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ovum HOLWAY

SYSTEMHOUSE

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

SLOW MOTION RECOVERY

We've just spent the dying days of summer poring over the financial accounts that UK-owned S/ITS players filed for 2003, looking for clues to where the industry is going. The result is the latest *Holway@Ovum: Financial Health* 2004 research. Overall, it's a story of recovery from recession, but a recovery like no others we've known before – get ready for a long, slow grind ahead.

The good news is that UK-owned S/ITS companies are undoubtedly improving their performance in the market. They are more profitable, and they are exploiting their assets – including their staff – much more effectively. The companies in our research returned to profit at the pre-tax level in 2003, and they also significantly increased their profitability at operating level. And this despite flat revenues.

The bad news is that there's a still a lot of hard work ahead. Average margins remain feeble, and we don't see much revenue growth in the pipeline. That means growth is primarily about taking market share, or moving into faster-growing market segments, while ruthlessly controlling costs.

We looked at UK-headquartered companies which produce their primary Report and Accounts in the UK. Why? Partly because we want to see how the 'indigenous' players are performing. But partly because this allows us to collect a great deal of information specifically about the UK market. We looked closely at 200 software houses, 154 services companies, 36 IT staff agencies, and 16 resellers. We didn't look at every UK company, but we used a pretty good sample to discover the key trends and changes that are occurring in all four of these sectors.

This is a new phase of the business cycle: the slow-motion recovery. The first thing to say is that although we are clearly in the recovery phase, revenues are hardly rocking. The companies we looked at in this report clocked up an aggregate top-line revenue growth of 2.6%. If we exclude all acquisitions, the figures are much worse. We get a revenue decline for all the companies in our research of 3%.

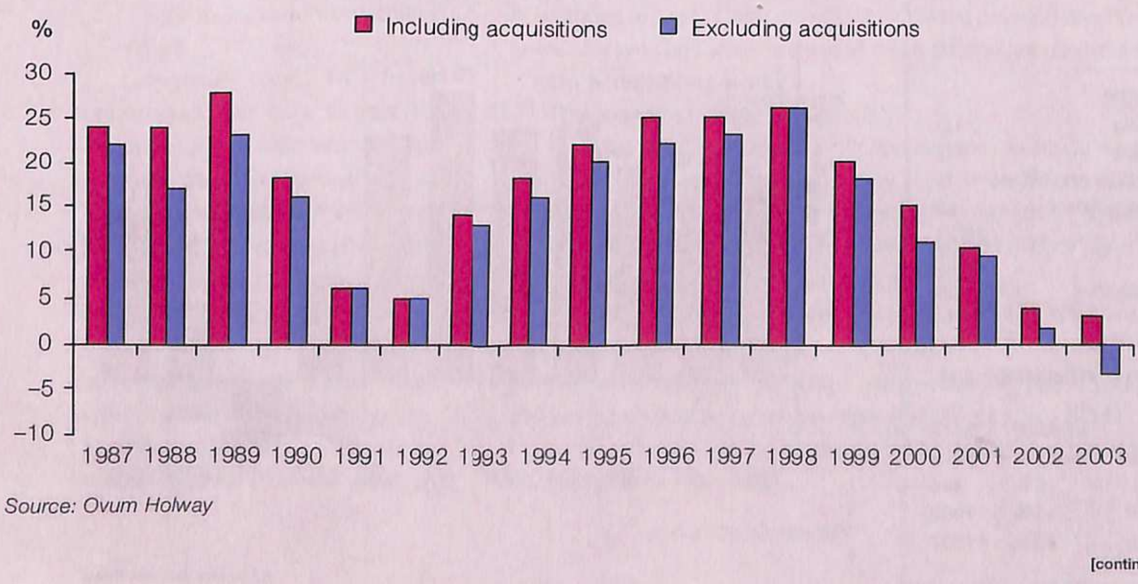
This is the fifth successive year of revenue growth-rate slowdown, and the first year of actual revenue decline when the effects of acquisitions are stripped out. Previous recoveries were characterised by strong revenue growth, which helped profits to grow quickly. Not this one. We're in new territory here, and it's tough.

Profits are up

This is now a profitable industry again. The companies in our research did well last year, quadrupling their average operating margin from 0.9% in 2002 to 3.5% in 2003. That's a good achievement, and well worth a pat on the back.

All sectors in this year's research were positive at the operating level. The S/ITS industry has now completed a 'clean sweep' operating profitability across all four sectors.

But a word of caution: only the software and services companies actually increased their average operating



Source: Ovum Holway

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margins (from minus 4.5% to 5.3% and from 2.4% to 4% respectively). Agencies and resellers saw declines (from 3.2% to 1.6% and from 2.4% to 2% respectively). Once again, we see a two-track industry, with software and services outperforming resellers and agencies.

We doubt that there is a great future for 'vanilla-flavour' resellers and agencies – those without a strong differentiatior that allows them to add more value and thereby generate higher margins. We think that the relatively poorer performance of the agencies and resellers sectors in 2003 reflected the greater difficulties that companies in these sectors had in building more value-added offerings for their clients.

In pre-tax profit, the overall improvement was even better, with our companies going from a minus 12.4% margin to a break-even 0.2% margin. That's a pretty staggering improvement. Why? The level of extraordinary charges suffered by our companies was far lower in 2003 than it was in 2002. We're seeing a return to normal 'peace time' activity, after going through a painful 'wartime' period of post-bubble restructuring and associated writedown of goodwill accumulated in those earlier 'exuberant' times. It's back to normal for the industry, at last.

Or not quite normal. The days of wide scale job losses are now behind us; the fat has now been cut. On a human level, that's good news. But for companies, it makes life harder, because it means that growth/recovery will now have to come from a combination of revenue growth and cost control, rather than swingeing cost cuts.

The problem here is that we don't see the sort of impressive revenue growth associated with previous industry recoveries. This will almost certainly be a slower and harder recovery than its predecessors.

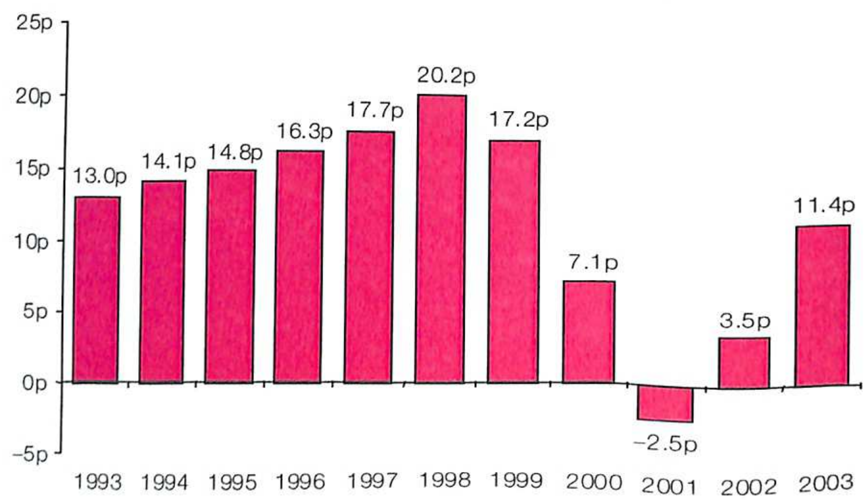
Given that we don't expect a return to double-digit revenue growth (even in IT services) in the overall market, we're looking at years of continuous cost control if we're to return to sustained profitability. This is an industry with (in aggregate, at least) a long, hard grind ahead. And that won't be easy. It will be quite a challenge for mangers whose experience has mostly been managing boom times, rather than downturns.

Staff productivity is up

Revenues per head increased slightly (by 1.3%) in 2003. This came on the back of some pretty substantial culling of staff numbers in the software, IT staff agency and reseller sectors – but with some staffing increase in the IT services sector attributable to large-scale employee transfers undertaken as part of outsourcing deals.

But more importantly, staff productivity measured in terms of profit increased too. Operating profit per pound spent on employees – which we consider the best simple measure of staff productivity – tripled last year, going from 3.5 pence in 2002 to 11.4 pence in 2003. That's half what it was in 1998 (admittedly the best year on record) but a huge improvement on the previous three years. The UK S/ITS industry is 'sweating' (exploiting) its human assets better.

UK S/ITS companies average operating profit per £ spent on staff



Source: Ovum Holway

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INDICES (changes in September 04)

Holway S/ITS	+1.46%	**4713**
Holway Internet	+4.9%	**4700**
FTSE IT (SCS)	+6%	**444**
techMARK 100	+5%	**1083**
Nasdaq Comp	+3%	**1897**

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The crystal ball

What's the future? We expect to see profitability improving, but more slowly than in past upturns. As we said, this is the "slow-mo recovery". We'd be surprised to see the same impressive level of improvement in pre-tax profits in 2004 that companies managed in 2003, for example. With operating margins, there's room for some year-on-year improvement. In particular, software companies could be doing a little better than 5.3% operating margin, and even IT services companies should be able to improve on margins of 4%. We're also seeing (in late 2004) a distinct improvement in the fortunes of IT staff agencies. Surely the sector's miserable 1.6% operating margin in 2003 should improve greatly in 2004?

As for revenues, well, we're not so optimistic. We think the UK S/ITS market in general will grow 1.9% (excluding inflation) in 2004, with faster growth for selected areas such as outsourcing and in particular BPO (business process outsourcing). But we'd expect lower growth for resellers, who face continual problems of price erosion.

You should automatically expect your customers to ask you to provide 'more for less' for the foreseeable future. That makes growing revenues much harder than during the boom years, which are now turning into a distant memory. Get used to low or flat overall growth. Get used to fast growth coming primarily from stealing market share or exploiting entirely new markets!

That doesn't mean the industry can't get stronger and fitter; it definitely can if it sticks to the medicine it was taking in 2003. But improvements in financial health now require much harder work and more discipline than they did just a few years ago, in the heady days of the 1990s. Welcome to the real world. *(Douglas Hayward)*

HOLWAY COMMENT

CONSOLIDATION

A quick look back at my presentations folder shows that I seem to have been talking about 'consolidation' in the IT space for at least the last 18 years.

Three 'events' in the last month have brought 'consolidation' back onto the agenda.

- HP's performance warning
- Capgemini's shocking, surprise loss
- Oracle getting the green light to pursue Peoplesoft

Why?

Capgemini and HP have undertaken the two largest IT acquisitions this millennium so far – when they acquired Ernst & Young and Compaq respectively. Peoplesoft's acquisition of JDEdwards in June 2003 not only started the Oracle pursuit but also much talk of impending consolidation in the sector. This was further enlivened when Microsoft made public that it had made approaches to acquire SAP. Now it seems that every second tier software player deserves a bid premium.

Anyone would think that 'consolidation' was new. It very clearly isn't. We have been reporting mega acquisitions every year since we started in 1986 – in that first year Sperry and Burroughs 'merged' to form Unisys. Many of today's biggest IT players were built from multiple acquisitions. Misys has been a serial consolidator since the mid 1980s. Sage and Capita have each undertaken over 30 acquisitions in the last ten years. Capgemini and Atos Origin have complex family trees stretching back decades too.

