Change	2002	2001	Change	2002	2001
Retail	41.8	35.9	16.4%	5.0	6.1	-18.0%	12.0%	17.0%
Health UK	65.5	56.5	15.9%	15.7	12.6	24.6%	24.0%	22.3%
Health Europe	54.5	39.8	36.9%	11.7	5.3	120.8%	21.5%	13.3%
Central Costs - Plc			n/a	-3.8	-3.6	6.7%	n/a	n/a
	162	*132*	*22.4%*	*29*	*20*	*39.9%*	*17.7%*	*15.5%*
Goodwill				-8.0	-5.8			
Exceptional Items				-2.0	-2.2			
	161.8	**132.2**	**22.4%**	**18.6**	**12.5**	**48.9%**	**11.5%**	**9.4%**

The strength of Torex's forward order book and recurring revenues at 49% of 2002 revenues (£79m), mean it has a higher visibility of secured revenue than ever before. Moreover, the Group claims to have c£62m of current sales prospects waiting in the wings for 2003. In revenue terms, almost 70% of these prospects are for clinical software and services. Clinical prospects in the UK include Calderdale & Huddersfield, West Berkshire, East Kent and West Sussex health authorities, all of which are expected to sign contracts with Torex in Q1 03.

Operating margins have improved at the Group level, up from c15% in 2001 to 18%. In the Health UK division operating margins are up at 24% (2001: 22%), but it is Health Europe that has seen the greatest improvement in operating margins, up from 13% to 21% as a result of the restructuring of German operations, issues with Swiss contracts being resolved and the impact of the Dutch acquisition, Hiscom. By comparison the Retail division was a disappointment - operating margins dropped below the target of 15-20%, falling from 17% to 12%. Retail now represents only 15% of the Group's total business but Moore claims it remains an important contributor to profitability and he is confident that a combination of improved operating efficiencies and the signing of contracts that were delayed in Q4 02 will ensure Retail meets its margin targets in 2003.

Revenue Mix 2002
Total = £ 161.8m (£132.2m)

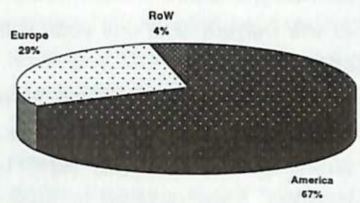
Torex's expansion into the petroleum retailing software market (following the acquisition of Arciris), together with the 'Chip and PIN' initiative by banks, which will shift the responsibility for credit card fraud to retailers by 2005, should boost the Retail division's performance going forward.

The future is also likely to bring further acquisitions. Moore said he expects Torex will continue to pursue "*consolidation where appropriate*". Perhaps this partly explains Torex's decision to realign its management team, with former CE Mark Pearmon becoming Business Development Director with responsibility for M&A, and Bob Day taking on the role of COO of the Retail division.

25%
37p
LONDON BRIDGE

LONDON BRIDGE: MORE COST CUTTING NOT RULED OUT

London Bridge, supplier of software and services for credit management systems has revealed its preliminary results for the year ended 31st Dec. 02. The results were as presaged in the company's trading update in Dec. 02. Revenues fell 16% to £62.1m. Profits were impacted by some significant costs including £6.6m goodwill amortisation, £36m goodwill impairment, £5.1m bad debt write off and £3.6m investment write offs, resulting in an LBT of £51.4m (2001: PBT of £4.7m). Similarly EPS of 1.73p in 2001 was converted to a loss per share of 30.31p. On a positive note the net cash position increased to £22m from £20.8m and recurring revenues grew 15% and now account for 48% of total revenues.



Revenue from licences fell nearly 30% to £15.2m, but £8.9m of this was generated in the second half; a 40% increase on H1. Revenue from consulting, or implementation, was hardest hit falling 36% to £17.1m. Consulting is one of the easiest places to cut costs, however, and if the pipeline does not improve London Bridge is ready to reduce its consulting cost base further. Maintenance and e-services both increased their share of revenue to £18.2m and £11.6m, respectively.

Looking ahead Chairman, Gordon Crawford believes that 2003 "*will continue to be challenging*".

Comment: London Bridge blames its "*disappointing results*" on a "*difficult year*" that has seen changes in customer behaviour, extended procurement cycles and more competition on price. London Bridge is doing its best to combat difficult market conditions by cutting costs and collecting payments more quickly, as a result it is still cash generative and days sales outstanding (DSO) has been reduced from 107 to 80 days. The 85 redundancies made in Aug. 02 (10% of its workforce) are expected to lead to cost savings of c£3m per year going forward and CEO Jon Lee was quick to stress that he would not rule out more cost cutting this year.

London Bridge is also using offshore development facilities with the aim of reducing development costs by as much as 60%. The company confirmed it is moving the development of its Phoenix software from Orlando to Cape Town, where it will share infrastructure with **AFA**, the treasury management software company in which it invested £0.5m in Dec. 02.

During the year, London Bridge has picked up some strategically important contracts that bode well for the future. Both Barclaycard in the UK and Deutsche Bank in Germany bought software to centralise their collection capabilities, opening the prospect of future follow on contracts across the Barclays Group and across Europe with Deutsche Bank. London Bridge has also entered an unusual outsourcing agreement with mortgage origination company Kensington and Rossbank that will grow its recurring revenues. Under the deal, London Bridge provides its Vectus software, which will be run by Rossbank, in exchange for a minimum fee equivalent to the normal cost of the software, AND 2% of the revenue from all deals successfully closed by Rossbank.

Quite rightly, London Bridge expects 2003 to be challenging and is keeping its objectives realistic. Let's hope they succeed in their objectives - generating operating profit and cash (on the assumption that the market does not improve) and keeping a tight focus on costs and execution.

London Bridge FYE: 31st December	Turnover £m 2002	2001	Change
Licence fees	15.2	21.5	-29%
Implementation	17.1	26.6	-36%
Maintenance income	18.2	16.3	12%
E-services	11.6	9.7	20%
TOTAL	62.1	74.1	-16%

0%
56p
Alphameric

ALPHAMERIC BETS ON SUCCESS

Alphameric, "*information technology solutions provider to the retail sector*", has announced results for the year to 30 Nov. 02. The Group revealed a PBT of £2.5m for the year, an improvement on 2001's loss of £1.7m. Revenues are up 9% (4% organically) to £61.9m and diluted EPS came in a 0.0p compared to a loss per share of 2.2p last year. Overall, Alphameric has made good progress as evidenced by an operating cash-inflow of £11.1m, compared to £3.1m in 2001, and operating margins that have more than doubled to 14.1% as the

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proportion of higher margin software sales increased.

Commenting on the outlook, Rodney Hornstein, Chairman, said: "*Having due regard to the current uncertainties prevailing in the economy, the Board looks forward to the current financial year with optimism*".

All the growth came from Alphameric's Retail Betting division, which grew revenues 29% to £28.7m. This division is taking advantage of recent changes to the retail betting marketplace to increase its focus on smaller value, higher volume orders with more repetitive revenue streams, thereby improving visibility. Hornstein believes the benefits of the move will be seen towards the close of FY 03.

Turnover at Alphameric's Retail division grew by less than 1% overall to £30.8m but fell by almost 8% on an organic basis. Operating profit at the division (before goodwill amortisation) increased by 16% to £4.6m. Alphameric describes Retail's performance as "*satisfactory*" but they must be hoping that Project Darwin – their long-term programme to develop a modern suite of retail software solutions for non-food retailers – will have a positive impact on revenues in 2003. The project was completed in 2002 and the Group claims early sales success with companies like Shoe Zone and All:Sports signing contracts.

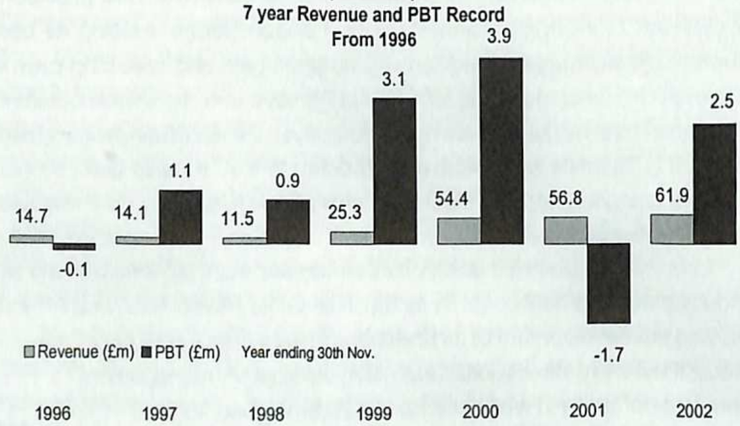
Alphameric and rival **Torex** (see page 4) have, however, discussed the idea of merging their Retail divisions, both of which are under-performing compared to their focus markets, retail betting and healthcare. The talks are said to have collapsed after the companies failed to agree on the composition of the Board, but spinning off their respective retail divisions could still make sense... watch this space.

Alphameric is also exploring ways of "*taking the Logistics business forward*". Logistics posted a loss of £0.8m before goodwill amortisation on revenues that fell 42% to £2.3m, clear evidence that the logistics software market is "*not an appropriate business area for Alphameric to pursue unaided*".

The integration of acquisition **Crown**, on the other hand, seems to have been a success. The supplier of head office, back office and EPOS software to pubs, clubs and coffee shops has been integrated into the newly created unit, Alphameric Hospitality. The move into hospitality broadens Alphameric's reach and has the benefit of high repeat revenues – more than two-thirds of Hospitality's annual revenues typically come from long-term contracts.

Going forward, Alphameric is aiming to broaden its activities further to include the wider leisure sector, where it anticipates the reform of gaming laws will offer "*increased scope for success*". The Group's strength in the betting software niche means that it is well positioned to exploit any future relaxation of the gaming laws.

Alphameric plc
7 year Revenue and PBT Record
From 1996



QA SOLDIERS ON

IT training and consulting firm **QA** has announced preliminary results for the year ended 30th Nov. 02. Total revenue fell 40.7% to £32.8m, and revenue from continuing operations was down 38%. QA reported its third consecutive year of losses, with a LBT of £63.0m (£1.2m in 2001, £11.4m in 2000). Loss per share deepened from 0.2p to 67.7p. The company admits that '*the past year was difficult and challenging*'.

Comment: We met with QA's Exec Chairman, Keith Burgess, and FD, Colin Gibson, to hear more about the results, and the outlook for 2003. FY02 was, according to Burgess, "*like clearing up after the Lord Mayor's party....in the rain*". And, in all fairness to Burgess, he wasn't at the party!

The 38% drop in QA's continuing revenues, reflects the fact that the company was in pretty much the worst possible position in 2002, as far as training companies go:

- it relied heavily on public schedule classroom training (and that has proved to be discretionary spend)

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- it did relatively little project-related training (i.e. projects would have provided some revenue visibility)

- it delivered mostly technical courses, rather than business/professional skills training (generally speaking, the latter has held up better)

- its key clients were mostly in the financial services, telco and IT sectors. Many of these clients cut their spend with QA *significantly* in 2002 – by 95% in the case of a "*leading airline*", formerly QA's 7th largest account, and by 93% in the case of an IT company, formerly QA's 9th largest account.

In addition to running classroom training, QA provides technical and training-related consulting. Revenues from technical consulting were hit particularly hard, down more than 50% to c£5m.

The massive losses in FY02 (almost double revenues) included £52.3m write down of goodwill impairment, relating to three acquisitions made in 1999. In addition, QA incurred £0.7m restructuring costs, £2.0m on property disposals and onerous lease provisions, and £2.8m write down on investments. The goodwill impairment was a necessary move – our only criticism is that QA didn't get around to it sooner.

With all that consigned to the past, what does the future hold for QA? Well, costs have been much reduced - headcount is down 31% and the monthly cost base is 70% of what it was a year ago. These measures meant that by Q4 02, the company was operating profitably.

QA has had some success over the past year developing new clients. New business was won with **Accenture HR Services**, and in the public sector with the RAF, NHS and local government. QA also announced that it had been chosen to provide classroom training to **KnowledgePool's** clients (KnowledgePool, a subsidiary of **Fujitsu Services**, decided to exit the classroom-training market last year). Quite what this will be worth to QA in 2003 is not clear.

With performance in Q4 02 and Q1 03 "*significantly better*" than a year ago, QA is soldiering on.

But the company is not out of the woods. One of the "*legacy*" issues that Burgess is still dealing with is the deferred consideration arising from the acquisition of **GA Information Services** made back in Sep. 99, and since sold on. (Ed: how many directors stick around long enough to clear up the mess created by their acquisition sprees?) The principal vendor has initiated proceedings relating to £1m in loan notes, and £1m in shares – which QA disputes. The real issue here is that QA renegotiated its banking facility during the year, and it "*does not presently extend to cover the provision of any new loan note guarantees*", so further discussions may be necessary. In the meantime, QA has made a provision on its balance sheet for the disputed amounts and anticipated legal costs – but this is a distraction that the management could well do without.

QA plc FYE: 30th Nov	Turnover £m		
	2002	**2001**	**Change**
Training	24.8	39.1	-36.6%
Consulting	8.0	14.0	-42.9%
Continuing Ops	***32.8***	***53.1***	***-38.2%***
Discontinued Ops		*2.2*	
TOTAL	**32.8**	**55.3**	**-40.7%**

3%
46p
macro 4

MACRO 4 MOLLIFIES INVESTORS WITH HALF-TIME DIVVY

Veteran systems management and (more recently) document management software supplier **Macro 4**, has reported interim results. Total turnover for the six months to 31st Dec. 02 declined 15% to £16.5m. However, operating losses and pre-tax losses have both been reduced by 14% to around £3m. Loss per share 'improved' by 21% to 12.4p.

The only part of Macro 4's business that showed any growth was maintenance fees, which grew 15% to £6.5m. New licence sales fell by a third to £4.8m and licence rental fees dropped by almost a quarter to £3.4m. Macro 4 had particular problems in the UK market, which saw revenues decline 30% to £4.3m, whereas continental Europe rose 9% to £5.5m, the first time (we suspect) that European revenues have exceeded those of the UK. The Americas remain Macro 4's largest market although revenues there fell 19% to £6.3m.

Both the company's core Systems Management Product

Macro 4 Six months to 31st Dec.	Turnover £m		
	2002	**2001**	**Change**
Licence sales	4.81	7.13	-32.6%
Licence rentals	3.40	4.50	-24.3%
Maintenance	6.46	5.60	15.4%
Agents Royalties	0.64	0.97	-33.3%
Prof. Services & other	1.15	1.20	-4.2%
TOTAL	**16.47**	**19.39**	**-15.1%**

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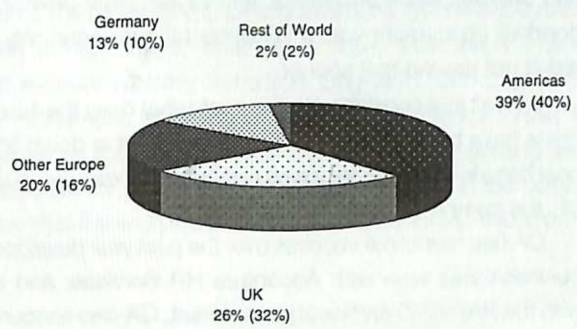
(SMP) division and Business Information Logistics (BIL) divisions saw roughly equal revenue decline. SMP revenues dropped 15% to £10.8m and BIL by 14% to £5.7m. However, 'cash cow' SMP remained highly profitable, with "*contribution*" up 20% to £6.6m. However, BIL made a small (£255K) loss, compared to a £300K profit in H1 01.

Macro 4 CEO Ronnie Wilson reported a new worldwide reseller partnership signed with **IBM** in Oct. 02 for selected SMP products. Nonetheless, he "*does not anticipate market conditions improving until 2004*", but Chairman Bert Morris emphasised that their "*balance sheet remains strong ... having adequate cash reserves and committed borrowing facilities to pursue its financial goals*". However, "*the Board remains receptive to opportunities that it believes would deliver shareholder value*". In spite of its losses, Macro 4 will pay an interim dividend of 2.0p from its reserves at a total cost of £417K, just as it did this time last year.

Comment: As we've said before, Macro 4 needs to get the new-ish BIL business growing in order to mitigate the inexorable decline in the highly profitable SMP business. Unfortunately, prevailing market conditions are making that an almost insurmountable challenge. But at least costs are under better control. SMP and BIL really are two quite separate businesses which would likely find two different buyers, should the "*opportunities to deliver shareholder value*" materialise. Meanwhile, Macro 4 is hoping to keep investors mollified with a 2p interim dividend. They did the same last year and paid a total divvy of 6p for the year, which if they do the same this year at current share price levels would be a rather desirable c13% return. Macro 4's share price ended the month at 46p, 70% lower than a year ago, valuing the company at just £9.6m.

Macro 4 plc
Geographical mix for six months to 31st Dec 02
Total = £16.47m
(% in brackets for previous year)



TOUGH TIMES FOR LEADING ITSAS

Vedior – one of the world's leading staffing companies, and parent of **Abraxas**, a leading UK IT staff agency – has announced results for the year to 31st Dec. 02. Headline results show sales down 9% to EUR 6,154m and operating income down a third to EUR 178m. At the pre tax level, losses deepened from EUR 78m to EUR 148m, as Vedior incurred EUR 271m amortisation and EUR 55m interest charges.

Revenue from IT recruitment activities (across all of Vedior's geographies) fell 27% to EUR 680m (making it the hardest hit of all the disciplines), and operating income fell faster – by 61% to EUR 19m. Looking at the performance of the IT division, revenues fell each successive quarter, although the rate of decline eased over the course of the year. Meanwhile revenues from Vedior's healthcare, education and engineering sectors enjoyed "*high organic growth*", up 18%, 22% and 7% respectively. Unsurprisingly, given this strong performance, Vedior says it continues to focus on the growth prospects in these less cyclical sectors.

Commenting on the results, Chairman Tony Martin said, "*In 2003, Vedior will continue to put profitability before market share. We will also continue to develop our specialist niches in what remains a difficult market environment*".

With its established geographical footprint (2,228 offices in 29 countries), and its spread of disciplines, we agree with Martin's verdict that Vedior is likely to be one of the beneficiaries of the "*slower economic times*".

We spoke with Godfrey Morrell, MD of Abraxas, this month. The UK numbers have not yet been released, but we understand that Abraxas remains profitable (not all ITSAs can boast that), although margins were down on FY01. Abraxas' focus (just like Vedior's) continues to be profitability, rather than market share. Indeed, Morrell made the point that the decline in revenues could have been mitigated had they been prepared to accept lower margin deals. Abraxas' revenues were also impacted by the

Vedior	Turnover EUR m		
FYE: 31st Dec.	**2002**	**2001**	**Change**
IT	**680.0**	**935.0**	**-27.3%**
Accounting	260.0	336.0	-22.6%
Engineering	294.0	279.0	5.4%
Healthcare	383.0	313.0	22.4%
Education	129.0	106.0	21.7%
Other specialities	218.0	170.0	28.2%
Traditional staffing	4,190.0	4,627.0	-9.4%
TOTAL	**6,154.0**	**6,766.0**	**-9.0%**

[continued on page nine]

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'migration' of some of its contractors to rival suppliers (who provide a payrolling service at a much reduced margin). Migration is an increasing trend amongst significant users of IT contractors, and one that Abraxas (and other ITSAs) can do little to resist.

Morrell reported a 10% increase in contractor numbers in H2, and increased penetration in some of its key accounts. This, coupled with a broad sector spread, gives the company a pretty resilient business model. Indeed, whilst we expect to see Abraxas slip a few places in our ITSA rankings for 2002, we would not be surprised to see them near the top of the profitability league again.

Meanwhile Adecco – Swiss parent of **Computer People** (CP) – has announced results for the year to 29th Dec. 02. Revenues were down 8% to CHF 25.1bn, and operating income fell 44% to CHF 662m. FY01's net loss of CHF 427m improved to a net profit of CHF 354m. As was the case with Vedior, its looks as though the rate of decline across the various units eased as the year went on - by Q4 the company was back in growth mode (albeit a modest 3%).

Jerome Caille, CEO, commented: "*We have reduced our cost base and reorganised our business, while preserving network capacity....We have thoroughly revised our business processes, so as to increase the efficiency of our front and back offices. Adecco is well positioned to benefit in 2003 from the reorganisation work done in 2002*".

We caught up with Peter Searle, head of Adecco's specialist brands in the UK and Europe (which includes Computer People), following the results announcement. CP's UK ITSA revenues slipped 8% in 2002 - a combination of lower fee rates, and continuing pressure on margins taking their toll. Profits fell faster than revenues. Outside of the UK, CP experienced mixed success. Searle described the German and Benelux markets as "*terrible*", the Nordic region was "*stable*", but France, Italy and Spain all enjoyed strong growth.

CP secured a number of significant wins during FY02, including a deal with **Computacenter** to 'transition' the management of 400+ IT contractors, and managing supplier status with CitiGroup. These two deals are expected to generate c£40m in 2003. Having cut back office costs by about a third, the company is confident that it can take on these lower margin deals and still make a profit out of them.

Searle was bullish about the outlook – CP is aiming for revenue growth in FY03 (which will surely mean increased market share), profits are also expected to improve, however margins are likely to be squeezed further as a result of the changing business mix.

Manpower, another global staffing company (and parent of UK ITSA **Elan Computing**), also reported recently. For the year to 31st Dec. 02, Manpower reported sales of $11.8bn, virtually unchanged from FY01. It cut its sales and admin costs by 2.5%, but that was not enough to prevent a dip in operating profits of 1.2%. A c18% increase in interest (and other) expenses caused PBT to slip 5.0% to $188m. Diluted EPS fell 9.9% to $1.46.

Jeffrey A. Joerres, Chairman and Chief Executive commented: "*We performed well in the fourth quarter. We continued to gain traction throughout all of our major operations....once again, our geographical diversification benefited our earnings*". Manpower operates through 3,900 offices in 63 countries. This, along with sector mix, helped it maintain revenues in 2002. However Joerres went on to say that the company was "*still confronted by uncertainty*" in the majority of its markets, and it approached FY03 "*with caution*".

The UK market turned out to be the worst geography for Elan in 2002. Whilst mainland Europe grew revenues by c23% (a combination of organic and acquisitive growth), the UK saw a 27% decline in revenues to c£154m. We believe the UK ITSA market shrank by 23% last year, so this double-digit drop did not surprise us. Elan made a loss in FY02 (£4.2m operating profit in FY01), and we understand that the UK was largely to blame.

Elan has been focusing effort and channelling investment into its European operations for a while now, and this really seems to be paying off. Indeed, they may top our 2002 overseas revenue rankings of UK-based ITSAs based on this performance. Meanwhile, reducing reliance on UK revenues makes a lot of sense, especially as margins here are typically five to 10 percentage points below the rest of Europe.

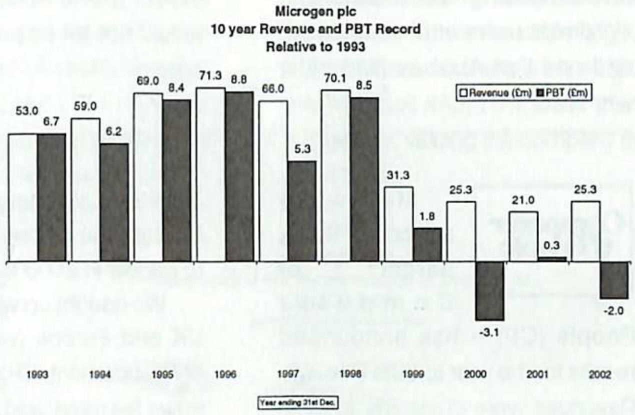
In FY03, Elan intends to deliver further revenue and profit growth in Europe (possibly aided by selective acquisitions), and to return the UK business to profitability.

Elan	Turnover £m		
FYE: 31st December	**2002**	**2001**	**Change**
UK	153.7	210.6	-27.0%
Overseas	83.4	68.0	22.6%
TOTAL	**237.1**	**278.6**	**-14.9%**

39%
31p

microgen
Information Management Solutions

MICROGEN: TIGHT CONTROL OF THE SHIP



Microgen, the provider of software, managed services and consultancy, has released results for the year to 31st Dec. 02 revealing an increase in turnover of 20.5% to £25.3m. However, organically revenue declined by 17.2% to £17.4m, after removing the effect of the **OST Business Rules** and **Wishstream** acquisitions. These acquisitions have now been fully integrated with headcount peaking in Mar. 02 at 342 but reduced to 289 by the end of the year as unnecessary costs were taken out.

The company's control of costs is also evident in the continuing businesses, where costs were brought down by 16.7% or £3.5m i.e. almost in line with the decline in organic revenue. Indeed, total operating profit before goodwill amortisation and exceptional items was up by 83% to £2.0m. After goodwill amortisation of £2.7m and the 'exceptional' £1.5m charge, pre-tax losses were £2.0m compared to a profit of £251K in 2001.

Across the divisions, the results were mixed:

- **Microgen Kaisha** (consultancy division "*applying data warehousing and application integration techniques to transform data into information*"): Revenue was down by 25% to £6.6m and operating profit decreased by a similar proportion (26%) to £1.6m i.e. operating margins were maintained. Several new business streams have been developed over the year including application management (now 20% of divisional turnover), payment solutions, and enterprise information integration (to be launched in 2003). Legacy support services now account for less than 10% of the division's revenues.

- **Microgen-OST** (formed following the acquisition of OST Business Rules in Feb. 02): Revenue for the 10 months following the acquisition was £7.8m resulting in an operating profit of £1.1m. Further actions have been taken to realign the cost base.

- **Microgen Telesmart** (added value transactional services in billing, payment and hosted database and document management): Revenue down 10.9% to £10.9m, however, operating profits increased by 39% to £1.4m despite an increase in product/service development. The revenue decline in the legacy print business continued as anticipated whilst the annual revenue growth rate in managed e-services (database management, payment and billing) increased by 34%. The legacy print business now accounts for less than half of the total divisional revenue for the first time.

Martyn Ratcliffe, Executive Chairman, commented on the outlook, "*In planning for 2003, the Board has done so on the assumption that market conditions will not improve in the near term. However, the actions taken in integrating the acquisitions, together with the disciplined management approach adopted by the Board, have positioned the Group appropriately for the year ahead. Furthermore, the Board continues to believe that the IT sector is likely to consolidate and will continue to explore strategic opportunities for the further development of Microgen*".

Comment: Ratcliffe seems to have regained control of his ship aided by his realistic view of the market. He is managing costs effectively in each of the divisions leading to operating profits increasing across the board. This has been aided by the development of "*cost effective*" operations in Poland, initially acquired with OST. This facility is being used primarily for software product development and is managed by the Group Development Director with responsibility for R&D facilities in the UK and Poland. By controlling costs across the Group, Microgen has managed to increase investment in R&D by 92% and is also using funds to explore its future strategic direction. So far, the effort looks like it is being directed into all the right areas with the new divisional lines of business taking advantage of the technology and expertise already present in other divisions. The Group also seems to be making moves to increase the recurring revenues in the Group by moving into areas such as application management.