So why are we all talking about it now?

When markets mature, they always consolidate. It's one of the only ways to drive earnings growth – grab market share and gain economies of scale. IT is now a mature market with growth expectations hovering around GDP growth levels. We just can't afford to have all those second tier players anymore.

Do acquisitions work?

The answer to that is 'it depends'.

Multiple, small to medium-sized acquisitions clearly do work. That's the model for Sage and Capita and they have been hugely successful as a result. IBM and Microsoft have undertaken hundreds of small acquisitions too in the last 20 years. They are mainly strategic – filling gaps in a product range or a geography. They don't do it to 'bulk up'.

But the larger the acquisition, the more likely it is to fail – or at least do damage to shareholder value.

We had an adage that "When the company in which you are invested announces an acquisition of a company >50% its size – SELL!"

By the way, you can define size by market value, revenue, staff numbers – it seems to work regardless.

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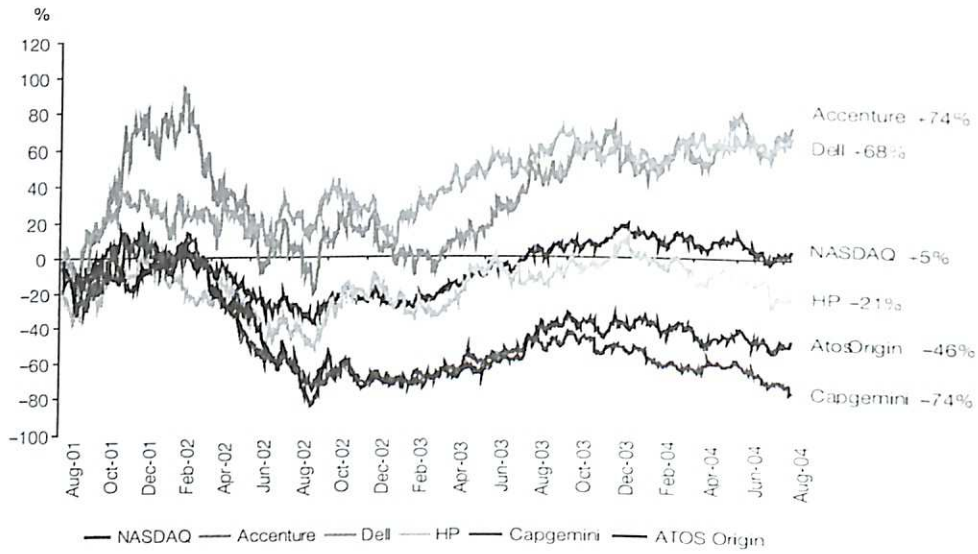
Share price, % movement – 1 September 2001 to 10 September 2004



On Sept 4 2001, HP announced its intention to acquire Compaq. Three years on, although NASDAQ is at pretty much the same level today as it was then, HP stock is 21% down.

It's even more interesting to note that if you had switched on that day into Dell stock, you would be enjoying a 68% gain. If you had switched into Accenture, you would have done even better with a 74% gain. **Interesting isn't it that both Dell and Accenture don't do acquisitions!**

I've also included Capgemini and Atos Origin on the chart above, as both these companies have been involved in acquisitions which break our >50% rule. Compared to Accenture's 74% gain, Capgemini has suffered a 74% decline in the same period. Atos Origin hasn't done much better suffering a 46% decline.

It gets worse. If you had sold your Capgemini shares on the 1st May 2000, when they announced the Ernst & Young deal, you would have saved yourself the 90% decline their shares have suffered since.

Atos Origin has managed to integrate its acquisitions well and could be considered as a model consolidator. Even so, Atos Origin's share price is down 55% since Oct 2000 when they announced their merger. NASDAQ is down 52% since May 2000 and 50% since Oct 2000.

Who gains in mega acquisitions?

It looks pretty much as if it's the shareholders in the acquired company that do the best. They have almost always been given a hefty premium to secure the bid. If they have got cash – fantastic. But shareholders are free to sell in the open market too. The advice seems to be that if you are the target of a mega acquisition – sell your shares as quickly as you can!

How does that apply today?

Remember, it's only mega acquisitions that we criticise. Oracle has a market value of $54billion compared with Peoplesoft's $7.3billion. So this is NOT a mega acquisition. Even if Microsoft (value $300billion) did acquire SAP (value $49billion), it wouldn't break our rules either. It's deals involving 'tier two' players – such as EDS, CSC, Accenture, Capgemini and Atos Origin – that would worry me most.

Will it happen?

We have been predicting an increase in mega deals for 18 years. But we seem to have got only about one a year so far.

I now doubt if we will see much change – I can't see any of the current tier one players buying another. But I really do believe that we are on the cusp of a huge consolidation by tier one players buying their tier two competitors or, indeed, tier two players buying up even smaller players and so on. *(Richard Holway)*

HAYS BENEFITS FROM RECRUITMENT FOCUS

Hays – very nearly a pure recruitment business – has revealed results for the year to 30 June 2004. Total turnover, including discontinued operations, was down 13% at £2.16bn but turnover from continuing operations climbed 23% to £1.52bn. The Specialist Recruitment business saw turnover grow 25% (18% on a like-for-like basis before acquisitions and exchange rate movements) to £1.39bn. The Group reported a PBT of £147.7m, compared to pre-tax losses of £444.8m last year, and diluted EPS of 3.86p, a huge improvement on last year's 28p per share loss. The results also show a £20m exceptional

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charge providing for Hays' investment in Albion Group. (Albion is unable to repay the interest on a c£44m vendor loan from Hays, which is seeking an exit from the investment).

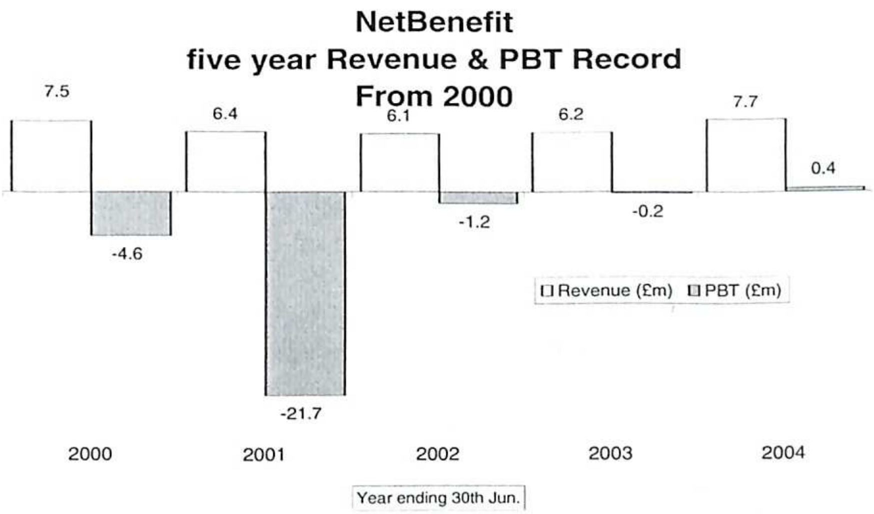
This month Hays also confirmed plans to de-merge its mail business, DX Services. This move will complete Hays' transformation to a focused recruitment business in line with plans first announced in March last year. Following the de-merger Hays will return at least £200m to shareholders through an on-market buy back of its shares.

In the UK, the Specialist Recruitment business enjoyed 16% revenue growth to £1.06bn. However, net fees (turnover less payroll costs of temporary contractors) were only up 8% on last year at £315.5m suggesting higher payroll costs. The good news is that the recovery in Hays' UK IT recruitment business has accelerated in the second half. Net fees at the IT business increased by 14% to £23.4m. Hays also reported a return to growth in the 'spot' market for IT contractors, following the earlier return to growth in large contract business. *(Tola Sargeant)*

11%
71p
NETBENEFIT

NETBENEFIT SEES PROFITS THROUGH HIGHER VALUE SERVICES

Domain name and hosting services provider, **NetBenefit**, has moved into profits for the year to the end of June 2004. On turnover that increased 23% to £7.6m, the company generated profits at the operating level of £367K, from losses of £244K. Profits before tax of £412K replaced last year's losses of £166K. Diluted EPS was 3.4p, up from 0.1p in 2003. In May 2004 the company acquired Easily Ltd, which contributed £210K to this year's results. Also during the period, the company switched to AIM from the Official List.



Chairman John Parcell said he was *"increasingly confident about NetBenefit's prospects"*.

Comment: NetBenefit has found itself a nice little spot. Demand for domain name management is continuing while renewal rates appear to be on the increase. Its focus on higher value services has really paid off. Under the NetNames brand, the company manages domain names for larger companies (29 of the FTSE 100 use the service) via its Platinum services. Turnover from this source more than doubled to £2.25m, while annualised revenues increased from £1.4m to £2.4m over the year. Let's be clear that we're not referring to the mass consumer market here. These are higher end services that generally escape the level of competition found at the lower end of the market. The Easily acquisition will provide opportunities for moving small businesses up to NetBenefit's more advanced services.

NetBenefit FYE: 31 December	Turnover £m			Pre-tax profit £m		
	2004	2003	Change	2004	2003	Change
UK	6.7	5.1	30.2%	0.40	-0.19	Loss to profit
USA	0.4	0.5	-23.8%	0.02	0.04	-44.7%
Other European	0.6	0.6	2.5%	-0.01	-0.01	-7.7%
TOTAL	7.7	6.2	23%	0.41	-0.17	Loss to profit

The UK still holds opportunities for NetBenefit, but increasingly it will look to Europe where the market is a little behind. Indeed, revenues are already picking up on the mainland. *(Kate Hanaghan)*

-21%
9p
PARITY

PARITY BACK IN THE BLACK (JUST) AT HALF-TIME

UK IT training leader, ranking ITSA, and IT consultancy, **Parity Group**, has poked its head above water in the first half of the year. Total turnover rose by 11.6% to £90.3m in the six months to 30 June 2004, though this was a 14.5% uplift in terms of continuing operations. Better still, the massive £4.5m operating loss in H1 03 (70% of which came from discontinued operations) was wiped out in favour of a small (£185K) profit. At the bottom line, Parity just made it into profit (£14K) after H1 03's £13.8m pre-tax loss, although tax charges resulted in a loss per share of 0.08p (H1 03: -7.39p).

Parity Group Six months to 30 June	Turnover £m		
	H1 2004	H2 2003	Change
Business solutions	11.7	11.6	0.6%
Training	12.3	12.8	-3.7%
Resourcing solutions	58.7	45.8	28.1%
UK	45.5	31.6	43.9%
Europe	13.2	14.3	-7.1%
Americas	7.7	8.7	-12.1%
Total from continuing operations	90.3	78.9	14.5%

Parity's core ITSA business did well in the UK, seeing revenues rise 44% to £45.5m with operating profits of £737K (H1 03: £94K), a still slim 1.6% margin. In mainland Europe, ITSA revenues were down 7% to £13.2m with profits of £194K (H1 03: £20K), about a 1.5% margin. ITSA revenues in the Americas fell 12% to £7.7m, and the H1 03 loss of £197K turned into a £100K profit, a 1.3% margin.