Microgen has £37.1m of goodwill remaining on the balance sheet, yet its market capitalisation is 'just' £17.8m. As a result, the Board has looked at the goodwill relating to the acquisitions of **Kaisha Technology** (1999), **Telesmart Developments** (2000) and **OST Business Rules** (2002), just as we would have expected them to. However, having used a discounted cash flow model, the Board came to the conclusion that there was no justification to take a charge for impairment of goodwill on those acquisitions.

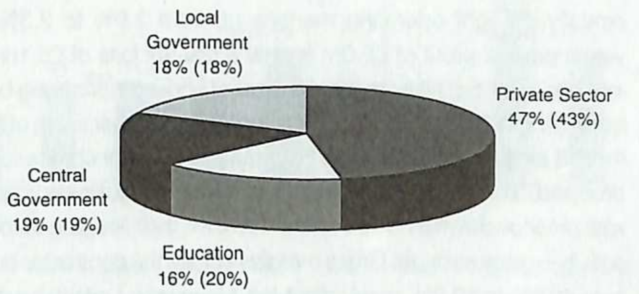
19%
243p
CAPITA

CAPITA: *"A HIGH DEGREE OF CONFIDENCE"*

Capita revealed a very impressive set of results for the year to 31st Dec. 02. Here are the highlights:

- Turnover is up 30% to £898m (2001: £691m)
- PBT (after goodwill amortisation and exceptional items of £20.2m) has risen to £78.1m (2001: £53.1m)
- Diluted EPS is up 49% to 6.81p
- 2003 forecast revenues of £1,075m are already *"substantially underpinned"*
- £1.1bn of new contracts were won in 2002, up from £744m in 2001
- £116m of new contracts have been won in the first six weeks of 2003
- The current live bid pipeline is £2.2bn.

Capita Group - 2002 Sector mix
Total = £898m (2001: £691m)



Comment - So Capita once again retains its *'Boring'* award having reported *"record"* results for the fourteenth consecutive year. Yes, you read it right: fourteenth! The headline figures above are impressive… but dig down further and rather than finding areas of concern, you are merely given additional reason to be confident.

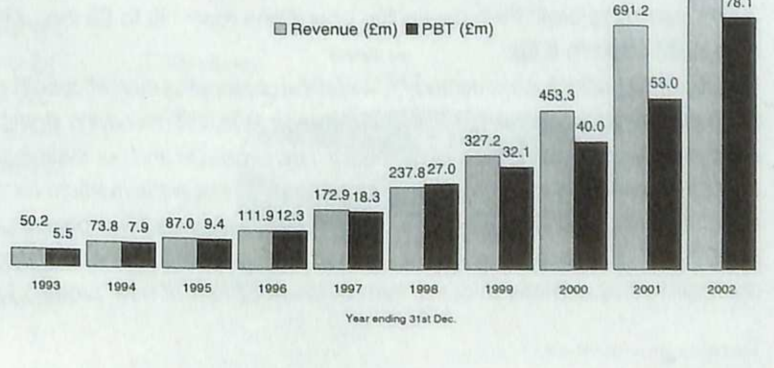
Total turnover growth was 30%, but what about organic growth? Well, even if you take out the impact of acquisitions made in both 2001 and 2002, the underlying organic revenue growth is still 20%. This is made up of a 17% increase in turnover from 'big ticket' contracts and an 8% increase in turnover from smaller contract activity, balanced against a 5% decline in turnover as a result of the ILA contract coming to an end. **Isn't all the growth coming from the public sector?** No. Capita is benefiting from the trend to outsource in both the public and private sectors. Indeed, the proportion of turnover from private sector clients has gone up from 43% in 2001 to 47% due to Capita entering the life & pensions outsourcing market (also the territory of **Liberata** and **Marlborough Stirling**) and increasing its activity in the insurance sector. Capita currently has five live bids in the insurance and life & pensions markets. Three of these are valued at between £50m and £200m, with two valued at greater than £200m.

Is the increase in operating margins sustainable? Operating margins increased from 11.2% to 12.0% in 2002 (excluding the exceptional gain). There is no reason why this level of operating margin could not be maintained in the years to come. Capita is now in the position where it has much of the infrastructure in place for its BPO contracts so is able to benefit from increasing economies of scale. In addition, the company is able to be selective with the contracts it bids for and clients are selecting Capita for the added value it offers, not just on price.

But has the cashflow situation improved? Yes. This had been a slight cause of concern for some analysts. However, whereas cash decreased by £6m in 2001, there was a £8m increase in 2002. In addition, the cash increase is expected to be c£28m in 2003 as capex decreases on the 'big ticket' deals (ratio of capex to turnover will revert to sub 4% as opposed to 6.3% in 2002) and the strong growth in operating cashflow is set to continue.

Is the picture for 2003 really as good as it sounds? Well, there are very few companies that can claim to have 17% growth in turnover already visible for 2003. The forecast is for 20% growth and for a 23% increase in PBT. We see no reason for Capita not to meet these forecasts. In 2002, Capita had budgeted to win major contracts to the value of £500m. In fact, the total for the year was £1.1bn. This year the budget is for £650m of major contract wins. CE, Paul Pindar, commented that they have *"a high degree of confidence that this will be met or even exceeded"*. We wouldn't bet against him.

Capita Group Plc
10 year Revenue and PBT Record
Relative to 1993



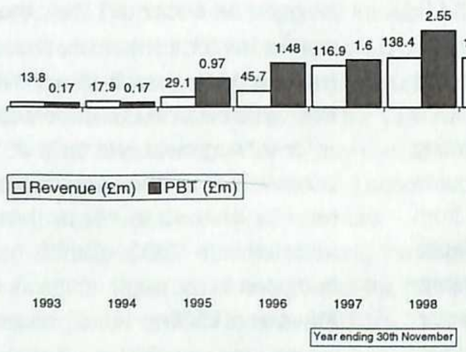
-3%
54p
lorien

LORIEN CLEARS THE DECKS FOR 2003

One of the UK's leading IT staff agencies, **Lorien**, has announced results for the year to 30th Nov. 02. Total revenues fell 18% to £113.6m, although revenues from continuing operations were down 13% to £111.7m. Total operating profits weren't too badly affected – down 3% to £2.64m, and this actually brought operating margins up from 2.0% to 2.3%. However, last year's pre-tax profit of £2.0m is now a pre-tax loss of £5.18m, although this includes a £7.5m hit from the disposal of Lorien's consulting business to **Anite** back in Jan. 02. As a result, Lorien recorded a loss per share of 32.5p compared to EPS of 8.4p the prior year. Revenues in Lorien's core resourcing business dropped 16% to £96.8m, though the permanent business was affected worse, with revenue down 31% to £1.8m. However, their fledgling European resourcing activities grew strongly. Gross margins across the contractor business declined from 10.6% to 10.2%, purely client-led. Meanwhile, Lorien's 'cash cow' Specialist Services business continued to deliver the goods – revenues were up 4% to £14.9m and profits rose 4.6% to £3.2m. Exec. Chairman Bert Morris warned that *"it will remain a challenge to maintain 2003 performance at the levels of 2002"*.

Comment: As usual, Morris, and Lorien FD Chris Hinton, were very open about trading conditions and Lorien's performance and outlook. But they have nothing to be ashamed about. Yes, the UK ITSA market is in the doldrums, but Morris and Hinton (and resourcing business MD Ian Brookes) have done well to prune the business back so that continuing operations are profitable at current demand levels – with a little bit of slack in case things get marginally worse. As ever, the Specialist Services business provides solid profits and cash. Meanwhile, Lorien is now debt-free and the books are now clear from the disposal of the consulting business, so they are in the best possible condition they can be under the circumstances. No divvy yet (wisely waiting to see if market conditions stabilise), although they are repurchasing up to 15% of their shares to help boost EPS.

Lorien plc
10 year Revenue and PBT Record
Relative to 1993



20%
258p
royalblue

MODEST GROWTH FOR ROYALBLUE IN '03

Royalblue has announced its results for the year ended 31st Dec. 02. Revenues from continuing operations inched up 1% to £57m (total revenues fell 14%). PBT (which included an exceptional gain of £4.2m - £3.7m for the sale of its minority holding in **ICIS Technology Limited** and £0.5m loan repayment from **Touchpaper Ltd**) more than trebled to £13.1m (£4.2m in 2001), operating profit from continuing operations rose 1% to £8.2m. EPS rose to 32.9p from 6.4p.

CE, Chris Aspinall, commented, "*...whilst the challenging market conditions will make forecasting extremely difficult in the short term, the underlying strength or our business, our continued investment in new products and our standing in the global markets gives us a good position for progress in the medium term. In addition the financial strength of the group gives us a strong position to benefit from investment opportunities that arise because of the sustained downturn whether these take the form of development of new products or acquisition activity*".

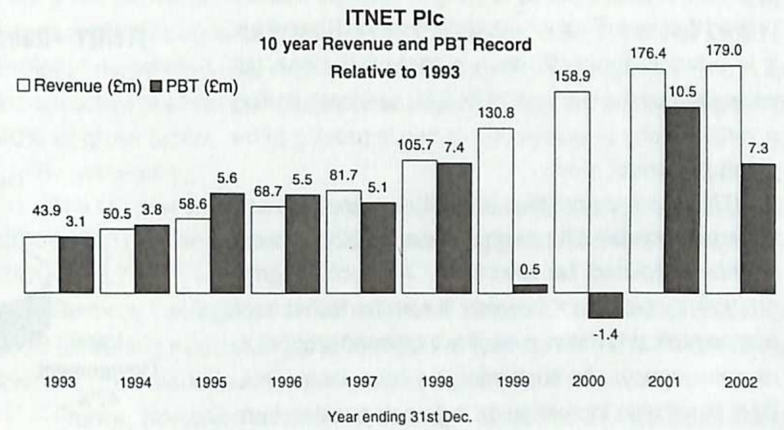
In the UK revenues fell by 11% to £26.5m, but revenues were up 72% in Europe to £3.8m. In the US revenues rose 17% to £18.5m and accounted for 32% of total revenues, up from 28% in 2001. The company reports it has a *"good pipeline still in place"* in the US. In Asia *"the markets remained difficult"*, revenues fell 2% to £8.3m.

The share price ended the month up 19.8% at £2.58, valuing the company at £78.4m.

13% 192p ITNET

ITNET: ON THE LOOK OUT FOR ACQUISITIONS

IT services and BPO provider **ITNET** has announced preliminary results for the year to 31st Dec. 02. Revenues were pretty much flat at £179.0m – up 1.4% from £176.4m in the previous year. The public sector proved once again to be ITNET's star performer, with revenues in this market growing by 17% to £100.6m. The commercial sector showed a decline of 13%. Meanwhile, the company's operating profit growth looks healthy, with operating margins increasing to 9.1% from 7.5% (before amortisation and impairment of goodwill, and exceptional items). PBT was £7.3m (taking into account goodwill amortisation, impairment and exceptional items of £9.0m), compared to £10.5m in 2001. Fully diluted EPS was 3.01p, down from 9.12p.



Comment: ITNET's strong suit continues to be its infrastructure outsourcing, which contributed 56% of turnover in 2002, although revenue was flat year on year. Application services are the next biggest contributor to turnover at 25% of the total. Revenues in this area increased by 5.2%, significantly boosted by strong demand for SAP services (44% growth). Consultancy (7% of turnover) also put in a good performance with 28% growth at management consultancy, **French Thornton**.

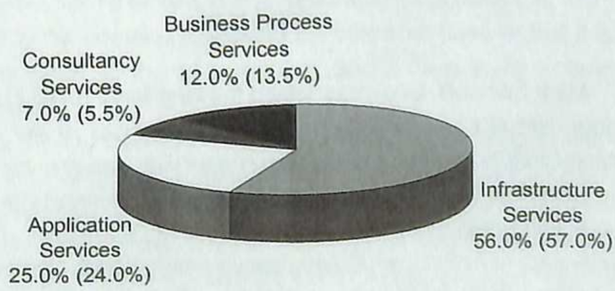
However, Business Process Services (12% of turnover) once again saw revenues decline as the Hackney contract continued to make an impression. February saw the announcement of a contract revision at the London Borough of Islington. The contract had been extended in 2001, increasing the size of the deal by £18m to £40m. The revenue and benefits element of the contract has now been taken back in-house and ITNET is providing IT services only. This reduced the year-end order book by £15m. ITNET states that the revenue and benefits contract was unprofitable and that the Council was unable to meet its side of the obligations. It begs the question whether ITNET should perhaps stick to IT outsourcing and leave the revenue and benefits contracts to the likes of **Liberata** and **Capita**.

Across the sectors, it was ITNET's core focus, local government (48% of turnover) that shone with a 20% increase in turnover. Its OneGov solution to joined up government is considered by many to be an 'industry standard'. However in central government (9% of turnover), despite carrying out several business transformation projects through French Thornton for departments and agencies such as the Department for Work and Pensions, the rest of the company does not seem to have been able to gain any leads.

Interestingly, ITNET has made its first foray into the 'health' sector, where it intends to take advantage of the money being piled into the National Programme for IT in the NHS. So far, the strategy seems sensible. It is focusing on the Social Services market offering a range of OneGov style services branded 'OneCare'. The Social Services market is a natural extension of its work in local government, as most of the systems must be integrated with the Local Authorities. It is also considering whether to venture into the GP and hospital sector. We would advise caution, as despite being a high growth market, it is also a very different sector with many other players keen to take a piece of the pie.

In the Commercial Sector, some decline in revenues was anticipated given the decrease at Easams, the

ITNET - 2002 business mix by activity
Total = £179.0m (2001: £176.4m)



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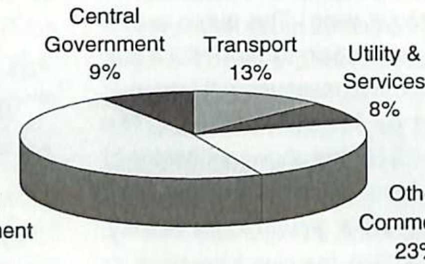
Marconi IT services business acquired in 2000. But ITNET also struggled against the general conditions in the sector particularly in retail finance. Where ITNET is succeeding is in a couple of rich niches. Turnover from the transport sector increased by 9%, whilst turnover from utility and services was up by 11%. ITNET has already proved that as a medium-sized company in IT services, it is advantageous to have a technical niche (as witnessed by the success of its SAP services), finding a vertical niche specialisation or two is proving to be an equally smart move.

ITNET is a committed user of our research and was realistic about its performance for 2002 having already predicted flat revenues. As such it tightly controlled costs over the year. It also benefited from a more profitable revenue mix (i.e. increased proportion of consultancy). As such margins have increased. ITNET has also increased its net cash position from £6.0m to £14.4m and we can expect a few selective acquisitions over the next year or so.

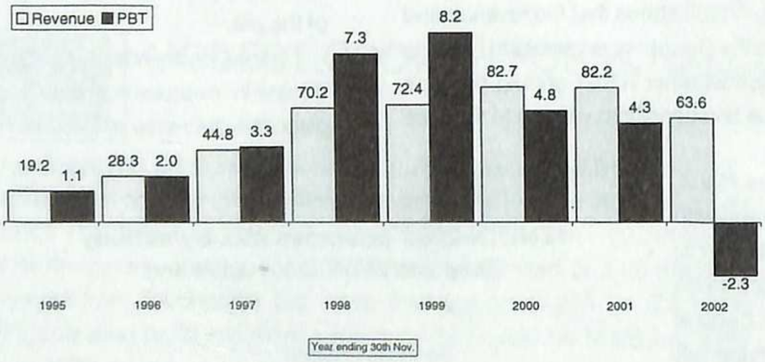
ITNET - 2002 Business Mix by Industry Sector
Total = £179.0m



DIAGONAL: REVENUES SLOPE DOWNWARDS

IT consultancy Diagonal has given us another indication of just how tough things are in the UK project services market. In the company's preliminary results for the year to end Nov. 02, turnover was down 29% from FY01 to £63.6m. The company's total operating profit (before interest and amortisation and impairment of goodwill) was £5.5m, down from £7.1m. Losses before tax, including £8.0m of amortisation and impairment of goodwill, were £2.25m, compared to a profit before tax of £4.26m in the previous year.

Diagonal plc
8 year Revenue and PBT Record
Relative to 1995



Mark Samuels, Chairman, joined the long list of S/ITS bosses predicting more difficult times to come: "*There are few signs of any improvement in market conditions and as a result the current year is likely to prove challenging*".

Revenues fell across the three key areas of Diagonal's business. Enterprise Application Integration Consulting was down 28% to £5.8m. Diagonal Secure Networks – which covers the company's network and remote access security services – was down 28% to £15.4m. Only SAP Consulting – the most significant of the company's lines of business in revenue terms - managed to hold relatively firm, with a fall of 4.4% to £34.9m.

On the face of it, Diagonal's results look fairly dismal. The UK project services market may have shrunk in 2002, but it didn't shrink by as much as 29%! Nonetheless, the company has maintained operating margins – at 8.6%, compared to 8.7% in 2001. So it's encouraging that it's managed to cut its suit to match its cloth, reducing costs in line with reduced business volume.

Also worth noting is Diagonal's announcement of its plans to acquire Partners for Change, a 'change management consultancy', for a total of £2.7m in cash. The two companies have partnered on a number of projects and Diagonal sees the acquisition supplementing its SAP consulting work with business change consulting capabilities.

And by the sound of it, this won't be the last time we report on an acquisition of this (relatively small) scale by Diagonal.

9%
113p

MORSE

MORSE: SERVICES HELP OFFSET DECLINE

Morse has announced interim results for the six months to 31st Dec. 02. Here are the highlights:

- Turnover is down 17.8% on H1 01 to £185.8m.
- LBT worsened to £4.6m (H1 01: £3.4m).
- Operating profit before goodwill amortisation (£11.4m) and restructuring costs (£1.0m) is down 26.6% at £6.0m.
- Loss per share was -5.3p (H1 01: -4.8p).
- Gross margins improved to 19.6% from 17.8%.

Morse also announced it will pay an inaugural dividend of 1p per share because: *"In the context of maturing IT markets, we believe that the income component now matters more in total returns to shareholders"*.

Commenting on the results, Chairman Richard Lapthorne said, *"Trading conditions have not improved but Morse has continued to generate satisfactory profits and cash. As we expected, reduced customer spending has continued to impact our infrastructure business. However, our Professional Services business continued to grow and now accounts for 31% of the Group's turnover and 40% of the Group's gross profit"*.

Not surprisingly, infrastructure sales continued to suffer, falling by 27% to £128.6m. Gross profit fell 22% to £22m and contribution (excluding restructuring costs) fell by 36% to £8.4m. Sales of Sun fell by 36% to £65.8m and now account for 35% of total sales and HP fell by 32% to £24.5m, but IBM managed a modest 3% rise to £29.9m. Duncan McIntyre, CE, is expecting the Sun revenues to continue to fall in H2.

Professional services *"put in a very good performance"* with revenues up 12% (6% organic) to £57.2m. Gross profit rose 21% to £14.6m and contribution was up 30% to £5.6m. Professional services now employs twice the number of people working in its infrastructure business, and services now accounts for 31% of revenues and 40% of gross profits.

By geography:

- The UK saw substantial decreases in infrastructure sales, total sales fell 28% to £131.3m and operating profit (excluding goodwill amortisation) fell by 24% to £6.7m.
- Germany *"had a poor first half"*. Sales fell 27% to £20.8m and an operating profit (excluding restructuring costs) of £0.7m was converted to an operating loss of £1m. Headcount has been reduced by 20%.
- France, however, *"returned to stability"*, sales fell 3% to £25.6m and operating loss (excluding restructuring charges) 'improved' to £0.3m from £1.9m. Headcount was reduced by 18%.
- Meanwhile flat infrastructure sales but a strong performance from the services business resulted in a 19% increase in sales to £8.1m for Spain, operating profit was static at £0.6m.

By sector, Morse's two largest markets continued to decline: finance fell 27% to £74.9m and telecoms fell 25% to £44.7m, media fell 8% to £8.6m, energy 17% to £4.3m. On a positive note commercial rose 3% to £46.2m and government was up 86% to £7.1m.

Morse plc Six months ended 31st Dec. 02	Turnover £m*			Profit before int. & tax £m	
	2002	2001	Change	2002	2001
UK	125.6	164.5	-23.6%	-0.2	0.3
Germany	20.8	28.4	-26.8%	-1.6	0.8
France	25.6	26.3	-2.7%	-1.0	-4.0
Spain	8.1	6.8	19.1%	-1.0	0.0
Ireland	5.7	-	n/a	-0.6	-
TOTAL	180.1	226.0	-20.3%	-3.8	-2.9

* From existing operations

Comment: Morse must be patting itself on the back for moving into services when it did. Although still a *"start-up business"* its rising revenues have helped to partially offset the decline in the infrastructure business. Indeed infrastructure sales have now fallen 52% since the six months ended 31st Dec. 00, whereas the professional services business has grown by 39% over the same period (albeit from a smaller base). Macintyre recognises that there is still much work to do, not least to expand the customer base so that it isn't reliant upon *" too small number of customers"*, and to develop more depth in the services business.

Refreshingly McIntyre refrained from talking about 'challenging market conditions'. *"The market is the market"*, and *"is unlikely to see substantial growth in the foreseeable future"*, his attitude is *"just get on with it"*. He believes opportunities still exist *"to win market share by leveraging (our) existing strengths"*. With cash balances of £83.5m further acquisitions could be on the cards, though these would probably be in Morse's existing geographies.

-31%
53p
COMPEL

COMPEL: POSTIVE ABOUT THE FUTURE

Compel Group has announced its results for the six months to 31st Dec. 02. Turnover fell 22.6% to £24.8m, LBT deepened to £711K from £258K as did loss per share, which went from 0.9p in 2001 to 2.3p in 2002. Sir Michael Bett, Chairman, commented on outlook, "*Market conditions appear to have stabilised at the moment – albeit at a very low level. We are confident in the business' underlying profitability (before goodwill amortisation), we believe we can continue to increase our market share, and we have substantial cash reserves... We remain positive about the future*".

As usual Compel didn't provide a breakdown by revenue and PBT by line of business so here's the anecdotal stuff:

- Compelsolve (enterprise solutions focusing primarily upon Oracle, Digital Communications, Data Management and Technology solutions) had (not surprisingly) a difficult year forcing the company to implement further cost reductions and thereby incurring restructuring charges of £400K. Compel reports that each of these areas has either "*sustained or increased market share*".

- Hamilton Rentals also "*increased its market share*". The company reports that it successfully managed its fleet, reducing its size to reflect market conditions, whilst avoiding any asset write offs.

As reported in Oct. 02 Compel's long running battle with Specialist Computer Holdings (SCH) to determine the value of the net assets of Compelsource which were transferred to SCH was finally concluded. SCH had claimed a £6.6m adjustment to the purchase price, but an independent accountant found that an adjustment of £864K was required. Furthermore SCH is to due to pay £1.1m to Compel – which represents the balance of the £2m that SCH retained from the initial consideration through to Mar. 03, subject to any claims. Compel's cash balances at the period end was £8m.

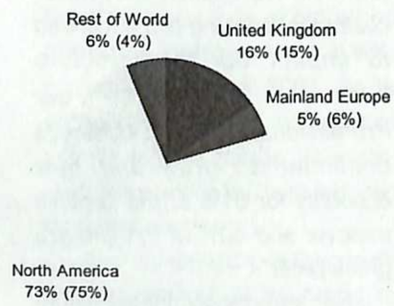
Comment: We'd love to see more granularity on Compel's numbers to understand how both sides of the business are holding up, and we wonder why Compel feels the need for so much secrecy.

-12%
353p
SurfControl

SURFCONTROL: CRUISING TO PROFITABILITY

SurfControl, the web and e-mail filtering company, has released results for the six months to 31st Dec. 02 revealing a 41% increase in revenues to $34.39m, and a significant improvement in profitability. Indeed, the company has achieved a pre-tax profit of $3.2m compared to the large loss of $40m recorded in the comparative period of 2001. As a result, diluted EPS was 7.00c compared to a loss per share of 128.6c in the comparative period. Steve Purdham, CEO, commented, "*I am pleased to report that during the quarter SurfControl has made continued solid progress building upon its leading position in the market, growing revenues and invoicing, and increasing profits. Trading in the third quarter has progressed well and based on these results, in particular the strength of our deferred revenues leading to increased forward visibility, we look forward to a successful outcome for the year*".

SurfControl (six months to 31st Dec. 02)
Total $34.4m



Comment: This is a super set of results. SurfControl delivered on its promise (given at the time of its finals) of a return to profitability, and the company looks on course to deliver growth of 35-38% for the coming year.

SurfControl is benefiting from the demand for web and email filtering products, described by Purdham as "*one of the most promising areas in security*". Its low cost (c$25 per seat for the web and email bundle) means that even cash strapped corporates can justify the expense. However, at such a low price SurfControl needs volume - this is being delivered by a direct sales force and boosted by the investment that the company has made in the channel over the past couple of years – indirect sales now account for 35% of total sales. Sales in the consumer market have fallen in line with the company's focus on the corporate and education markets (83% and 16% of sales respectively).

The balance sheet goes from strength to strength. It has no debt, no goodwill and cash balances are increasing. Furthermore SurfControl's revenue model includes all the elements we like to see: new licence revenues (30% of total revenues), recurring revenues (up 51% to $41.1m) and revenues from cross selling.

All in all a good set of results.

16%
330p

STAFFWARE WORKS TO SEE PROFITS FLOW AGAIN

Staffware, the provider of 'Business Process Management' (nee workflow) software, has announced results for the year to 31st Dec. 02. The numbers are in line with the company's recent trading statement (as reported on Hotnews last month) and show a move back into profitability. PBT was £2.6m (including £1.05m worth of goodwill amortisation), compared to a loss before tax of £3.3m in 2001. Diluted EPS was 11.1p compared to –26.0p in 2001.

Staffware	Turnover (by origin) £m			PBT £m			Margin	
FYE: 31st December	2002	2001	Change	2002	2001	Change	2002	2001
UK	15.48	14.85	4.2%	0.59	-0.17	n/a	3.8%	-1.1%
Rest of Europe	11.37	10.27	10.7%	0.61	-0.21	n/a	5.3%	-2.1%
Americas	5.18	5.33	-2.8%	0.37	-1.96	n/a	7.2%	-36.7%
Australia	4.27	5.21	-18.0%	0.38	-0.12	n/a	8.9%	-2.3%
Asia/Pacific	1.16	1.20	-3.2%	0.56	-0.76	n/a	48.5%	-63.4%
Rest of World	1.57	1.37	14.7%	0.09	-0.03	n/a	6.0%	-2.4%
TOTAL	**39.03**	**38.23**	**2.1%**	**2.61**	**-3.25**	**n/a**	**6.7%**	**-8.5%**

Staffware's improvement in profitability is mostly due to its moves to cut costs. Revenues for 2002 increased by just 2% to £39.0m (with the UK accounting for 35% of the total, and the rest of Europe for 32%). But meanwhile operating expenses were cut from £42.0m to £37.0m.