A different story for Parity's market-leading IT training business, with revenues down 3.7% to £12.3m, but H1 03's profit of £157K was wiped out entirely due to *"over-capacity in the market"*.

Business Solutions (consultancy) revenues were flat at £11.7m, but profits jumped 52% to £914K, just under 8% margin.

Parity CEO, Ian Miller, reported that they had *"not yet seen the normal and anticipated seasonal uplift in the order book for the last four months of the year"* for the Training business, but apart from Training, he is *"comfortable"* with expectations for the other business units.

Key milestone reached

At the analyst briefing Ian Miller said Parity had made a significant amount of progress and reached a key milestone. Revenue growth and a return to profit (albeit a small one) are certainly reasons to celebrate. In fact, this is the first time Parity has reported any revenue growth since 1999. If you strip out the one-off effect of the low margin Chimes contracts that were transferred to Parity last year then organic revenue growth is actually 7.5% compared to H103 (not 15%) – but still not bad at all. (Our more observant readers will notice that revenues are down compared to H203, but this is not unexpected given the seasonal nature of Parity's training and resourcing businesses, which are traditionally stronger in the second half.)

Resourcing Solutions' performance was particularly encouraging. Organic revenue growth (excluding the Chimes contracts) was 20% and numbers of consultants on billing increased by 18% (the highest rate of growth that Parity has on record for at least seven years). Parity claims it is winning more preferred supplier agreement work and these growth rates support the view that it is taking market share in this area. Permanent recruitment revenues also showed impressive growth albeit from a low base (up 33% to £0.5m). Because permanent recruitment is a higher margin business this growth made a significant contribution to profits at Resourcing Solutions.

The difficult training market is a different kettle of fish, however, and it is this business that has cast a slight shadow over results. Parity has yet to see the usual seasonal upturn in Sept/Oct although bookings are up on last year for Nov./Dec. As a result the training business is likely to disappoint in FY04, but Miller says this is merely a "timing issue" and Parity will likely see the benefits of its new initiatives in this market in Q105.

Overall, it seems that Parity is beginning to reap rewards from its strategy of making the company worth more than the sum of its three parts. Evidence of this includes the fact that:

- it is managing to cross-sell – all ten of its top ten clients now buy from all three parts of the business

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- contracts are becoming consistently larger and longer improving the predictability and solidity of revenues – the recently announced HR BPO contract with ICI (*Hotnews,* 7 September), for example, is Resourcing Solutions first five-year contract
- it is going after (and winning) business process management contracts that require all areas of the business to work together – the Cabinet Office and ICI contracts are good examples. (Even Parity's US business was key to its success at ICI.).

We'll be looking for more of all three of the above, coupled with continued cost control, in order for Parity to continue growing revenues and improving profitability. *(Tola Sargeant)*

1%
35p

SERVICEPOWER SALES LIFTED BY ACQUISITION

ServicePower Technologies, supplier of artificial intelligence (AI) field service scheduling applications, has seen total revenues increase by 50% thanks to the acquisition of field services company, Keyprestige. For the six months to the end of June 2004, turnover increased to £1.5m. However, the existing business actually saw a decline of 22% to £780K. Losses at the operating level deepened from £1.2m to £1.6m. At the pre-tax level losses worsened from £1.1m to £1.6m. Diluted loss per share worsened from 2.21p to 2.34p.

Despite the fact that the company's software business is likely to remain loss making this year, Chairman Barry Welck says the outlook for the company as a whole is *"very promising"*.

Comment: We suspect that ServicePower is doing the right thing in looking to transform itself into a services company. Its software business saw revenues fall in the first half (though the figures are expected to be stronger in H2), so the acquired field services business should open up opportunities to target new accounts with a combined software and services offering. With the software business unlikely to hit break even this year, we're keen to see just what impact the services arm will have on losses for the full year.

ServicePower's history is quite an interesting one. It was born of a jointly funded project between Bull, Siemens Nixdorf and ICL, with senior management from ICL eventually buying out the AI technology developed by the group. In Apr 2000, the company floated on the London Stock Exchange with shares placed at 115p valuing the company at £58.7m. *(Kate Hanaghan)*

15%
88p

COMPEL REVENUES JUMP 20%

Compel, a provider of enterprise solutions and hardware rentals, has released its results for the year to 30th June 2004. Turnover increased 20% (17% organically) to £63.3m. Operating profits more than doubled to £1.2m (after goodwill amortisation, the company reduced operating losses from £325K to £226K). Losses at the pre-tax level improved from £407K to £327K. Loss per share was (-)0.9p from an EPS of 1.3p in 2003.

Revenues for the company's two divisions were as follows:

- Enterprise solutions (Oracle consultancy and technology sourcing) increased 20% to £51.9m.
- Hamilton Rentals increased 21% to £11.4m.

In the year, the company added to both divisions with the acquisition of Syscap Computer Rentals for £2.5m and the acquisition of Sysao, an Oracle consultancy, for £2.3m.

CEO Neville Davis said: *"Our markets are now stable and sales momentum is healthy. We believe that the outlook and prospects for Compel are very good and better than they have been for several years."*

Comment: We're very pleased to see that Compel has decided to break out the performance of the two business divisions. What this reveals is that both sides are performing equally well (growth in the region of 20%). The acquisitions have boosted revenues but, nonetheless, the Enterprise solutions business seems to have achieved very impressive organic growth.

In contrast with last year, its

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seeing 'patches of growth' – for instance, in strategic project work. But CEO, Davis claims that at the heart of this improved performance is its increase in market share. Indeed, Morse makes a pretty close comparison and saw revenues grow just 4% organically.

In the current year, we can probably expect more of the same from Compel. Although nothing's in the pipeline at the moment, we certainly wouldn't rule out further acquisitions. Compel has to be realistic, though, in facing the fact that it too could become an acquisition target.

(Kate Hanaghan)

-4%
109p
Spring

SPRING GROWTH IN FIRST HALF

Spring Group, the UK's largest IT staff agency, has announced its results for the six months to end June 2004. The company is reporting a 64% increase in revenues from continuing operations to £229.2m, with 40% from organic growth and 24% from acquisition. Operating profits before goodwill amortisation and exceptionals were £3.1m, compared to a loss of £1.7m in the first half of 2003. PBT was £1.6m (H1 03: loss of £3.9m) and EPS was 1.03p (H1 03: loss per share of 2.67p). Spring's interim dividend of 0.1p is the same as last year.

Our main interest is in Spring's Technology Staffing Services business (STSS) – which now comprises Corporate Accounts, Contract Services, Recruitment Services, Triage and IT Solutions – and its recruitment process outsourcing engine hy-phen.

STSS's first half revenues were 80% up on the same period last year to £200.8m – that's 50% organic growth so Spring is clearly taking market share. At the same time, operating profits before goodwill and exceptionals were £4.1m, compared to just £0.2m in H1 03. Within the STSS business the performance breaks down as follows:

- Corporate Accounts, which provides large-scale technology staffing solutions to Spring's 40 largest clients, trebled operating profits to £2.8m on revenues that were 64% higher at £140m.
- 12% growth in contractor numbers and improved gross margins at the Contract Services business, which provides contract staff on a local and regional basis, led revenues to increase from £11.1m to £29.5m and operating profits to reach £0.8m (H103: £0.2m).
- Recruitment Services, provider of permanent, campaign and graduate recruitment, reported revenues of £5m, up from just £0.7m in H1 03 and converted last year's £0.8m operating loss to a breakeven position.
- Triage, which provides more highly skilled IT and telecoms specialists, also showed strong revenue growth (up 99% to £20.7m) and moved into operating profit as expected (£0.3m).
- 37% revenue growth (to £5.2m) at the IT Solutions business was fuelled by growth from Spring's Employed Contractor Model and Testing Services. Operating profit at this business was flat at £0.4m as Spring continued to invest for growth and market share.

Hy-phen, Spring's 'workforce management technology and service operation', increased revenues to £0.7m but remained loss making at the operating level to the tune of £0.5m. These numbers undersell hy-phen's contribution to the Group because they only record the management fees that Spring derives from hy-phen. In actual fact, hy-phen was responsible for £130m in contract revenue and £1.3m of permanent revenue in other business units.

Revenues at Spring's general staffing business, Spring Personnel, were flat at £28m and operating profit increased from £1m to £1.2m.

CEO Richard Barfield commented: *"With significantly increased revenues and a healthy return to the black, these results reflect the considerable progress made over the last two years. Spring is now benefiting from the cyclical upturn in our core markets and is confident of future prospects."*

Spring also announced a two-year extension to its managed service contract to provide temporary IT recruitment services to Barclays Bank.

Benefiting from 'cyclical upturn'

At the results briefing, Richard Barfield reinforced the message that he was now prepared to say there is a 'cyclical upturn' and that Spring was trading strongly into it. The evidence certainly supports the view that conditions for ITSAs, and particularly for Spring, are improving:

- the number of vacancies that Spring is being asked to fill is up 50% on H1 03
- the numbers of contractors on billing has grown considerably over the last year in every sector – contractor numbers at STSS, for example, are up by 16%

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- permanent recruitment is also growing, but not yet as strongly as the contractor market
- large corporate customers are ramping up projects and recruiting more project managers and systems analysts
- margins, pay rates and contract lengths have also improved.

Spring Group Six months to 30 June	Turnover £m		
	2004	2003	Change
Corporate accounts	140.4	85.5	64.2%
Contract services	29.5	11.1	165.8%
Recruitment services	5.0	0.7	614.3%
Triage	20.7	10.4	99%
IT solutions	5.2	3.8	36.8%
STSS	200.8	111.5	80.1%
Spring Personnel	27.7	27.9	-0.7%
hy-phen	0.7	0.2	250%
Total continuing operations	229.2	139.6	64.2%

But these interim results, which build on the 9% organic growth posted in 2003, confirm that Spring is outperforming the broader ITSA market and thus continuing to gain market share. The figures also show that Spring is improving its operational gearing - by increasing the productivity of its workforce, Spring has kept operating costs down and increased the percentage of the gross margin that is converted to operating profits. At the same time, Spring claims candidate shortages are starting to appear, which is helping to boost margins.

All in all, this is an excellent performance from Spring, which now has all the ingredients required to exploit its position at the top of the UK ITSA league. Barfield said the focus for the next six months will be *"continued growth and business development"*. In particular, we expect Spring to try and grow the businesses where it has the most pricing power, such as Triage, and to try to evolve the relationships it has with its master vendor customers to include higher margin business and, where possible, RPO.