The UK remained Staffware's largest market, growing by 4% to £15.5m and accounted for 40% of total revenues (by origin). Continental Europe grew faster, by 11% to £11.4m, but Americas revenue fell 3% to £5.2m. Australia was hardest hit, with revenues down 18% to £4.3m. Average licence order value rose 27% to £94K (22 deals exceeded £250K) which offset a 17% decline by number in new licence deals. Financial services (Banking & Insurance) companies represented almost half (49%) total revenues, with a further 19% coming from public sector.

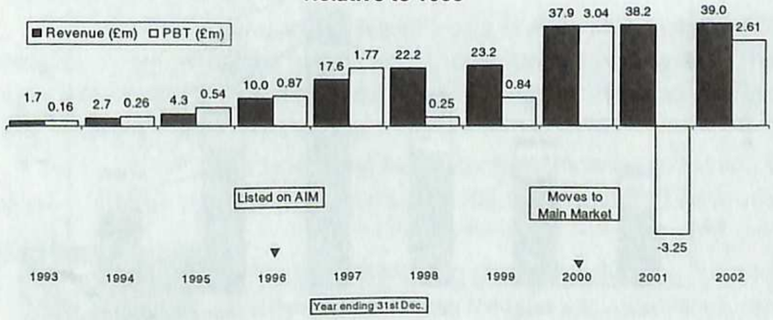
Licence fees represented *"a healthy"* 55% of total revenues (2001: 56%), with support fees up from 20% to 23% and professional service fees down from 24% to 22%. Sales to existing customers jumped from 50% to 68%. Some 40% of sales came directly through partners such as **CGE&Y**, **EDS** and **Deloittes**, with an additional 20% *"in association"* with partners.

Cash is up 10% to £19m, though trade debtors stretched from 45 days to 61 days. They will pay a 4p dividend, bringing the total for the year to 5p.

Chairman and CEO John O'Connell was upbeat in his comments: "*We are delighted to report a return to profitability for the full year 2002 ... Tight management of costs and cash...has stood us in good stead in the recent past, and we look forward to making continued progress during 2003.*"

Comment: It's good to see Staffware back in the black again. They were one of the few UK S/ITS companies that actually saw profits plummet in the golden year of 1998 (no mean feat), but they managed to pull themselves up by their bootstraps the following couple of years. However they didn't buck the trend in 2001, suffering a huge loss in 2001, which, by the way, was not goodwill induced. Compared to the likes of **Sage**, Staffware is still highly dependent on licence sales for its business – less than a quarter of its revenue base is 'recurring' – not so *"healthy"*. But at least they are having success 'working the install base', which now represents more than two-thirds of their business. Workflow/BPM software should have broad appeal across all industry sectors as it presents the "DIY" option for those organisations (still the vast majority) not disposed to outsourcing inefficient and/or non-core business processes. But installing the software is the easy bit – the tough bit is redesigning the business processes, a task potentially disruptive, risky and not lightly undertaken. So Staffware, like SAP and other enterprise software players, will find continue to find the going tough, but they seem to be in good shape to fight the battle. Staffware IPO'd in July 96, on AIM, at 225p per share. In Apr. 00, it moved its listing to the Main Market after seeing its shares peak at over £45 earlier in the year. Staffware's shares ended the month at 330p, an 47% premium on its IPO price but 21% down over the past twelve months.

Staffware plc
10 year Revenue and PBT Record
Relative to 1993



UK S/ITS M&A IN 2002: A YEAR OF SURVIVAL AND REORGANISATION

Regent Associates has recently released its M&A stats for the European technology industry in 2002. Regent Chairman, Peter Rowell, summed up the year saying *"there is no doubt that the driving force in 2002 was survival and reorganisation in preparation for the shape of the markets in the future"*.

Here are the key points:

· The total *number* of acquisitions in 2002 involving European S/ITS companies fell 20% to 738, and the number involving a UK player fell 22% to 261.

· Meanwhile the total *value* of acquisitions involving European S/ITS companies slipped 9% to \$16.3bn (that total supported by Deutsche Telekom's acquisition of 49.9% of Debis Systemhaus from Daimler Chrysler for \$4.1bn). However the value of acquisitions involving a UK player more than halved from \$11.7bn to \$4.7bn.

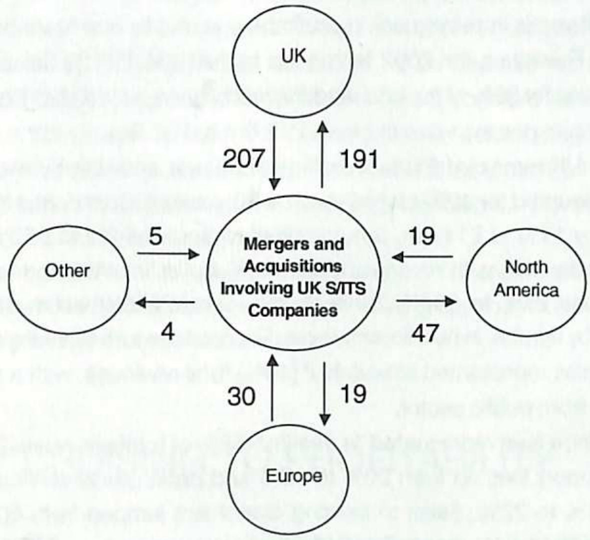
· Falling valuations meant the *median value* of UK-related S/ITS acquisitions slipped from \$6.9m in 2001 to \$5.0m in 2002 (equivalent to just £3.1m).

· Particularly interesting is the return of the US buyers. The number of acquisitions of European S/ITS businesses by US companies picked up 5% in 2002.

· Here in the UK that trend was more pronounced, with a 21% increase in the number of deals. In total, 47 UK S/ITS companies 'went west' in 2002, compared to 39 in 2001.

Indeed, the pattern of cross-border M&A meant that the UK went from being a net buyer of S/ITS companies in 2001 (acquiring 24 more companies than were sold) to being a net seller. In total, the UK S/ITS industry ceded ownership of 207 companies in 2002, and bought only 191 - management were clearly focusing on matters close to home.

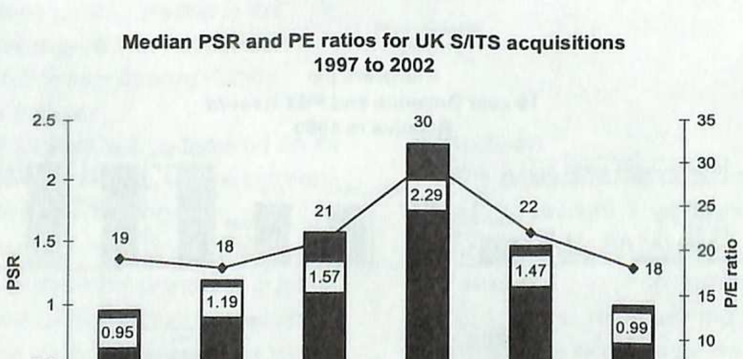
· Corporate divestments of divisions and subsidiaries accounted for a third of all UK S/ITS transactions (just as they did in 2001). Rowell concluded, *"All of the leading companies in the market are having to examine carefully their financial performance and market position and be quite ruthless in disposing of operations that do not meet the criteria for future performance"*.



· MBO's (part of the trend to divest non-core operations) remained in vogue throughout 2002, with 30 deals recorded in the UK (31 in 2001). Across Europe as a whole, the number of MBO's of S/ITS companies rose 41% to 107.

· Turning to valuations, both PEs and PSRs continued their downward trend. The median PE ratio for UK S/ITS targets fell from 22 in 2001 to 18 last year (the same as in 1998). And the median PSR ratio dropped a third to just

Median PSR and PE ratios for UK S/ITS acquisitions 1997 to 2002



[continued on page nineteen]

Mergers & Acquisitions

Buyer	Seller	Seller Description	Acquiring	Price	Comment
Cedar and Elevon International have merged (both are part of Alchemy's portfolio in the S/ITS sector). The 'new' company will be known as CedAR.					Alchemy "rescued" Cedar in Jan. 02 and backed the MBO of Elevon (best known for its Walker financial application) in Sep. 02. Elevon had acquired the IPR of QSP's financial accounting products when it went into receivership in Q4 01. Following the MBO, Elevon was then renamed Arelon. The combined company will have revenues of £30m, 95% of which are in the UK.
Diagonal	Partners for Change	Change Management Consultancy	100%	max £2.7m	Diagonal acquired Partners for Change for a maximum £2.7m in cash. The two companies had worked together on a number of projects.
Witness Systems Inc.	Eyretel	Voice & data recording, quality monitoring and analysis systems for customer contact environments	100%	£37.4m	Offer made by Goldmand Sachs on behalf of Witness Systems at 25p in cash for each Eyretel share.
Maia Holdings Ltd (MBO)	Rolfe & Nolan	Futures and options back office software	100%	£15.2m	Maia Holdings (a company backed by HgCapital Funds and the management) have made a recommended cash offer. However, since the announcement, onExchange Inc. has stated that it is undertaking due diligence, and may make a counter offer for the company. onExchange made an offer at 85p per share in Jul. 02, but that was rejected by the board - the offer from the management is at 100p per share.
MBO	Notability Solutions Ltd from parent company Notability Solutions plc	IT solutions (primarily IBM)	100%	n/a	Notability Solutions Ltd employs c70 staff, and turns over c£25m. The MBO was backed by Barclay's Ventures and Proven.
Morse	Grantham Sutch Associates Ltd and its subsidiary GSA Technical Services Ltd	Product supply & integration	100%	£3.1m	Morse paid cash for GSA.They specialise in product supply and integration, particularly in the IBM I series (AS400) space, so it's a good boost to Morse's IBM capability. The company turned over £6.6m, and made a PBT of £0.4m in the year to 31st Aug. 02.
Tech Data (UK)	Azlan	Networking products distribution, services and training	100%	£142.4m	The recommended cash offer for Azlan (at 125p per share) comes from Tech Data (UK), subsidiary of NASDAQ-listed Tech Data (a distributor with global revenues in excess of £17bn). The deal is subject to shareholder approval, and represents a c39% premium over the closing price on the last day prior to the announcement. Based on Azlan's FY02 results, this is a PSR of 0.23.
Timeload plc	Unnamed	Technology for managed video networks	100%	n/a	Timeload (currently trading as a cash shell) has proposed a reverse takeover of an unnamed company which designs and distributes transmission and control equipment for large systems. The acquisition is subject to shareholder approval. If the deal goes ahead Timeload shareholders will have a 45% stake in the enlarged company.
Torex	InHealth Solutions	Various operations of InHealth Solutions	100%	£3.5m	Torex paid £3.5m in shares for the laboratory, radiology, oncology, mental health and primary care operations of InHealth Solutions. Half of the consideration was paid on completion, half on the first anniversary.
Warthog	Fever Pitch	Games developer	100%	£183K	Warthog bought the US-based games developer for an initial consideration of £183K in shares. Further shares will be issued for each FY through to Mar. 05 dependent on Fever Pitch's pre tax profits. The acquisition is immediately cash flow and earnings enhancing.

[continued from page eighteen]

less than one times revenue (we have to go to 1997 to find M&A activity at such prices).

· Vertical market focus (in software and services) is very much the order of the day. System houses/ vertical VARS increased their 'premium', achieving a median PSR of 1.5 in 2002, up 32% on 2001. The median PE paid for such companies also rose, up 15% to 20.

· The only type of company in Regent's data to show an increase in both valuation measures were processing & outsourcing companies. They commanded a median PE of 48 and PSR of 1.74 in 2002 - the appeal of long term, recurring revenues winning out.

· Whilst acquisitions of processing & outsourcing companies accounted for only 5% of total UK S/ITS acquisitions in 2002, the number of deals rose 160% (virtually all other categories of companies saw a significant decline in the number of transactions last year).

Looking to the future, Rowell predicts, "*organisations that still operate in denial of current market conditions and have not secured themselves financially will probably find that acquisition offers the only escape route*". You have been warned!

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	-£1417,000	-£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	£15,781000	£52,765,000	£38,072,000	+1413%
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

	Final - Nov 01		Final - Nov 02	Comparison
REV	£56,848,000		£61928,000	+8.9%
PBT	-£1677,000		£2,486,000	Loss to Profit
EPS	-2.39p		0.00p	Loss to Profit

Alterian plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£1803,000	£4,267,000	£1807,000	+0.2%
PBT	-£4,753,000	-£9,247,000	-£4,485,000	Loss both
EPS	-12.10p	-23.90p	-1140p	Loss both

Anite Group plc

	Interim - Oct 01	Final - Apr 02	Interim - Oct 02	Comparison
REV	£95,220,000	£202,510,000	£111,541000	+17.1%
PBT	£1964,000	£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	-£3,131000		£2,763,000	Loss to Profit
EPS	-3.35p		2.87p	Loss to Profit

Autonomy Corporation plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£36,271000		£33,974,000	-6.3%
PBT	£9,146,896		£4,345,000	-52.5%
EPS	5.00p		0.03p	-99.4%

Aveva Group plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£14,034,000	£31818,000	£16,462,000	+17.3%
PBT	£1,130,000	£4,938,000	£1234,000	+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	£21348,000	+89.3%
PBT	£2,428,000	£5,464,000	£1222,000	+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	1190p	4.50p	-15.1%

Baltimore Technologies plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£38,928,000	£70,421000	£22,065,000	-43.3%
PBT	-£550,646,000	-£659,711,000	-£42,968,000	Loss both
EPS	-110.00p	-13180p	-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	£1256,609	-£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	£13,061000	£24,224,000	£14,051000	+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

	Final - Dec 01		Final - Dec 02	Comparison
REV	£691203,000		£897,504,000	+29.8%
PBT	£53,100,000		£78,069,000	+47.0%
EPS	4.58p		6.81p	+48.7%

Charteris Plc

	Final - Jul 01		Final - Jun 02	Comparison
REV	£13,276,000		£19,087,000	+43.8%
PBT	£828,000		£1588,000	+918%
EPS	152p		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	-£221000	-£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	-199p	-5.50p	-2.4	Loss both

CODASciSys plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£32,970,000	£64,820,000	£33,566,000	+18%
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	-£1441000	-£576,000	£420,000	Loss to Profit
EPS	-6.50p	-3.80p	2.00p	Loss to Profit

Compass Software Group plc

	Final - Nov 01		Final - Nov 02	Comparison
REV	£4,266,677		£4,829,562	+13.2%
PBT	£356,253		£398,649	+119%
EPS	161p		152p	-5.6%

Compel Group plc

	Interim - Dec 01	Final - Jun 02	Interim - Dec 02	Comparison
REV	£32,003,000	£68,892,000	£24,761000	+115.3%
PBT	-£258,000	-£1691000	-£711,000	Loss both
EPS	-0.90p	-3.20p	-2.30p	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	-15.9%
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	-3172p	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	-315%

Detica Group plc

	Interim - Sep 01	Final Mar 02	Interim - Sep 02	Comparison
REV	£14,534,000	£32,841000	£17,626,000	+213%
PBT	£2,179,000	£5,928,000	£2,847,000	+30.7%
EPS	7.50p	20.80p	9.30p	+24.0%

Diagonal plc

	Final - Nov. 01		Final - Nov 02	Comparison
REV	£82,182,000		£63,618,000	-22.6%
PBT	£4,256,000		-£2,254,000	Profit to loss
EPS	2.26p		-4.56p	Profit to loss

Dicom Group plc

	Interim - Dec 01	Final - Jun 02	Interim - Dec 02	Comparison
REV	£75,622,000	£149,527,000	£80,338,000	+6.2%
PBT	£4,216,000	£3,521000	£4,628,000	+9.8%
EPS	140p	3.50p	161p	+15.0%

Dimension Data plc

	Final - Sep 01		Final - Sep 02	Comparison
REV	£1707,500,000		£1489,600,000	-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	112p		136p	+214%

Easynet plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£28,607,000	£71276,000	£42,361000	+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	£1245,696	£3,236,111	£1234,399	-.9%
PBT	-£2,188,965	-£4,289,119	-£2,237,521	Loss both
EPS	-4.70p	-9.34p	-4.30p	Loss both

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

	Final - Sep 01		Final - Sep 02	Comparison
REV	£10,408,000		£8,480,000	-18.5%
PBT	-£306,000		-£1394,000	Loss both
EPS	-114p		-5.03p	Loss both

Empire Interactive plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£4,563,000	£11086,000	£11259,000	+146.7%
PBT	-£1633,000	-£2,406,000	-£1515,000	Loss both
EPS	-2.78p	-3.95p	-2.20p	Loss both

Epic Group plc

	Interim - Nov 01	Final - May 02	Interim - Nov 02	Comparison
REV	£3,308,000	£7,227,000	£4,614,000	+39.5%
PBT	£205,000	£835,000	£999,000	+387.3%
EPS	0.70p	3.10p	3.60p	+414.3%

Eurolink Managed Services plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£4,131000	£9,226,000	4512000	+9.2%
PBT	£7,000	£155,000	17000	+142.9%
EPS	-0.38p	0.47p	0.03	Loss to profit

Eyretel plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£24,151000	£50,017,000	£21385,000	-115%
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	£1046,000	-£1,103,000	Profit to loss
EPS	122p	0.84p	-2.35p	Profit to loss

Flomerics Group plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£12,875,000		£11,711000	-9.0%
PBT	£308,000		£635,000	+106.2%
EPS	172p		3.23p	+87.8%

Focus Solutions Group plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£2,285,000	£5,073,000	£2,821000	+23.5%
PBT	-£1,426,000	-£2,590,000	-£1834,000	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	-416%
PBT	-£2,411000	-£2,260,000	£301000	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	-517%
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	£37,991000	-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	£24,761000	£6,152,000	-52.8%
PBT	£1675,000	-£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	£11,163,749		£17,052,456	+52.7%
PBT	-£1,325,523		-£1,144,750	Loss both
EPS	-4.76p		-3.59p	Loss both

Harvey Nash Group plc

	Interim - Jul 01	Final - Jan 02	Interim - Jul 02	Comparison
REV	£126,359,000	£235,720,000	£83,489,000	-33.9%
PBT	-£1,103,000	-£11,346,000	-£6,576,000	Loss both
EPS	-3.95p	-39.38p	-16.16p	Loss both

Highams Systems Services Group plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep-02	Comparison
REV	£9,630,000	£16,777,000	£5,618,000	-417%
PBT	-£370,000	-£298,000	-£212,000	Loss both
EPS	-183p	-145p	-109p	Loss both

Horizon Technology Group plc

	Interim - Jun 01	Final - Jun 01	Interim - Dec 01	Comparison
REV	£102,239,000	£249,091000	£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		£2,831000	+82.1%
PBT	-£165,000		-£4,710,000	Loss both
EPS	-2.46p		-3142p	Loss both

I-Document Systems Plc

	Final - Oct 01		Final - Oct 02	Comparison
REV	£1201,192		£3,017,602	+1512%
PBT	-£1,181273		-£1483,473	Loss both
EPS	-0.97p		-11p	Loss both

ICM Computer Group plc

	Final - Jun 01		Final - Jun 02	Comparison
REV	£66,678,000		£68,871000	+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	-3196p	-4.10p	Loss both

Innovation Group plc (The)

	Final - Sep 01		Final - Sep 02	Comparison
REV	£43,695,000		£100,071000	+129.0%
PBT	-£10,806,000		-£391,114,000	Loss both
EPS	-1164p		-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	£1948,000	£3,111584	£1426,000	-26.8%
PBT	-£3,632,000	-£6,979,561	-£1904,000	Loss both
EPS	-8.30p	-13.53p	-151p	Loss both

IQ-Ludorum plc

	Interim - Jun 01	Final- Dec 01	Interim - Jun 02	Comparison
REV	£1897,000	£4,192,000	£1892,000	-.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	-£1779,000	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	£3,491000	£12,178,000	£6,072,000	+73.9%
EPS	2.04p	7.61p	3.29p	+613%

I S Solutions plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£5,904,000	£10,873,000	£3,621000	-38.7%
PBT	-£161000	-£222,000	-£879,000	Loss boh
EPS	-0.73p	-106p	-3.48p	Loss both

ITNET plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£176,446,000		£178,992,000	+14%
PBT	£10,467,000		£7,336,000	-29.9%
EPS	9.12p		3.01p	-67.0%

Izodia plc

	Final - Dec 00		Final - Dec 01	Comparison
REV	£2,697,000		£3,828,000	+419%
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	-£881000	-£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	-419%
PBT	-£55,069,000	-£57,638,000	-£5,742,000	Loss both
EPS	-7190p	-75.20p	-8.00p	Loss both

Knowledge Support Systems Group plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£512,658	£1020,520	£600,805	+17.2%
PBT	-£4,582,815	-£9,768,556	-£1490,049	Loss both
EPS	-6.20p	-12.17p	-182p	Loss both

LogicaCMG plc

	Final - Jun 01		Final - Jun 02	Comparison
REV	n/a		£2,008,800,000	n/a
PBT	n/a		-£827,100,000	n/a
EPS	n/a		n/a	n/a

London Bridge Software Holdings plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£74,070,000		£62,137,000	-16.1%
PBT	£4,725,000		-£51446,000	Profit to loss
EPS	173p		-30.31p	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, 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.

Lorien plc

	Final - Nov 01		Final - Nov 01	Comparison
REV	£139,028,000		£113,588,000	-18.3%
PBT	£1997,000		-£5,178,000	Profit to loss
EPS	8.40p		-32.50p	Profit to loss

Macro 4 plc

	Interim - Dec 01	Final - Jun 02	Interim - Dec 02	Comparison
REV	£19,393,000	£39,405,000	£16,465,000	-15.1%
PBT	-£3,505,000	-£3,910,000	-£3,006,000	Loss both
EPS	-15.60p	-18.80p	-12.40p	Loss both

Manpower SoftWare plc

	Interim - Nov 01	Final - May 02	Interim - Nov 02	Comparison
REV	£1600,663	£3,299,320	£866,166	-45.9%
PBT	-£669,034	-£1252,691	-£1324,620	Loss both
EPS	-2.70p	-5.10p	-2.99p	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	+815%
PBT	£5,053,000	£9,277,000	£2,795,000	-44.7%
EPS	192p	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

	Final - Dec 01		Final - Dec 02	Comparison
REV	£21009,000		£25,332,000	+20.6%
PBT	£251000		-£1964,000	Profit to loss
EPS	150p		-4.20p	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

	Interim - Nov 01	Final - May 02	Interim - Nov 02	Comparison
REV	£480,200,000	£1036,300,000	£516,600,000	+7.6%
PBT	£2,300,000	£34,700,000	£24,900,000	+982.6%
EPS	-0.10p	3.70p	2.60p	Loss to profit

MMT Computing plc

	Final - Aug 01		Final - Aug 02	Comparison
REV	£31112,000		£27,472,000	-117%
PBT	-£2,792,000		-£658,000	Loss both
EPS	-19.40p		-6.40p	Loss both

Mondas plc

	Interim - Oct 01	Final - Apr 02	Interim - Oct 02	Comparison
REV	£1729,088	£3,741673	£1452,981	-16.0%
PBT	-£1184,379	-£2,177,858	-£1529,674	Loss both
EPS	-5.90p	-10.10p	-7.30p	Loss both

Morse plc

	Interim - Dec. 01	Final - Jun 02	Interim - Dec 02	Comparison
REV	£226,001000	£465,180,000	£185,839,000	-17.8%
PBT	-£3,385,000	-£124,000	-£4,613,000	Loss both
EPS	-4.80p	-6.10p	-5.30p	Loss both

MSB International plc

	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	£1889,000	£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	£1713,000		£2,000,000	+16.8%
PBT	-£1599,000		-£2,755,000	Loss both
EPS	-6.00p		-10.00p	Loss both

Ncipher Plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£14,367,000		£11922,000	-17.0%
PBT	-£3,237,000		-£3,352,000	Loss both
EPS	-2.80p		-2.69p	Loss both

NetBenefit plc

	Final - Jun 01		Final - Jun 02	Comparison
REV	£6,353,000		£6,079,000	-4.3%
PBT	-£21663,000		-£1189,000	Loss both
EPS	-134.40p		-6.90p	Loss both

Netstore plc

	Interim - Dec 01	Final - Jun 02	Interim - Dec 02	Comparison
REV	£1733,000	£6,643,961	£6,224,000	+259.1%
PBT	-£3,776,000	-£6,944,415	-£1880,000	Loss both
EPS	-4.23p	-7.51p	-196p	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	-£21353,000	-£36,066,000	-£2,699,000	Loss both
EPS	-19.00p	-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	£41534,000	-6.9%
PBT	£4,102,000	£8,658,000	£29,807,000	+626.6%
EPS	139p	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	-1109p	-22.63p	-1104p	Loss both

OneclickHR plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£2,721780	£5,818,605	£2,792,765	+2.6%
PBT	-£1180,617	-£2,114,778	-£875,776	Loss both
EPS	-2.30p	-4.10p	-160p	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	-£1468,000	-£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	+617%
PBT	-£5,502,000	-£15,161000	-£5,133,000	Loss both
EPS	-4.30p	-1140p	-3.90p	Loss both

Pilat Media Global plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£2,841000	£6,139,000	£2,470,000	-13.1%
PBT	-£1284,000	-£2,235,000	-£1337,000	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	£41974,000	£71672,000	£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

	Final - Nov 01		Final - Nov 02	Comparison
REV	£55,300,000		£32,800,000	-40.7%
PBT	£1200,000		-£63,000,000	Profit to loss
EPS	-0.80p		-67.70p	Loss both

Quantica plc

	Final - Nov 01		Final - Nov 02	Comparison
REV	£33,418,000		£26,127,000	-218%
PBT	£2,860,000		-£3,443,000	Profit to loss
EPS	4.93p		-9.07p	Profit to loss

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	-132p		-3.10p	Loss both

Rage Software plc

	Final - Jun 01		Final - Jul 02	Comparison
REV	£5,731000		£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	£21226,000	£43,618,000	£28,352,000	+33.6%
PBT	£1093,000	£1990,000	-£455,000	Profit to loss
EPS	4.51p	7.93p	-128p	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	-£1873,000	Loss both
EPS	-0.47p	-2.15p	-0.69p	Loss both

RM plc

	Final - Sep 01		Final - Sep 02	Comparison
REV	£241916,000		£202,158,000	-16.4%
PBT	£15,207,000		-£5,914,000	Profit to loss
EPS	1120p		-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	£10,701000	-110%
PBT	-£680,000	-£5,267,000	£77,000	Loss to profit
EPS	-4.60p	-36.40p	120p	Loss to profit

Royalblue Group plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£66,253,000		£57,006,000	-14.0%
PBT	£4,197,000		£13,058,000	+211.1%
EPS	6.40p		32.90p	+414.1%

Sage Group plc

	Final - Sep 01		Final - Sep 02	Comparison
REV	£484,137,000		£551731000	+14.0%
PBT	£121317,000		£129,154,000	+6.5%
EPS	6.59p		6.99p	+6.1%

SBS Group plc

	Final - Aug 01		Final - Aug 02	Comparison
REV	£45,402,000		£32,089,000	-29.3%
PBT	-£3,621000		-£2,048,000	Loss both
EPS	-39.50p		-19.40p	Loss both