(Tola Sargeant)

-9%
31p
Netstore

NOT QUITE MAIDEN PROFIT AT NETSTORE

After seven years of losses, **Netstore**, who once styled themselves *"Europe's leading Application Service Provider"*, but now as *"a leading provider of IT services to the mid-market"*, has trumpeted its maiden full year profit – but only if you exclude the usual charges. Total revenues for the year ended 30 June 2004 jumped 46% to £20.7m. Even mitigating a small (£636K) contribution from EMS Global (acquired Dec. 03) and various businesses disposed of during the year, revenues from continuing operations were up 41% to £18.5m. Total operating losses were substantially reduced from £3.4m to £832K which meant the company still recorded a 'real' pre-tax loss of £687K, a huge improvement on the £5.3m loss the prior year. Loss per share was 0.14p compared to 5.33p. Managed services revenues decreased to about 50% of the total (was 70%) due to a high mix of consulting, training and product sales, although Netstore is looking to rebuild that proportion to 60% *"longer term"*. Cash flowed out to the tune of £1.3m (last year was inbound – just – to the tune of £100K) *"mainly due to certain large debtor payments slipping to the current quarter"*. In fact, debtors rose by 41% to £6.6m. Netstore CEO Neil Lloyd reports that the company's disposal programme is now complete and *"looks forward with confidence to improving our profits during the current year"*.

Comment: Netstore is being a bit previous announcing a maiden profit when they're not quite there yet. But they have made some great strides forward as they reinvent themselves as a mid-market IT outsourcing player from their roots as an online data storage and application service provider to SMEs. Along the way they have acquired complementary businesses and disposed of what have become non-core activities and they now feel the transition is complete. We think they still need some time to stabilise the business – and make a real profit of course – and there's clearly still some additional management control required to fix the debtor problem. By its very nature, the mid-market IT services sector is highly fragmented and there is still plenty of opportunity to support well-focused players. If Netstore can get its house properly in order this year, there is no reason why they shouldn't be able to make a reasonable living from this sector. Netstore came to the stock market on 19th Apr .00 at 150p valuing the company at £133m. Their shares dipped a little on early trading today, by 1%, to stand at around 35p. *(Anthony Miller)*

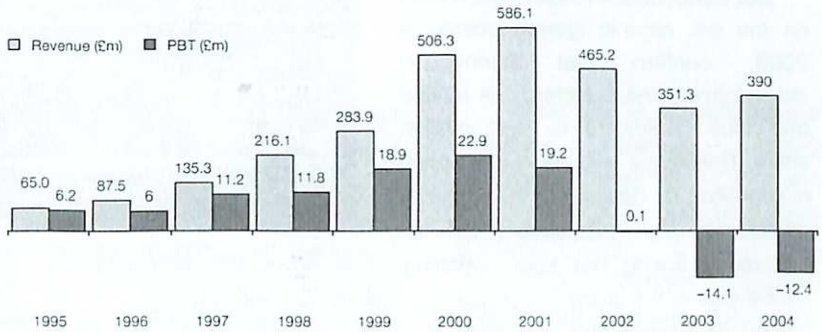
12%
113p

MORSE

MORSE ENJOYS RETURN TO GROWTH

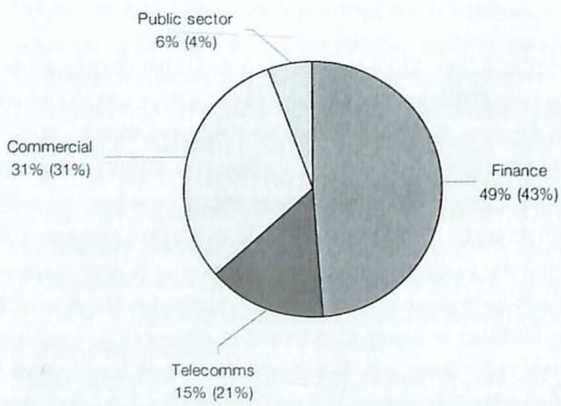
Morse has released its results for the full year to 30 June 2004. The company turned in revenue up 7% on last year to £390m. Sales increased 4% organically. Operating losses improved slightly from £12.8m (including amortisation of goodwill totalling £22m) to £11.1m (including amortisation of goodwill totalling £18.6m). Loss at the pre-tax level was £12.4m down from £14.1m last year. Diluted loss per share was 11.9p (13.3p last year). Morse CEO Duncan McIntyre said he's confident *"2005 will be better than 2004"*.

Morse plc
10 year Revenue and PBT Record
Relative to 1995



Comment: It's good to see that as well as the acquisitions it made during the year, Morse also achieved underlying growth. The predominant driver of this was its finance business, which now accounts for around 50% of revenues. CSTIM, the strategic consultancy it acquired this April, will hopefully be a tool that Morse uses to boost services revenues from the financial services sector.

Morse plc FY04 revenue by vertical
Total revenue = £390m



The journey from being a reseller to becoming a services company is a very difficult one. With Diagonal under its belt, services will account for about 40% of its business (up from c30%).

The balancing act that McIntyre and team have to deal with is integrating the CSTIM and Diagonal acquisitions so that Morse evolves into an organisation that is more than the sum of its parts. An infrastructure company with services 'plug-ins' is not the end game. The spending spree is over but it will be some time before we can judge the degree to which the new additions will enable Morse to drop its reseller tag.

(Kate Hanaghan)

9%
71p

bond

BOND IS AS GOOD AS ITS WORD

Recruitment software supplier, **Bond International Software**, has made good on its optimistic outlook statement at its full year results in March by producing a very impressive set of interim results. Total turnover for the six months to 30 June 2004 rose 26% to £4.2m boosted by a few months' contribution from EZaccess acquired in March 2004. Organic growth was a still pleasing 15% to £3.9m. Total operating profit more than trebled to £715K resulting in similar performance at the pre-tax line to £711K. EPS jumped from 0.64p to 2.40p. Bond's home UK market (about two-thirds of the total) grew 24% to £2.8m and revenues in the Americas did almost as well, up 23% to £1m, where Bond *"has worked*

[continued on page eleven]

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extremely hard to bring the US operation into profitability". Bond chairman Martin Baldwin reports that the improvement in market conditions *"has continued into the second half of 2004"* a sentiment echoed by Group CEO Steve Russell (who owns 52% of the equity) who *"look(s) forward to a successful second half of the year"*.

Comment: Having returned to profit in 2003 after a disastrous 2002, Bond really looks like it is motoring again. The acquisition EZaccess not only took a leading competitive product out of play but also strengthened Bond's position in continental Europe. Also, recurring income has been boosted to over three-quarters of Bond's overhead costs in the UK and the company is aiming for this to reach 100%. That would be a real result if it gets there. The general improvement in the recruitment sector supports Bond's optimistic view of its prospects, so we think its expectations of a successful full year are not misplaced. Investors agree, as Bond's shares are up 9% to around 71p. Bond was a new issue on AIM in Dec. 97 at 65p and had a capitalisation of £8.9m. *(Anthony Miller)*

3%
338p
Computacenter

COMPUTACENTER SEES CONTINUED GROWTH IN MANAGED SERVICES

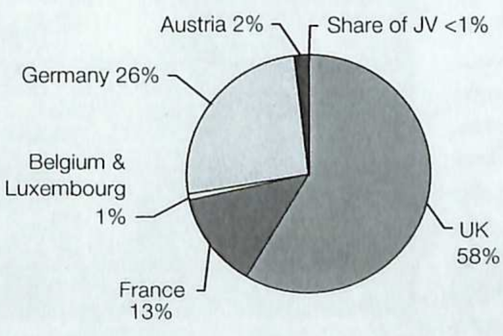
Computacenter's results for the six months to 30 June 2004 reveal revenues unchanged at £1.25bn, while pre-tax profits increased by 3.7% to £33.2m. Diluted EPS also increased – from 11.6p to 12.3p.

As pre-empted in a trading update in July, the higher margin services business put in the best performance over the period with managed services revenues in the UK growing by 18.7%. However, the products business continued to struggle against ongoing product price erosion, which counteracted the higher volume of sales.

CEO, Mike Norris, said that overall he was pleased with the performance, but in terms of revenue he said, "whether it's the turning of a corner or a plateau, we don't know".

Despite the continued growth in managed services, Computacenter faces increased competition (from Dell and SCH at the very least) in addition to the pressure from clients who want to see yearly cost savings. In the medium term, the company can rely on its healthy services business to counter the product declines. But in the longer term, it will need to do more to take out costs and streamline its sales process to claw back margins on products.

Computacenter Geographical Mix
FY03 total revenue = £2,482.7m



And while the UK might be a good performer, the story is very different in France (a "disappointing performance") and Germany (a "modest decline in profits"). France is currently undergoing a transformation project to shed its losses while an integration programme in Germany is tackling its weak margins. We are, however, convinced that Norris and his team are fully committed to making these businesses work.

Contract

Shortly after revealing its interims, Computacenter announced an £11m/seven-year deal with South Lanarkshire County Council to provide desktops, laptops and printers and services, such as patch management, for 5,000 users. The contract was previously held by HP and was for three years (though it dates back to the days of DEC and later Compaq). South Lanarkshire's IT director wanted her desktop environment to run "more like a utility". No doubt, that along with an improved service, she also demanded year-on-year cost savings.

More generally, Computacenter is also looking to go after opportunities lower down in the market, which would put it in competition with the likes of ComputerLand, for instance, on contracts involving in the region of 1000, 2000 or 3000 users. What is attractive about this segment of the market is the amount of new business coming on stream, with many of the organisations looking to outsource for the first time. The story is different higher up where there is stiff competition at renewal time, as HP discovered to its cost. *(Kate Hanaghan)*

8%
173p

LOGICACMG: THANK GOODNESS FOR THE PUBLIC SECTOR

LogicaCMG's results for the six months to 30th June were widely trailed and therefore pretty much as expected. Though revenues declined 5.1% to £809.2m, pre-tax profits were £27.3m compared to a loss of £58.2m last time. However restructuring costs of £85m were taken in 2003, so a more meaningful comparison is the 5% increase in operating profit (to £34.2m).

The highlights are (all at constant currency):

- The UK (42% of revenues) is doing reasonably well, with a 4.6% growth on H1 2003. But it's a truly mixed bag – a real example of our theme of 'Diversity of Performance'. Revenues from public sector were up a truly magnificent 31% and are now 50% of UK business. Telecommunications grew 18%. But Transport fell 22% and Financial Services was down 19%.
- Benelux (23% of revenues) seems to have stemmed the revenue decline with a sequential increase in revenues of 2.6%. Public sector, which grew 15%, was the star here too.
- Germany (6% of revenues) is still one of Logica's non-firing cylinders. Revenues were down 26% on H103 with losses increasing to £9.7m. A "new, experienced management team" is now engaged in cutting the cloth to fit.
- Like Benelux, France (6% of revenues) also managed a small increase in revenues sequentially. It also recorded a minor £400K profit.
- Rest of the world continues to be difficult, with a 14% revenue decline to £50.4m and operating margins declined from 7.7% to 2.4%.
- Wireless Networks (14% of revenues) also suffered an 18.5% revenue decline to £63.9m and a loss of £6.5m.

LogicaCMG plc Six months to 30 June	Turnover £m			% growth at constant currency
	2004	2003	Change	
United Kingdom	336.1	11.6	4.6%	4.6%
Benelux	189.5	12.8	–3.0%	–1.7%
Germany	46.3	45.8	–25.9%	–24.8%
France	50.9	31.6	–6.3%	–4.9%
Rest of Europe	18.7	14.3	–22.1%	–19.8%
Rest of World	50.4	8.7	–16.7%	–14.1%
IT services	691.9	78.9	–3.6%	–2.7%
Wireless networks	117.3	134.5	–12.8%	–9.8%
TOTAL	809.2	852.5	–5.1%	–3.8%

Comment: These results reflect the changing face of LogicaCMG. In many ways it's a very different company to the one we were tracking a decade ago:

Outsourcing: Eleven years ago Logica had no involvement in outsourcing at all. Indeed, the previous management seemed to think such menial tasks were below it. Now outsourcing represents 23% of total revenues (after a 14% increase in the period). And with orders up 21%, CE, Martin Read's objective of 30% of revenues from outsourcing is within sight. Three years back, CMG had no outsourcing contracts in the Netherlands – now its growing fast there too. In addition the company is embracing offshoring with a fast-growing Bangalore operation. How times change.

The public sector: The cry 'Thank goodness for the public sector' has never been more apt and is as true for LogicaCMG as for many other players. However, with the current rate of UK public sector IT growth unsustainable, the high proportion of public sector revenues in the UK leaves LogicaCMG facing a big risk. Nonetheless with a wide geographic coverage LogicaCMG will be better protected than some. The pattern in the UK is being followed in Benelux and France and LogicaCMG is making the most of its capabilities over there too. Read and his management team are proving that their public sector offerings are relevant across borders, with things like case management, electronic voting and electronic procurement applicable in multiple geographies.

The outlook: Read, like others we interview, sees no loosening of the IT budget purse strings: "The pace of recovery has remained gradual and the competitive environment tough". But the strongest order book for three years, coupled with the action taken to reverse the losses in Germany, means margins in excess of 8% are predicted for the full year.

Acquisition? On the bid to acquire a 60% stake in Edinfor (the captive IT services arm of Electricidal of Portugal), Logica CMG awaits a decision *"within weeks"*. The only competitor is EDS. Again, Read reminds us that LogicaCMG would not even have been interested in such an operation just a few years back. *(Richard Holway/Georgina O'Toole)*

-6%
26p

CLINICAL COMPUTING FACES UPHILL STRUGGLE

Clinical Computing, developer of clinical information systems for the healthcare market, has announced disappointing results for the six months to 30th Jun. 04. Turnover fell 37% to £728k (H1 2003: £1.15m) and operating losses deepened to £630k, compared to losses of £367k in the same period last year. Pre-tax losses were £631k (H1 2003: £397k) and loss per share worsened to 2.0p (H1 2003: 1.6p loss).

Software licence sales fell a whopping 72% to £118k while services revenues dropped by 43% to just £59k. As a result, the company is even more reliant on revenues from support contracts, which dropped 12% to £535k largely thanks to the weakening of the US dollar.

Howard Kitchner, Chairman, said that due to implementation delays it is unlikely that Clinical Computing will meet the market forecast for the current year. The market had been expecting 50% growth in turnover in FY04 to £3m.

Clinical Computing Six months to 30 June	Turnover £k		
	2004	2003	Change
Software licenses	118	427	-72.4%
Services	59	104	-43.3%
Maintenance	535	605	-11.6%
Other	16	14	14.3%
TOTAL	728	1150	-36.7%

Clinical Computing is typical of the many small software companies that face an uphill struggle to win business in England under the National Programme for IT in the NHS (NPfIT). As a result, most of Clinical Computing's new business is currently coming from the US market - of the 15 customers for its latest 'CV4' clinical information system, 13 are in the US, one in the UK and one in Australasia. Surprisingly, however, US turnover was the hardest hit in the period, down 40% to £541k, compared to a 27% drop in turnover from the UK to £149k. We suspect this can be explained by a combination of the weaker US dollar and slower revenue recognition as a result of implementation delays (which the company puts down to its customers being slow to staff internal project teams).

Clinical Computing needs to clear the revenue backlog and sign some new deals in the second half. At the moment, the company's best bet appears to be to continue to strengthen its position in the US market. This side of the pond, Clinical Computing plans to try to sell CV4 both directly to NHS hospitals and through the five Local Service Providers that are implementing NPfIT. It is also pursuing business opportunities in Scotland and Ireland.

(Tola Sargeant)

8%
144p

TIKIT SHINES IN FIRST HALF

Tikit, a provider of consultancy, services and software solutions to major UK law firms, has released its results for the six months to 30th Jun. 04. Turnover increased 52% to £5.89m while operating profit doubled to £396K and PBT grew c80% to £429K. Diluted EPS almost trebled to 2.9p.

Across its three main business categories, revenue performance was as follows:

- Consultancy increased 19% to £1.83m
- Services increased 64% to £2.02m
- Software increased 65% to £1.77m

Comment: Tikit's solid performance is testament to its strong, niche positioning in the legal sector. Worthy of note is that its reputation here has led to its first assignment in the public sector.

The company clearly has its sights set on replicating its success in Europe. The first signs that it was moving forward on this strategy were deals with two of Spain's top three law firms. And just last month, Tikit acquired Paris-based SI and consultancy, LECsoft. This will form the basis of its planned drive into Europe.

Meanwhile, back in the UK, the rest of the year looks rosy. The pipeline and order book are strong, with a number of large projects expected to come through before the end of the year. *(Kate Hanaghan)*

2%
49p
Marlborough Stirling

MARLBOROUGH STIRLING INTERIMS: STILL IN TRANSITION

Financial service focused player **Marlborough Stirling** has announced its results for the six months to end June 2004. Revenues were down 11% to £49.8m. Operating losses (including goodwill amortisation) were £2.1m, compared to £1.1m in H1 of 2003. Loss before tax slipped from £3.1m to £4.8m, and loss per share was 2.3p (H1 03: loss per share of 1.7p).

Chief Executive Mike O'Leary commented: *"First half results are in line with market expectations. Our strategic review has identified a large and exciting opportunity in outsourcing for our life and pensions business and a transition has begun to take advantage of this. Until the transition is complete, we continue to carry forward some uncertainty in predicted short-term life and pensions software revenues."*

Comment: These results - and O'Leary's comments - are bound to make some observers a little impatient. We've already seen Marlborough Stirling make a success of its moves into life & pensions BPO, most recently with wins at Chesnara and Royal Liver, not to mention adding to its work at flagship client Sun Life Financial of Canada. But the company as a whole continues to hover around loss-making, non-growth territory.

But on balance we feel Marlborough Stirling merits continued patience. Given UK market trends, the company's strategy of shifting focus away from standalone software sales towards its outsourcing business is fundamentally sound. But it cannot be realised in full over night. Meanwhile, management has taken some tough decisions to trim headcount (including the loss of 70 staff in the first half) and close loss-making operations, with Italy, France and South Africa all getting the chop earlier this year. The impact of these changes should mean "annualised savings of £3m from the second half of 2004". All in all, Marlborough Stirling still has every chance of emerging from this challenging transition period as a sustainable, well-focused business with a lot of growth potential in BPO. *(Phil Codling)*

Atos Origin

ATOS ORIGIN STAYS STEADY IN FIRST POST-MERGER INTERIMS

Atos Origin posted global sales in the six months to end June 2004 at euro 2,65bn, 72% up on the first half of 2003 (but that, of course, was before the Sema acquisition). In like-for-like terms at constant currency the company actually reported a 1.3% decline. Of Atos Origin's key country markets, the UK is leading the way (revenue growth of 3.8%), ahead of France (+2.4%) and the Netherlands (+0.4%). Consulting and Integration revenues declined by -7.9%, while managed operations grew by 1.6%.

The group's global operating margin stands at 6%, versus 8% last year before the merger. The UK remained at 7%. Atos Origin also confirmed its guidance for the full-year, which includes an operating margin in excess of 7% on flat revenues.

Comment: It's clear that the UK is currently Atos Origin's best performer among its main target markets. This isn't that surprising. Firstly, the UK S/ITS market's gradual climb out of recession in 2003 and 2004 has, in fact, been relatively rapid and decisive, compared to most other European markets. Meanwhile, it was in the UK that Sema had its largest and, arguably, most successful country business.

All this makes the merger process all the more critical for the UK business. The good news for Atos Origin is that the integration appears to be on plan and is beginning to pay dividends. Some evidence of this is the reduction in corporate costs across the group from 2.1% to 1.3%. Management even expects to take them under 1% by 2005. Moreover, Atos Origin claims not to have lost any clients in the first half, which is quite an achievement given that the most disruptive phase of the process coincided with a number of Sema contracts coming to term.

So while Atos Origin's 2004 performance may not exactly be spectacular, the company is showing once again that it knows how to manage acquisitions and manage its finances. In today's market, those are valuable and enviable strengths. Moreover, with some recent evidence of new business (including a major German "captive" outsourcing deal at KarstadtQuelle in September and its August win over incumbent SBS at the Home Office) we may well see more in the way of top-line growth from Atos Origin in 2005. *(Phil Codling)*

6%
189p

MACRO 4 RETURNS TO PROFIT WITH BOOSTED DIVVY

One of the UK's longest surviving software suppliers, **Macro 4**, has made a welcome return to profit after two years in the red. Although total revenues for the year ended 30 June 2004 slipped 4% to £31.2m, last year's £5.1m operating loss was turned into a £1.3m operating profit. Similarly, pre-tax losses of £5.2m last year switched to a £1m pre-tax profit, turning a 21.2p loss per share into earnings of 1.9p a share. The cash pile more than doubled to £8.4m. Management rewarded investors with a 12.5% boost in full year dividend to 6.5p a share.

As usual, Macro 4's declining legacy IBM-mainframe based Systems Management Products (SMP) division provided the profits and cash to support the gradually improving document management Business Information Logistics (BIL) business. SMP revenues fell a further 5% to £19m but contributed £11.7m operating profit, down 4%. BIL revenues slipped 1% to £12.3m but contribution more than trebled to £3.9m. However, at the 'fully-loaded' level, BIL lost £4m (FY03: –£8.4m) against SMP's pre-tax profit of £5.1m (FY03: £6.2m).

Best performance came from Macro 4's UK base, with revenues up 26% to £10.6m, overtaking the US as the company's largest country market by origin of sales. Indeed, US revenues slumped 31% to £7.3m, although the weaker dollar didn't help.

Macro 4 chairman Bert Morris (also exec. chairman of ITSA Lorien) reported that the IT industry is still *"extremely challenging – and each new deal requires significant effort"*. Nonetheless, he is *"confident about (the company's) future prospects"*. CEO Ronnie Wilson echoed the sentiment that *"demand conditions in software markets remain stable and subdued"* but was upbeat about Macro 4's *"good prospects"*.

Comment: 'Old soldiers never die (the young ones wish they would)' goes the World War 1 lament from the trenches. And Macro 4 is the archetypal 'old soldier' that just refuses to be beaten – and three cheers for them! Founded in 1968 as an independent IBM system software vendor, Macro 4 has in recent years undertaken the perilous journey to change into document management company before the legacy business eventually withers away. Fortunately for them, there are so many IBM-type mainframes out there in the market that the withering is a long slow process – and meanwhile the legacy products generate handsome profits and cash to support the newer product line until its contribution eventually overtakes the legacy business, which Bert Morris anticipates will happen *"in the medium term"*. We had often asked in recent times whether Macro 4 could survive as an independent player. Well, it's 36 years and counting, so there's your answer! Mind you, Morris and Wilson have restructured the company into almost independent product businesses, so if investors were so disposed, we should think they would find interested buyers in Macro 4's key SMP partner IBM, and key BIL partner Xerox. Meanwhile, Macro 4's shares are up 6% to around 190p, pretty good show given a year ago they were about 115p.