SDL plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£33,659,000		£58,002,000	+72.3%
PBT	-£5,098,000		-£3,518,487	Loss both
EPS	-1156p		-7.10p	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	-£1445,000	-£11012,000	-£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	£1359,000	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	-£1574,000		-£1633,000	Loss both
EPS	-2.18		-124p	Loss both

Sopheon plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£6,068,000	£13,963,000	£6,511000	+7.3%
PBT	-£12,565,000	-£34,631000	-£8,961000	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	-£15,021000	-£9,491000	Profit to loss
EPS	0.47p	-9.15p	-6.39p	Profit to loss

Staffware plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£38,230,000		£39,031000	+2.1%
PBT	-£3,250,000		£2,608,000	Loss to profit
EPS	-26.00p		11.10p	Loss to profit

StatPro Group plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£3,172,000	£6,174,000	£3,031000	-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

	Interim - Dec 01	Final - Jun 02	Interim - Dec 02	Comparison
REV	£16,965,000	£37,538,000	£22,044,000	+29.9%
PBT	-£27,067,000	-£48,084,000	£2,071000	Profit to loss
EPS	-89.30p	-156.55p	4.50p	Profit to loss

Synstar plc

	Final - Sep 01		Final - Sep 02	Comparison
REV	£238,198,000		£221870,000	-6.9%
PBT	-£21296,000		£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	+19%
PBT	£679,000	£2,189,000	£1616,000	+138.0%
EPS	0.60p	190p	160p	+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	-212%
PBT	-£1800,000	-£5,068,000	-£2,912,000	Loss both
EPS	-0.81p	-2.20p	-161p	Loss both

Tikit Group plc

	Interim - Jun 01	Final - Dec 01	Interim - Jun 02	Comparison
REV	£4,704,000	£9,123,000	£3,731000	-20.7%
PBT	£320,000	£1006,000	£1000	-99.7%
EPS	3.10p	6.10p	0.00p	-100.0%

Torex plc

	Final - Dec 01		Final - Dec 01	Comparison
REV	£132,206,000		£161791000	+22.4%
PBT	£8,915,000		£14,688,000	+64.8%
EPS	9.00p		16.80p	+86.7%

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	£1415,606	£280,033	-63.8%
EPS	5.11p	9.44p	184p	-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	£1770,000	£611000	+0.8%
EPS	3.80p	10.90p	3.70p	-2.6%

Trace Group plc

	Interim - Nov 01	Final - May 01	Interim - Nov 02	Comparison
REV	£10,475,000	£15,656,000	£8,432,000	-19.5%
PBT	£771000	£3,183,000	-£2,135,000	Profit to loss
EPS	3.12p	17.12p	-13.86p	Profit to loss

Transeda plc

	Final - Jun 01		Final - Jun 02	Comparison
REV	£6,510,000		£5,751000	-117%
PBT	£592,000		-£7,346,000	Profit to loss
EPS	0.66p		-1172p	Profit to loss

Transware plc

	Final - Jun 01		Final - Jun 02	Comparison
REV	£10,417,322		£12,806,946	+22.9%
PBT	£1550,188		£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	£41567,000	£14,091000	-417%
PBT	£1519,000	-£470,000	-£2,527,000	Profit to loss
EPS	4.10p	-136p	-7.91p	Profit to loss

Tribal Group plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£15,344,000	£45,651000	£38,275,000	+149.4%
PBT	£761000	£4,680,000	£412,000	-45.9%
EPS	0.22p	6.60p	-174p	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 01	Interim - Jun 01	Comparison
REV	£21963,000	£58,990,000	£27,281000	+24.2%
PBT	£111,000	£858,000	£431000	+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	-10%
PBT	-£332,000	-£763,000	-£8,662,000	Loss both
EPS	-190p	-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	-104p	Profit to loss

Vocalis Group plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£1223,000	£1735,000	£1404,000	+14.8%
PBT	-£1968,000	-£4,185,000	-£1626,000	Loss both
EPS	-4.25p	-5.41p	-128p	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	£1000	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	£1700,000	-£507,800,000	-£140,700,000	Profit to loss
EPS	-3.52p	-184.66p	-5100p	Loss both

XKO Group plc

	Interim - Sep 01	Final - Mar 02	Interim - Sep 02	Comparison
REV	£20,433,000	£38,880,000	£21614,000	+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	-£231000	-£1571000	-£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, 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 28-Feb-03	Capitalisation 28-Feb-03	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 28-Feb-03	Share price move since 31-Jan-03	Share price % move in 2003	Capitalisation move since 31-Jan-03	Capitalisation move (£m) in 2003
AFA Systems	SP	£0.15	£3.4m	Loss	0.42	121	0.00%	-23.68%	-£0.05m	-£1.12m
Affinity Internet Holdings	CS	£0.33	£10.8m	Loss	0.20	2500	-10.96%	-13.33%	-£1.40m	-£1.74m
AIT Group	CS	£0.29	£7.2m	Loss	0.20	190	0.00%	-17.14%	£0.18m	-£1.19m
Alphameric	SP	£0.56	£58.5m	Loss	0.94	257	0.00%	9.80%	£0.00m	£5.17m
Alterian	SP	£0.37	£14.3m	Loss	3.35	183	7.35%	-1.35%	£1.00m	-£0.20m
Anite Group	CS	£0.24	£79.0m	Loss	0.39	137	-11.32%	0.00%	-£10.00m	£0.04m
Argonaut Games	SP	£0.12	£11.1m	3.7	0.78	120	-34.29%	-34.29%	-£5.80m	-£5.80m
Autonomy Corporation	SP	£1.54	£192.4m	50.3	5.66	47	16.67%	-12.00%	£27.50m	-£26.28m
Aveva Group	SP	£3.31	£55.9m	16.2	1.76	1653	4.09%	-6.51%	£2.20m	-£3.90m
Axon Group	CS	£0.59	£30.7m	10.7	0.72	337	4.42%	3.51%	£1.30m	£1.10m
Azlan Group	R	£1.23	£136.9m	10.7	0.22	535	38.98%	10.46%	£38.40m	£12.99m
Baltimore Technologies	SP	£0.27	£14.4m	Loss	0.20	277	-15.63%	-40.00%	-£2.70m	-£8.64m
Bond International	SP	£0.17	£2.5m	0.0	0.22	262	-2.86%	-2.86%	£0.00m	£0.00m
Business Systems	CS	£0.04	£2.8m	Loss	0.08	29	-6.67%	-26.32%	-£0.20m	-£1.01m
Capita Group	CS	£2.43	£1,617.0m	21.2	1.80	65688	18.68%	-1.82%	£255.00m	-£29.87m
Charteris	CS	£0.20	£6.9m	5.8	0.36	217	18.18%	-13.33%	£0.01m	-£2.49m
Clarity Commerce	SP	£0.62	£9.5m	Loss	1.26	492	-10.22%	-11.51%	£0.04m	-£0.10m
Clinical Computing	SP	£0.31	£7.7m	Loss	3.51	246	-3.17%	-6.15%	-£0.25m	-£0.50m
CODASciSys (was Science Systems)	CS	£2.65	£65.4m	12.5	1.32	2054	2.91%	8.16%	£0.00m	£4.50m
Comino	SP	£1.30	£17.9m	Loss	0.87	1000	-5.11%	1.96%	-£1.00m	£0.29m
Compass Software	SP	£0.68	£7.8m	25.2	1.61	450	2.27%	2.27%	£0.00m	£0.00m
Compel Group	R	£0.53	£23.7m	Loss	0.37	420	-31.37%	-36.36%	£0.03m	-£1.88m
Computacenter	R	£2.70	£500.4m	17.7	0.24	403	10.88%	-3.57%	£49.10m	-£18.50m
DCS Group	CS	£0.14	£3.5m	Loss	0.03	233	7.69%	33.33%	£0.25m	£0.88m
Delcam	SP	£1.19	£7.3m	16.8	0.40	458	-0.83%	-4.80%	£0.01m	-£0.29m
Detica	CS	£3.00	£67.1m	14.4	2.05	750	-1.15%	-16.20%	-£0.70m	-£12.90m
Diagonal	CS	£0.46	£41.1m	Loss	0.65	669	-10.68%	-9.80%	-£4.90m	-£4.50m
Dicom Group	R	£3.95	£82.2m	25.2	0.55	1211	-3.66%	-2.47%	-£3.10m	-£2.10m
Dimension Data	R	£0.21	£278.4m	Loss	0.13	37	-17.00%	-28.45%	-£57.10m	-£110.79m
DRS Data & Research	SP	£0.30	£10.2m	Loss	1.01	268	7.27%	-1.67%	£0.68m	-£0.20m
Easynet	CS	£0.82	£45.5m	Loss	1.09	23	12.33%	3.80%	£0.23m	-£3.57m
Easyscreen	SP	£0.29	£16.1m	Loss	4.98	171	17.17%	16.00%	£2.60m	£2.80m
Eidos	SP	£1.14	£158.1m	Loss	0.93	5697	0.00%	-9.52%	£0.00m	-£16.64m
Electronic Data Processing	SP	£0.39	£9.5m	Loss	1.12	1179	0.00%	-1.28%	£0.00m	-£0.12m
Empire Interactive	SP	£0.03	£2.0m	Loss	0.18	54	8.33%	-56.67%	£0.01m	-£3.12m
Epic Group	CS	£0.90	£19.9m	15.1	2.75	857	15.38%	16.88%	£0.21m	£0.41m
Eurolink Managed Services	CS	£0.35	£3.6m	73.4	0.39	345	-1.43%	0.00%	£0.00m	£0.05m
Eyretel	SP	£0.25	£37.5m	50.0	0.75	245	127.91%	145.00%	£21.10m	£22.20m
Financial Objects	SP	£0.38	£10.3m	5.1	0.59	163	-3.85%	-5.06%	-£0.50m	-£0.60m
Flomerics Group	SP	£0.47	£6.7m	14.1	0.57	1788	2.20%	-32.12%	£0.06m	-£3.27m
Focus Solutions Group	SP	£0.12	£2.8m	Loss	0.56	62	9.09%	-17.24%	£0.00m	-£0.90m
GB Group	SP	£0.13	£10.4m	Loss	0.61	84	-3.70%	-5.45%	-£0.40m	-£0.60m
Gladstone	SP	£0.08	£1.8m	Loss	0.10	194	82.35%	55.00%	£0.00m	-£0.31m
Glotel	A	£0.52	£19.9m	Loss	0.20	268	-1.90%	-3.74%	£0.00m	-£0.40m
Gresham Computing	CS	£0.52	£24.9m	Loss	1.01	554	5.10%	-15.92%	£1.20m	-£4.72m
Harrier Group	CS	£0.08	£2.0m	Loss	0.11	60	14.81%	-8.82%	£0.02m	-£0.48m
Harvey Nash Group	A	£0.38	£21.3m	Loss	0.09	217	31.03%	8.57%	£5.10m	£1.74m
Highams Systems Services	A	£0.06	£1.7m	Loss	0.10	174	-28.57%	-26.47%	-£0.01m	£0.04m
Horizon Technology	R	£0.20	£11.4m	Loss	0.05	72	-9.30%	-4.88%	-£1.10m	-£0.60m
Host Europe	CS	£0.01	£15.4m	Loss	1.62	456	-0.77%	-7.86%	-£0.01m	-£0.41m
Hot Group (was RexOnline)	CS	£0.13	£5.6m	Loss	1.96	149	-24.24%	-10.71%	£0.00m	£1.64m
I S Solutions	CS	£0.06	£1.4m	Loss	0.13	214	-4.17%	0.00%	-£0.06m	£0.00m
ICM Computer Group	CS	£1.40	£33.6m	8.9	0.49	778	-17.65%	-23.29%	£0.04m	-£2.46m
I-Document Systems	SP	£0.11	£15.8m	Loss	5.23	14	0.00%	-4.26%	-£0.02m	-£0.72m
IDS Group	SP	£0.11	£6.3m	Loss	0.18	122	0.00%	-15.38%	£0.00m	-£1.15m
Innovation Group	SP	£0.10	£19.4m	Loss	0.19	44	29.03%	-13.04%	£4.30m	-£2.91m
InTechnology	CS	£0.55	£84.2m	Loss	0.53	2180	-10.66%	-9.17%	£0.04m	£1.44m
Intelligent Environments	SP	£0.03	£4.8m	Loss	1.53	35	-7.14%	-7.14%	£0.13m	£0.19m
IQ-Ludorum	SP	£0.03	£2.2m	Loss	0.36	37	0.00%	0.00%	£0.00m	£0.00m
iRevolution	CS	£0.01	£0.3m	Loss	0.05	17	0.00%	-40.00%	£0.00m	-£0.23m
iSOFT Group	SP	£2.17	£254.7m	17.7	4.24	1968	-3.56%	-15.43%	-£9.50m	-£46.50m
ITNET	CS	£1.92	£140.3m	63.8	0.78	549	12.61%	-0.26%	£15.70m	-£0.40m
Izodia (was Infobank)	SP	£0.44	£25.7m	Loss	6.81	6985	0.00%	0.00%	£0.00m	-£0.20m
Jasmin	SP	£1.28	£6.0m	7.4	0.84	850	-1.16%	-17.21%	-£0.07m	-£1.25m
K3 Business Technology	SP	£0.08	£4.3m	Loss	0.54	61	-5.88%	-5.88%	£0.02m	£0.02m
Kewill	SP	£0.23	£17.6m	Loss	0.37	450	10.98%	-7.14%	£1.70m	-£1.40m
Knowledge Support Systems Group	SP	£0.25	£18.1m	Loss	18.10	111	11.36%	19.51%	£1.90m	£3.00m
LogicaCMG	CS	£1.20	£897.6m	Loss	0.45	1647	-1.03%	-19.83%	-£7.40m	-£227.27m
London Bridge Software	SP	£0.37	£62.8m	Loss	1.01	925	25.42%	48.00%	£12.70m	£20.40m
Lorien	A	£0.54	£10.9m	Loss	0.10	540	-2.70%	-22.86%	-£0.01m	-£2.81m