(Anthony Miller)

FOOD AND EDUCATION HELP RAMESYS IN 2004

Ramesys, a privately-held provider of software and IT services to various industry verticals including education, has announced results for the year to 31st May 04. The Group reports a 16% increase in operating profits (before goodwill and exceptionals) to £7.1m on revenues that were 1% lower than 2003 at £58.5m. After goodwill amortisation of £5.2m and other charges, Ramesys made a pre-tax loss of £2.0m, an improvement on last year's £3.3m loss.

Ramesys has done well to achieve a substantial increase in operating profits in the latest fiscal year despite flat revenues and competitive target markets. As expected, its retail and education businesses were the stars of the show last year. Revenues at its Education and Commercial division increased by 3% to £28.1m and gross margins at this business increased by 7% to 56%. Its Food and Retail division is also growing with revenues up 5% to £5.9m and gross margins up 4% to £5.5m. The Hospitality and Travel business basically trod water in FY04 with revenues down 1% to £12.7m. Construction, described by

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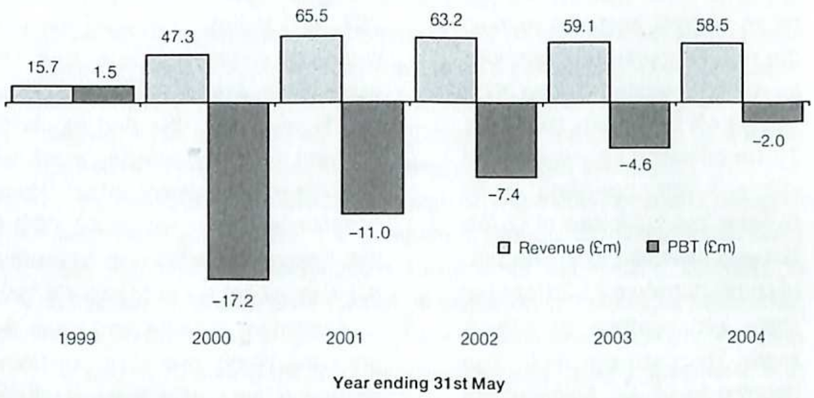
Gordon Matthew, CEO, as a business in transition, performed worst witnessing a 9% drop in revenues to £12.8m but only a 5% reduction in gross margins. This was largely due to a change in business mix (less hardware sales) and the 'retiring' of two software products. However, Ramesys' recent alliance with Oracle, which targets Tier 1 players in the Construction sector, has the potential to boost revenues from this market going forward.

The management team is optimistic that FY05 will see further improvements in Ramesys' fortunes. Matthew told us he is looking to grow revenues by c5% this year. The majority of this growth is expected to come from selling more to existing clients thereby keeping down the cost of sale and improving profitability. So far, the signs are good – Ramesys started the year with a closing order book that was 42% ahead of last year, with all Ramesys' businesses showing growth.

Ramesys Holdings Ltd
6 year Revenue and PBT Record
Relative to 1999



Note: Accounts for 1999 are for Ramesys e-Business and from 2000 for Ramesys Holdings. 2000 results cover a 16-month period.

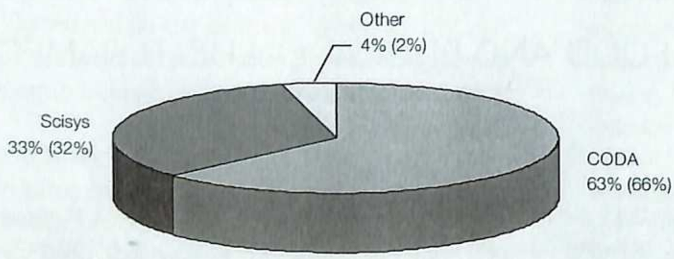
7%
323p

CODASCISYS SEES PROFITS GROW ON FLAT REVENUES

CODASciSys, the provider of specialist software, consultancy and IT services to a range of industries including government, defence and space, turned in flat revenues of £34m for the six months to the end of June 2004. However, the company increased operating profits by 73% to £2.2m (excluding exceptional costs relating to the aborted disposal of SciSys). Pre-tax profits increased 44% to £1.9m while diluted EPS increased from 3.1p in 2003 to 4.5p.

Chairman Mike Love said: *"With careful cost control and management of the business, both profit and cash generation are excepted to be in line with expectations for the remainder of 2004 and beyond into 2005."*

CODAScisys - H104 Business mix
Total = £34.0m (H103: £34.2m)



Comment: CODASciSys can really be viewed as three very different, stand-alone, businesses, with their own management teams:

CODA

The provider of financial intelligence and accounting software saw revenues decline by 4% to £21.6m while operating profits were flat at £3.5m. This pushed the operating margin to 16.2%, which CEO Graham Steinsberg stated was *"high enough, if the business were to be sustainable"*.

CODA licence revenues fell by 8.2% to £4.5m though licence seats increased by 28%. This reflected the increased trend for customers to purchase 'point solutions' rather than the whole 'kit and caboodle'. This in turn (combined with pricing pressure) affected consulting revenues, which were down 16% to £6.4m. On the other hand, maintenance revenues were up 6% to £10.6m.

The big question is, 'if licence sales are falling, will maintenance revenues continue to increase?' The signs are good. The increasing number of point solutions sold means that CODA is increasing the penetration of its customer base and deferred income from maintenance is up by 14% to £11.4m. CODA also has a

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good record for client retention with an attrition rate of just 2–3%.

The big challenge for CODA is increasing licence sales in what is basically a flat market. To achieve organic growth it must react to the market demand for point solutions so will be investing in the development of further add-ons, which its existing client base can pick up. However, it will also need to keep a strict eye on its cost base, as the average contract value from these solutions is far lower. In response it has restructured its sales and marketing team to ensure a lower cost of sale. This is where a small company like CODA is at an advantage as it is far more nimble than its larger competitors e.g. Oracle or Peoplesoft. Further investment is also on the cards in order to expand geographically.

SCISYS

The Scisys business is a completely different animal. It offers specialist consultancy and IT services to the space, defence and public sector verticals. Revenues from this business were up 1% to £11.2m while an operating loss of £978K in H103 was converted to a profit of £859K. The move to profitability comes after significant restructuring (and redundancies) last year. One of the biggest benefits to the new structure is that the majority of consultants sit in a resource pool and can be moved between the different sectors as activity demands.

The space and defence businesses continue to benefit from their specialist vertical knowledge. The one weakness is the lack of defined strategy in the 'public sector' area. One solution is the development of a regulation proposition but only time will tell if this will reap the rewards that SciSys desires.

'Other'

The last part of the CODASciSys empire, representing 4% of revenues and delivering an operating loss of £100K, is now imaginatively titled 'other'. It's basically a bucket for anything that doesn't fit neatly in CODA or SciSys and includes Business Collaborator (acquired at the beginning of 2003) and the SciSys commercial business. From what we can tell, if CODASciSys ever got an attractive enough offer for the SciSys business, it would likely be for the space, defence and public sector 'bits', so it makes more sense to keep the commercial 'bit' separate.

Business Collaborator is actually a nice little business. It is aimed at companies that want to gather information about their entire supply chain in order to manage it more effectively. A good win with Sedex (a group of major retailers and their suppliers) was a feature of H1.

Overall

CODAScisys understands perfectly that it is operating in a tough market and it is quite willing to take action to cut its cloth accordingly. More redundancies have been undertaken since the end of the period (the redundancy costs will be covered by other cost savings between now and the end of the year). The biggest challenge for the management team will be retaining its tight control on costs while embarking on some pretty ambitious growth plans involving product investment, geographic expansion and acquisitions.

(Georgina O'Toole)

12%
125p

PIXOLOGY ON TARGET AT INTERIM STAGE

Pixology, the tiny digital imaging software company that floated on AIM in Dec. 03, has released interim results for the six months to 30th June 2004. Turnover was 31% up on the same period last year at £1.9m but pre-tax losses widened to £836k from £288k in H1 03. Loss per share came in at (-)3.16p compared to (-)1.64p in H1 03.

Commenting on the results Lord Young of Graffham, Chairman, said: "During this year we are investing heavily in the business and building the foundations for future growth. The digital camera market is growing rapidly and we are taking full advantage of this growth."

Comment: Pixology's results for 2004 are on target and the company says investment in staff and overseas offices is going to plan. More importantly, Pixology also announced a contract win with Tesco (no terms were disclosed but Pixology's software will power digital photo kiosks in 165 Tesco stores) and a new relationship with the Multimedia business group of Nokia to develop mobile printing services for retailers. These two developments provide more evidence that this David is able to play with and against Goliaths such as Kodak and Fuji. But we still can't help wondering how long it will be before one of these Goliaths decides that it's time for lunch? Pixology's shares climbed 4% in early trading to 111.5p, below the 140p they floated at in December last year.

(Anthony Miller)

-2%
54p
Torexretail

TOREX RETAIL UPBEAT AT MAIDEN INTERIMS

Torex Retail, provider of IT solutions to European retailers, this month revealed its first set of results since listing on AIM in March. The company has issued pro-forma results as if it had been trading in its current form for the full six months to end June 2004 with comparable figures for H1 03. These results show a 9% decline in turnover to £28.9m but an impressive 29.5% increase in operating profit (before goodwill amortisation) to £4.1m. Pre-tax profits grew from £1.0m in the first half of 2003 to £1.96m. Pro-forma EPS climbed from 0.08p to 0.43p. Torex Retail has declared an interim dividend of 0.1p per ordinary share.

Commenting on the outlook, the company said it had *"commenced the second half of 2004 on a strong footing"* and is *"well positioned to begin the next phase of our expansion across Europe."*

Changing the business mix

Torex Retail's maiden interim results reflect its new business model. Higher margin software sales have increased (from 18% to 21% of sales) while lower margin hardware sales have decreased from 40% of total sales in 2003 to just 28% of sales in 2004. This shift, combined with the benefits of 2003's cost saving exercises, has led to improved profitability and higher margins despite lower overall revenues.

All in all, the management has been busy over the last few months. Integration of the £8.7m KPOS Computer Systems acquisition is "well underway" and both this and the acquisition of the remaining 30% stake in Logware Information Systems GmbH are expected to be earnings enhancing this year. Torex Retail has also delivered against the principal objectives set at the time of the IPO – to strengthen the senior management team and enhance the sales and marketing function.

At the moment, the outlook seems equally promising. For starters, the company has signed a number of significant contracts since the period end (including a £7m full IT outsourcing contract with WHSmith Travel) and boasts a sales pipeline that is "continuing to build". The future is also likely to bring further acquisitions to expand Torex's customer base, add additional products or help it enter new geographic markets. *(Tola Sargeant)*

18%
570p
SurfControl®

SURFCONTROL – A CRUCIAL YEAR AHEAD

SurfControl, provider of enterprise web and email filtering, has released its results for the year to 30th June 04. Revenue increased 19% to $87.3m (£47.9m). EBITDA leapt 43% to $15.7m while PBT increased 62% to $14.4m (£7.9m).

The company's outlook for the current financial year looks even better, with CEO Steve Purdham predicting revenues up around 14% to $97-102m, and EBITDA (excluding exceptional items) of $20-25m. SurfControl is benefiting from a market that is still evolving and expanding – but it's looking for a larger slice of the pie. Its strategy will be to continue to focus on Rich Content Filtering, which gives more specific control than filtering technologies such as anti-spam. But in the longer term, expect to see it move into managed services in order to tap into further potential within the market.

Reflecting on this, it becomes very clear that the coming 12 months will be extremely critical for the company. On the one hand its projected revenues of around $100m for the year look a safe bet - it has $75m of deferred revenue carried forward, $50m of which will be recognised in the next 12 months. However, the market it is in is evolving fast, and many companies are looking for solutions rather than just stand-alone software tools to deal with the increasing headaches of spam and potential inappropriate use of the Internet by company staff.

Consequently, Surfcontrol bought the Chinese 'appliance' manufacturer SecureM – an appliance in this context is an all-in-one, boxed solution – and the outcome, a product called Riskfilter, will be launched in October.

A second approach to solutions is provision of managed, hosted solutions, popular for medium-sized companies. Surfcontrol is looking to enter this market too, in the second half of its FY05 (the first half of next calendar year).

Thirdly, despite its UK location, the vast majority of SurfControl's sales have been in the US (66% last year, 72% the year before). It is now ramping up its efforts elsewhere, e.g. in mainland Europe (currently only 8% of revenues) and Asia now it has a base in China. How well it exploits these three areas of opportunity in the coming year will have a big influence on its longer-term future. *(Philip Carnelley and Kate Hanaghan)*

Mergers & Acquisitions

Buyer	Seller	Seller Description	Acquiring	Price	Comment
BT	BIC Systems	Networking services	100%	£17m	BIC brings 160 IT and networking services personnel based in Belfast and Dublin, as well as a roster of public and private sector customers built up over its twenty years of experience in the market both north and south of the Irish border. So this is very much a "local" acquisition but it is also yet another sign that investment in boosting IT services remains firmly on BT management's agenda.
Civica	Radius	Supplier of financial applications to local government	100%	£14.2m	This acquisition will strengthen Civica's position in local government. It is exactly the type of acquisition we have been expecting from Civica since its flotation on AIM last December when the company announced its strategy was to bring together complementary businesses. Civica and Radius are not unknown to each other thanks to their common shareholder, Alchemy Partners.
Computer Software Group	Advatech	Software company specialising in field services management	100%	£2.68m	CSG has made three other acquisitions over the past 18 months: Chorus Application Software Limited (May 2003) Springstone Software Services Limited (Dec. 2003) and JBS Computer Services Limited (Mar. 2004).
Computer Software Group	Pinnacle	Field services management company focussed on the domestic, communications and facilities/asset management sectors	100%	Initial consideration of £1.8m to be satisfied by the issue of 3m shares and £178K in cash	CSG's strategy is to enlarge both its integrated software solutions and its web-enabled membership systems offerings. Acquisitions during its last financial year to Aug. 04 bumped up revenues by £2.3m, taking total revenues to £6.2m from £3.5m in 2003.
hotgroup plc	Workthing Ltd	Workthing is an online recruitment service owned by Guardian Media Group	100%	£6m	Workthing comprises workthing.com and PeopleBank Technology, an e-recruitment technology provider of corporate career sites. Hotgroup has made five axquisitions in the last year and claims all have been fully integrated.
MSB International	Elite Computer Staff	Technology recruitment company	100%	Maximum cash consideration of £1.45m	Elite's focus is the permanent recruitment market and contracting services to the mid-market - an area which is complementary to that of MSB.
PC-Ware	Softcat PLC	Resale of PC-oriented PC systems software from vendors including Microsoft and Symantec		N/a	This is a straightforward case of 'bulking up' and no doubt we'll see more of PC-Ware in the UK in future. The two companies have similar businesses. PC-Ware has operations in eight European countries other than the UK, plus South Africa. Its last FY showed revenues of EUR404m - about £270m, and it has about 750 staff.
RM	Technology Teaching Systems (TTS) Group	Educational resources distributor	100%	A maximum consideration of £11m (with RM assuming net debt of £0.8m).	Looks like a sound move from RM as it continues its transition to a more broadly based education supplier. TTS' revenue has grown at 16% for the last two years and gross margins have stayed steady at 45% - very healthy indeed for a distributor. Given this profitability, RM reckons it has paid a fair price for TTS and we wouldn't disagree.
SCC	Triaton GmbH	SCC is to acquire the product supply business of Triaton	100%	N/a	This is the latest in a number of strategic pan-European acquisitons by Sir Peter Rigby's outfit. It extends its German operations and, SCC says, will stregthen its relationship with HP.
Syan	NetSoft Systems	IT outsourcing services	100%	N/a	NetSoft Systems, which will now operate as Syan's IT support and infrastructure unit serving SMEs. NetSoft is based in Telford and currently manages 120 sites across the UK. Syan has been in business for c20 years and is expected to achieve turnover of c£45m this year.
Symantec	Liric Associates	UK-based network security consultancy	100%	N/a	This purchase is very much in the same vein as Symantec's purchase of @Stake at the end of last week. Both are consultancies rather than product vendors. These moves show that Symantec is serious about building the amount of consultant expertise that it can offer its clients, particularly in the area of building and managing secure networks.
The Innovation Group	Maxicare Holdings	South African warranty administration company	100%	£3.4m	Loss-making TiG is rapidly trying to build up its SBPO unit to mitigate the continuing decline in its once core multifaceted (i.e. patchwork quilt) insurance software products business (Technology Solutions). It is now backing the right horse but needs to accelerate the transition to a BPO-led (and IPR-supported) business model. The Maxicare deal is a step in the right direction at what seems to be a reasonable price.
Torex Retail	Logware Information Systems GmbH	German EPoS supplier	Remaining 30.2%	7.2m new Torex Retail shares	In Jun. 03, the company acquired a 69.8% stake in Logware and, as a result of this latest acquisition, Logware now becomes a wholly owned subsidiary of the Group. Logware produces a Java EPoS product, LUCAS, which forms the basis of a product Torex Retail is currently rolling out across Europe.
Veritas	KVS	Email archiving	100%	£125m	The move is a smart one for both companies. It puts Veritas in a good position relative to other storage players. By broadening its storage management expertise to email, it directly matches, for example EMC, which is increasingly active in this domain with its Legato products.
Wealth Management Software	GVA Grimley	WMS is acquiring the property management software business of GVA Grimley	100%	£900K	This acquisition broadens WMS' product offering in the property management area and enlarges its property software user base to some 250 installations. Don't be surprised to see further acquisitions by WMS in its core markets in the future.

Recent IPOs

Name	Activity	S/ITS or Dotcom	Index Class	Market	Issue Price	Market Cap.	IPO Date	Price end Jul 04	Premium/ Discount
Red Squared	IBM Hosting & Managed Services partner	SITS	CS	AIM	19.0p	£3.8m	13-Sep-04	18.5p	-3%

Forthcoming IPOs

Name	Activity	S/ITS or Dotcom Index	Index Class	Market	Est Issue Price	Est Mkt Cap.	IPO Date
eServGlobal	Intelligent networking S/ITS to telecoms carriers	SITS	SP	AIM	N/a	N/a	18-Oct-04
Orca Interactive	Software for IP service providers	SITS	SP	AIM	N/a	N/a	13-Oct-04
Phoenix IT	Managed Services	SITS	CS	N/a	N/a	N/a	TBC
smartFOCUS Group	S/ITS to direct marketers	SITS	SP	AIM	N/a	N/a	TBC

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

AFA Systems plc

	Final - Dec 02		Final - Dec 03	Comparison
REV	£6,013,000		£6,467,000	+7.6%
PBT	-£10,638,000		-£3,044,000	Loss both
EPS	-41.90p		-8.30p	Loss both

AIT Group plc

	Final - Mar 03		Final - Mar 04	Comparison
REV	£17,584,000		£19,648,000	+11.7%
PBT	-£39,349,000		£2,018,000	Loss to profit
EPS	-291.91p		7.49p	Loss to profit

Alphameric plc

	Interim - May 03	Final - Nov 03	Interim - May 04	Comparison
REV	£26,169,000	£62,897,000	£31,158,000	+19.1%
PBT	-£2,704,000	-£3,530,000	-£2,350,000	Loss both
EPS	-2.50p	-3.50p	-2.10p	Loss both

Alterian plc

	Final - Mar 03		Final - Mar 04	Comparison
REV	£4,784,000		£5,668,000	+18.5%
PBT	-£5,966,000		-£3,232,000	Loss both
EPS	-14.60p		-7.10p	Loss both

Anite Group plc

	Final - Apr 03		Final - Apr 04	Comparison
REV	£199,128,000		£188,763,000	-5.2%
PBT	-£112,480,000		-£28,763,000	Loss both
EPS	-34.20p		-8.60p	Loss both

Argonaut Games plc

	Interim - Jan 03	Final - Jul 03	Interim - Jan 04	Comparison
REV	£6,933,000	£5,317,000	£4,373,000	-36.9%
PBT	£1,096,000	-£10,882,000	£2,387,000	+117.8%
EPS	1.13p	-11.20p	-2.24p	Profit to Loss

Asite plc

	Final Dec 02		Final Dec 03	Comparison
REV	£1,575,000		£1,697,000	+7.7%
PBT	-£5,391,000		-£2,457,000	Loss both
EPS	-4.70p		-2.10p	-55.3%

Atlantic Global plc

	Interim - Jun 03	Final Dec 03	Interim - Jun 04	Comparison
REV	£907,000	£1,956,000	£988,000	+8.9%
PBT	£231,000	£496,000	£121,000	-47.6%
EPS	0.56p	1.35p	0.23p	-58.9%

AttentiV Systems Group

	Interim - Mar 03	Final - Sep 03	Interim - Mar 04	Comparison
REV	£13,004,000	£25,655,000	£14,375,000	+10.5%
PBT	£225,000	£1,130,000	£1,563,000	+594.7%
EPS	0.40p	5.90p	2.50p	+525.0%

Autonomy Corporation plc

	Final - Dec 02		Final - Dec 03	Comparison
REV	£33,998,600		£33,568,410	-1.3%
PBT	£3,924,000		£4,650,000	+18.5%
EPS	0.03p		0.03p	+0.0%

Aveva Group plc

	Final - Mar 03		Final - Mar 04	Comparison
REV	£36,008,000		£38,113,000	+5.8%
PBT	£5,580,000		£6,109,000	+9.5%
EPS	21.24p		22.42p	+5.6%