Note: Main SYSTEMHOUSE 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 28-Feb-03	Capitalisation 28-Feb-03	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 28-Feb-03	Share price move since 31-Jan-03	Share price % move in 2003	Capitalisation move since 31-Jan-03	Capitalisation move (£m) in 2003
Macro 4	SP	£0.46	£9.6m	Loss	0.24	185	3.37%	1.10%	£0.31m	£0.11m
Manpower SoftWare	SP	£0.06	£2.7m	Loss	0.80	59	-4.17%	-32.35%	£0.00m	-£1.11m
Marlborough Stirling	SP	£0.28	£63.2m	5.1	0.86	200	-8.20%	-21.13%	-£5.60m	-£16.90m
MERANT	SP	£1.18	£124.0m	Loss	1.42	570	24.21%	39.64%	£24.10m	£35.20m
Microgen	CS	£0.31	£17.8m	Loss	0.70	130	38.64%	52.50%	£5.00m	£6.10m
Minorplanet Systems	SP	£0.74	£95.9m	Loss	0.77	1501	-43.68%	-40.24%	£0.37m	£5.87m
Misys	SP	£1.92	£1,103.0m	14.5	1.06	2382	8.19%	8.81%	£84.00m	£89.20m
MMT Computing	CS	£0.91	£11.0m	Loss	0.40	539	-7.18%	1.69%	-£0.80m	£0.23m
Mondas	SP	£0.25	£4.9m	Loss	1.30	333	8.70%	0.00%	£0.00m	-£0.15m
Morse	R	£1.13	£133.4m	Loss	0.29	450	8.70%	-11.76%	-£1.20m	-£32.40m
MSB International	A	£0.44	£10.4m	8.5	0.07	229	-13.86%	-20.18%	£0.05m	-£0.76m
Myratech.net	CS	£0.03	£0.8m	Loss	0.48	19	-13.79%	-16.67%	£0.00m	-£0.04m
Ncipher	SP	£0.84	£105.7m	Loss	11.89	334	33.60%	36.89%	£26.60m	£28.50m
NetBenefit	CS	£0.11	£1.8m	Loss	0.30	56	0.00%	-8.16%	£0.00m	-£0.12m
Netstore	CS	£0.22	£21.0m	Loss	3.16	147	2.33%	14.29%	£0.50m	£2.70m
Nettec	CS	£0.07	£8.4m	Loss	0.51	0	0.00%	3.70%	£0.00m	£0.16m
Northgate Information Solutions	CS	£0.21	£59.3m	9.2	0.64	80	-7.78%	-20.19%	-£4.30m	-£15.07m
NSB Retail Systems	SP	£0.06	£17.3m	Loss	0.18	478	-12.00%	-24.14%	-£2.80m	-£6.02m
OneclickHR	SP	£0.07	£3.9m	Loss	0.67	175	0.00%	-6.67%	£0.00m	-£0.28m
Orchestream	SP	£0.06	£7.7m	Loss	0.52	32	0.00%	4.35%	£0.00m	£0.16m
Parity	A	£0.13	£19.9m	Loss	0.08	2167	-5.45%	-20.00%	-£1.20m	-£5.00m
Patsystems	SP	£0.05	£15.8m	Loss	2.72	42	-62.50%	-62.50%	-£0.02m	£0.18m
Pilat Media Global	SP	£0.03	£0.9m	Loss	0.15	138	-77.08%	-83.33%	-£4.35m	-£6.33m
Planit Holdings	SP	£0.21	£17.4m	5.6	0.78	875	2.44%	-20.75%	£0.40m	-£4.60m
PSD Group	A	£1.32	£39.8m	12.0	0.56	598	-17.03%	-28.92%	£0.01m	-£6.59m
QA (was Skillsgroup)	CS	£0.06	£5.3m	Loss	0.16	26	9.52%	4.55%	£0.45m	£0.23m
Quantica	A	£0.22	£11.7m	Loss	0.45	173	-25.86%	-35.82%	£0.01m	-£1.79m
Raft International	SP	£0.04	£2.0m	Loss	0.30	70	46.00%	46.00%	£0.00m	£0.00m
Rage Software	SP	£0.00	£2.6m	Loss	0.22	10	0.00%	-75.00%	£0.00m	-£5.47m
RDL Group	A	£0.09	£1.7m	1.7	0.04	94	0.00%	-63.83%	£0.02m	-£2.93m
Retail Decisions	SP	£0.03	£7.4m	Loss	0.33	37	-15.38%	-31.25%	-£1.76m	-£3.91m
RM	SP	£0.97	£88.3m	Loss	0.44	2757	4.89%	7.22%	£4.10m	£6.00m
Rolfe & Nolan	SP	£1.02	£15.4m	Loss	0.60	1208	30.97%	34.44%	£4.00m	£4.30m
Royalblue Group	SP	£2.58	£78.4m	7.8	1.38	1515	19.77%	9.57%	£12.90m	£6.88m
Sage Group	SP	£1.34	£1,694.0m	18.2	3.07	51442	13.35%	0.56%	£199.00m	£9.50m
SBS Group	A	£0.10	£1.3m	Loss	0.04	95	-7.77%	-5.00%	£0.00m	£0.04m
SDL	CS	£0.34	£18.4m	Loss	0.32	227	17.24%	13.33%	£2.70m	£2.20m
ServicePower	SP	£0.10	£5.1m	Loss	1.60	95	-5.00%	18.75%	£0.00m	£1.02m
Sherwood International	SP	£0.77	£35.1m	Loss	0.62	2565	-8.33%	0.00%	-£3.20m	-£0.01m
Sirius Financial (was Policymaster)	SP	£1.08	£19.1m	36.2	1.10	717	0.00%	-2.27%	£0.00m	-£0.40m
Software for Sport	SP	£0.03	£4.6m	Loss	1.53	277	0.00%	0.00%	£0.00m	£0.00m
Sopheon	SP	£0.10	£9.0m	Loss	0.64	144	-13.04%	-23.08%	-£0.82m	-£2.09m
Spring Group	A	£0.51	£73.1m	Loss	0.33	561	4.12%	9.78%	£0.32m	£4.07m
Staffware	SP	£3.30	£47.5m	Loss	1.22	1467	15.79%	38.95%	£6.50m	£13.30m
StatPro Group	SP	£0.15	£4.7m	Loss	0.77	181	-14.71%	-27.50%	-£0.82m	-£1.80m
SurfControl (was JSB)	SP	£3.53	£106.3m	Loss	2.83	1763	-12.42%	-15.57%	-£15.10m	-£19.60m
Synstar	CS	£0.60	£97.5m	18.1	0.44	364	6.19%	2.56%	£5.70m	£2.40m
Systems Union (was Freecom)	SP	£0.63	£64.8m	10.1	0.83	481	0.00%	-13.79%	£0.27m	-£10.03m
Telecity	CS	£0.04	£6.8m	Loss	0.48	5	7.69%	7.69%	£0.50m	£0.25m
Telework Systems	SP	£0.06	£9.9m	Loss	0.63	0	0.00%	0.00%	£0.00m	£0.00m
Tikit Group	CS	£0.82	£9.6m	14.8	1.05	709	0.00%	0.00%	£0.00m	£0.00m
Torex Group	CS	£3.75	£177.5m	22.4	1.10	7282	11.94%	16.28%	£18.90m	£24.80m
Total Systems	SP	£0.38	£3.9m	6.1	0.72	708	-5.06%	-11.76%	-£0.21m	-£0.52m
Touchstone Group	SP	£0.87	£9.3m	7.9	0.65	824	-2.26%	-13.50%	£0.09m	-£1.14m
Trace Group	SP	£0.38	£5.7m	5.5	0.33	300	-5.06%	-19.35%	-£0.30m	-£1.37m
Transeda	SP	£0.02	£1.2m	Loss	0.21	40	14.29%	-33.33%	£0.00m	-£0.88m
Transware	CS	£0.09	£3.6m	25.8	0.28	110	3.03%	21.43%	£0.00m	£1.10m
Triad Group	CS	£0.28	£4.2m	Loss	0.10	204	3.77%	-5.17%	£0.16m	-£0.22m
Tribal Group	CS	£2.64	£134.3m	16.3	2.94	1597	2.73%	10.25%	-£0.04m	£10.86m
Ultima Networks	R	£0.01	£1.7m	Loss	0.24	21	-2.22%	-12.00%	£0.00m	-£0.24m
Universe Group	SP	£0.22	£7.8m	6.3	0.16	978	-2.22%	-2.22%	-£0.19m	-£0.19m
Vega Group	CS	£0.60	£11.0m	Loss	0.31	492	-4.00%	0.84%	-£0.50m	£0.10m
VI group	SP	£0.15	£5.8m	7.0	0.89	295	-4.84%	-4.84%	£0.00m	£0.00m
Vocalis Group	SP	£0.02	£2.8m	Loss	1.60	21	0.00%	-20.00%	£0.00m	-£0.69m
Warthog	SP	£0.17	£8.5m	16.9	0.96	395	-5.56%	-2.86%	£0.00m	£0.23m
Wealth Management Software	SP	£0.07	£2.8m	Loss	0.24	50	-3.70%	-18.75%	-£0.01m	-£0.53m
Xansa (was F.I. Group)	CS	£0.59	£196.1m	Loss	0.38	1513	12.38%	7.27%	£21.60m	£13.34m
XKO Group	SP	£0.30	£7.9m	Loss	0.20	197	-15.71%	-19.18%	-£1.47m	-£1.88m
Xpertise Group	CS	£0.03	£6.0m	Loss	1.14	130	18.18%	-13.33%	£0.00m	£3.32m

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

A FEW BRIGHT SPOTS

28-Feb-03	S/ITS Index	2536.22
	FTSE IT (SCS) Index	327.24
	techMARK 100	602.00
	FTSE 100	3655.60
	FTSE AIM	567.80
SCSI Index =1000 on 15th April 1989	FTSE SmallCap	1711.73

Changes in Indices	SCSI Index	FTSE 100	techMARK 100	FTSE IT SCS Index	FTSE AIM Index	FTSE Small Cap
Month (01/02/03 to 28/02/03)	+0.62%	+2.47%	-1.71%	+6.19%	-2.20%	-1.03%
From 15th Apr 89	+153.62%	+78.01%				
From 1st Jan 90	+175.65%	+54.77%				
From 1st Jan 91	+258.29%	+69.21%				
From 1st Jan 92	+142.73%	+46.63%				
From 1st Jan 93	+59.15%	+28.42%				+23.38%
From 1st Jan 94	+51.91%	+6.94%				-8.40%
From 1st Jan 95	+69.17%	+19.25%				-1.99%
From 1st Jan 96	+12.30%	-0.91%	-23.73%		-40.45%	-11.84%
From 1st Jan 97	-5.28%	-11.24%	-34.18%		-41.83%	-21.59%
From 1st Jan 98	-16.44%	-28.82%	-36.90%	-67.28%	-42.76%	-26.00%
From 1st Jan 99	-35.65%	-37.86%	-58.65%	-77.37%	-29.17%	-17.34%
From 1st Jan 00	-77.89%	-47.25%	-84.07%	-91.20%	-70.62%	-44.74%
From 1st Jan 01	-69.71%	-41.25%	-76.53%	-83.21%	-60.51%	-46.23%
From 1st Jan 02	-47.14%	-29.93%	-59.12%	-61.24%	-36.76%	-33.63%
From 1st Jan 03	-6.51%	-7.23%	-7.21%	-3.82%	-5.82%	-5.98%

End Feb 03	Move since 1st Jan 99	Move since 1st Jan 00	Move since 1st Jan 01	Move since 1st Jan 02	Move since 1st Jan 03	Move in Feb 03
System Houses	-47.3%	-79.5%	-72.4%	-50.3%	-0.9%	2.9%
IT Staff Agencies	-78.3%	-81.1%	-69.9%	-45.7%	-18.3%	-6.2%
Resellers	-4.7%	-54.1%	-39.3%	-32.4%	-8.6%	-0.6%
Software Products	-0.7%	-76.1%	-82.7%	-44.1%	-7.5%	0.4%
Holway Internet Index	91.7%	-76.7%	-65.7%	-38.0%	-5.3%	-3.4%
Holway SCS Index	-35.6%	-77.9%	-69.7%	-47.1%	-6.5%	0.6%

After two consecutive months of falls, Ovum Holway's S/ITS index managed a modest rise in February. It ended the month up 0.6%. The FTSE SCS index, which remains the best indicator of the share performance of the larger companies in our industry, rose rather more impressively, by 6%.

System Houses were the brightest sector in February, with an average 2.9% rise during the month. **Migrogen**'s climb of 39% made it the top performing System House of the lot.

The industry's two remaining FTSE 100 representatives both had good months. **Capita**'s results have been well received and helped to drive its share price up 19%. **Sage** also did well, with 13% rise.

But it's not all good news. Share prices for IT staff agencies continued to suffer in February, with an average 6.2% drop to add to the 13% drop recorded in January. **Quantica** (down 26% in the month) and Highams System Services (down 29%) were the worst performers in the ITSA sector.

The best performing share of all during February was **Eyretel**. Its price was driven up 128% on the back of take-over speculation. **Gladstone** was in second place with an 82% rise. Wooden spoons for the month go to **Pilat Media Global** (down 77%) and **Knowledge Technology Solutions** (down 85%).

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