Axon Group plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£24,616,000	£50,210,000	£26,685,000	+8.4%
PBT	£2,036,000	£4,020,000	£2,923,000	+43.6%
EPS	2.40p	4.60p	3.40p	+41.7%

Brady plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£1,012,273	£2,386,644	£1,940,299	+91.7%
PBT	£157,053	£628,628	£823,300	+424.2%
EPS	0.70p	2.60p	2.55p	N/a

Bond International Software plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£3,370,000	£7,037,000	£4,239,000	+25.8%
PBT	£155,000	£451,000	£711,000	+358.7%
EPS	0.64p	2.19p	2.40p	+275.0%

Business Systems Group Holdings plc

	Final - Mar 03		Final - Mar 04	Comparison
REV	£26,475,000		£22,643,000	-14.5%
PBT	-£2,949,000		£139,000	Loss to profit
EPS	-3.44p		0.18p	Loss to profit

Capita Group plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£531,600,000	£1,080,600,000	£620,200,000	+16.7%
PBT	£37,300,000	£93,500,000	£48,100,000	+29.0%
EPS	3.13p	8.42p	4.37p	+39.6%

CES Software plc

	Interim - Jan 03	Final - Jul 03	Interim - Jan 04	Comparison
REV	£7,702,000	£12,174,000	£5,893,000	-23.5%
PBT	-£259,000	-£625,000	£34,000	Loss to Profit
EPS	-0.52p	-1.26p	0.00p	n/a

Charteris plc

	Interim - Jan 03	Final - Jul 03	Interim - Jan 04	Comparison
REV	£7,702,000	£12,174,000	£5,893,000	-23.5%
PBT	-£259,000	-£625,000	£34,000	Loss to Profit
EPS	-0.52p	-1.26p	0.00p	n/a

Chelford Group plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£4,339,000	£9,877,000	£5,603,000	+29.1%
PBT	-£623,000	-£373,000	£135,000	Loss to profit

Chelford Group plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£4,339,000	£9,877,000	£5,603,000	+29.1%
PBT	-£623,000	-£373,000	£135,000	Loss to profit
EPS	-0.07p	-0.03p	-0.02p	Loss both

Civica plc

	Interim - Apr 03	Final - Sep 03	Interim - Apr 04	Comparison
REV	£44,111,000	£90,304,000	£52,474,000	+19.0%
PBT	£3,380,000	£9,317,000	£3,764,000	+11.4%
EPS	5.20p	11.30p	5.40p	+3.8%

Clarity Commerce plc

	Final - Mar 03		Final - Mar 04	Comparison
REV	£7,263,000		£6,335,000	-12.8%
PBT	£315,000		£511,000	+62.2%
EPS	1.84p		2.49p	+35.3%

Clinical Computing plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£1,160,000	£1,858,828	£728,000	-36.7%
PBT	-£397,000	-£1,236,892	-£631,000	Loss both
EPS	-1.60p	-4.50p	-2.00p	Loss both

CMS Webview plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£905,000	£1,629,000	£442,000	-51.2%
PBT	-£116,000	-£543,000	-£778,000	Loss both
EPS	-0.17p	-0.92p	-0.97p	Loss both

CODASciSys plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£34,223,000	£68,026,000	£34,039,000	-.5%
PBT	£1,319,000	£3,861,000	£1,904,000	+44.4%
EPS	3.10p	9.90p	4.50p	+45.2%

Comino Group plc

	Final - Mar 03		Final - Mar 04	Comparison
REV	£24,504,000		£24,507,000	+0.0%
PBT	£1,209,000		£1,713,000	+41.7%
EPS	8.90p		6.90p	-22.5%

Compel Group plc

	Final - Jun 03		Final - Jun 04	Comparison
REV	£52,880,000		£63,335,000	+19.8%
PBT	-£407,000		-£327,000	Loss both
EPS	1.30p		-0.90p	Profit to loss

Computacenter plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£1,255,599,000	£2,482,713,000	£1,255,436,000	-0%
PBT	£32,020,000	£65,161,000	£33,218,000	+3.7%
EPS	11.60p	24.60p	12.30p	+6.0%

Computer Software Group plc

	Final - Feb 03		Final - Feb 04	Comparison
REV	£3,584,000		£3,941,000	+10.0%
PBT	-£1,399,000		-£343,000	Loss both
EPS	-0.97p		0.47p	Loss both

Corpora plc

	Final - Jun 03		Final - Jun 04	Comparison
REV	N/a		£499,381	N/a
PBT	-£1,189,000		-£2,649,553	Loss both
EPS	N/a		-16.10p	Loss both

DCS Group plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£30,200,000	£52,800,000	£19,500,000	-35.4%
PBT	-£4,000,000	-£7,000,000	£2,800,000	Loss to profit
EPS	-17.16p	-31.07p	10.78p	Loss to profit

Dealogic Holdings plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£13,469,000	£30,966,000	£16,394,000	+21.7%
PBT	£5,313,000	£12,883,000	£4,878,000	-8.2%
EPS	N/a	N/a	N/a	N/a

Delcam plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£9,816,000	£20,451,000	£10,306,000	+5.0%
PBT	£504,000	£1,348,000	£662,000	+31.3%
EPS	6.40p	20.45p	8.60p	+34.4%

Detica Group plc

	Final - Mar 03		Final - Mar 04	Comparison
REV	£39,198,000		£53,523,000	+36.5%
PBT	£7,437,000		£8,775,000	+18.0%
EPS	24.10p		35.50p	+47.3%

Diagonal plc

	Interim - May 03	Final - Nov 03	Interim - May 04	Comparison
REV	£30,611,000	£56,312,000	£24,752,000	-19.1%
PBT	£324,000	-£2,815,000	-£300,000	Profit to loss
EPS	-0.28p	-3.42p	-0.73p	Loss both

Dicom Group plc

	Final - Jun 03		Final - Jun 04	Comparison
REV	£156,432,000		£156,197,000	-.2%
PBT	£8,801,000		£7,757,000	-11.9%
EPS	26.00p		18.20p	-30.0%

Dimension Data plc

	Final - Sep 02		Final - Sep 03	Comparison
REV	£1,489,600,000		£1,288,000,000	-13.5%
PBT	-£1,580,000		-£244,000	Loss both
EPS	-155.60p		-19.18p	Loss both

DRS Data & Research Services plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£7,750,000	£13,528,000	£9,728,000	+25.5%
PBT	£892,000	£2,104,000	£1,134,000	+27.1%
EPS	1.87p	4.50p	2.38p	+27.3%

Earthport Plc

	Interim - Dec 02	Final - Jun 03	Interim - Dec 03	Comparison
REV	£282,000	£512,881	£416,000	+47.5%
PBT	-£3,994,000	-£12,932,259	-£2,279,000	Loss both
EPS	1.90p	-6.40p	0.70p	-63.2%

Easyscreen plc

	Final - Mar 03		Final - Mar 04	Comparison
REV	£2,654,514		£2,206,624	-16.9%
PBT	-£3,397,842		£3,237,428	Loss both
EPS	-5.60p		-5.08p	Loss both

Eidos plc

	Interim - Dec 02	Final - Jun 03	Interim - Dec 03	Comparison
REV	£88,939,000	£169,048,000	£78,747,000	-11.5%
PBT	£6,668,000	£17,354,000	£7,826,000	+17.4%
EPS	3.60p	13.70p	4.60p	+27.8%

Electronic Data Processing plc

	Final - Sep 02		Final - Sep 03	Comparison
REV	£8,480,000		£8,686,000	+2.4%
PBT	-£1,394,000		£284,000	Loss to profit
EPS	-5.03p		3.97p	Loss to profit

Empire Interactive plc

	Final - Dec 02		Final - Dec 03	Comparison
REV	£22,575,000		£30,438,000	+34.8%
PBT	-£2,872,000		£611,000	Loss to profit
EPS	-2.72p		0.34p	Loss to profit

Epic Group plc

	Final - May 03		Final - May 04	Comparison
REV	£8,750,000		£7,296,000	-16.6%
PBT	£1,802,000		£1,364,000	-24.3%
EPS	6.60p		3.90p	-40.9%

Eurolink Managed Services plc

	Final- Mar 03		Final- Mar 04	Comparison
REV	£9,152,000		£7,365,000	-19.5%
PBT	£204,000		-£196,000	Profit to loss

Eurolink Managed Services plc

	Final- Mar 03		Final- Mar 04	Comparison
REV	£9,152,000		£7,365,000	-19.5%
PBT	£204,000		-£196,000	Profit to loss
EPS	1.22p		-1.36p	Profit to loss

Ffastfill Plc

	Final - Mar 03		Final - Mar 04	Comparison
REV	£1,372,000		£2,651,000	+93.2%
PBT	-£4,926,000		-£2,547,000	Loss both
EPS	-10.05p		-3.43p	Loss both

Financial Objects plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£5,663,000	£10,427,000	£4,589,000	-19.0%
PBT	-£1,175,000	-£12,055,000	£125,000	Loss to profit
EPS	-4.44p	-43.96p	0.45p	Loss to profit

Flightstore Group plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£112,178	£274,112	£36,963	-67.0%
PBT	-£563,651	-£1,020,176	-£563,424	Loss both
EPS	-0.70p	-1.17p	-0.62p	Loss both

Flomerics Group plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£4,430,000	£10,221,000	£4,881,000	+10.2%
PBT	-£144,000	£455,000	-£106,000	Loss both
EPS	-0.98p	2.74p	-0.71p	Loss both

Focus Solutions Group plc

	Final - Mar 03		Final - Mar 04	Comparison
REV	£6,583,000		£5,388,000	-18.2%
PBT	-£3,833,000		-£382,000	Loss both
EPS	-13.40p		-1.00p	Loss both

GB Group plc

	Final - Mar 03		Final - Mar 04	Comparison
REV	£11,243,000		£11,916,000	+6.0%
PBT	£813,000		-£10,000	Profit to loss
EPS	0.90p		0.00p	N/a

Gladstone Plc

	Interim - Feb 03	Final - Aug 03	Interim - Feb 04	Comparison
REV	£3,796,125	£7,935,138	£3,569,144	-6.0%
PBT	£50,315	£183,583	£231,620	+360.3%
EPS	0.12p	0.45p	0.54p	+350.0%

Glotel plc

	Final - Mar 03		Final - Mar 04	Comparison
REV	£75,900,000		£90,499,000	+19.2%
PBT	-£1,347,000		£754,000	Loss to profit
EPS	-2.30p		1.20p	Loss to profit

Gresham Computing plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£4,870,000	£10,245,000	£6,136,000	+26.0%
PBT	-£1,068,000	-£1,955,000	-£587,000	Loss both
EPS	-2.24p	-4.05p	-1.19p	Loss both

Harrier Group plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£4,255,000	£9,029,851	£6,096,000	+43.3%
PBT	£12,812	£200,381	£194,816	+1420.6%
EPS	0.52p	0.55p	0.04p	-92.3%

Harvey Nash Group plc

	Final - Jan 03		Final - Jan 04	Comparison
REV	£156,692,000		£130,911,000	-16.5%
PBT	-£7,490,000		-£4,536,000	Loss both
EPS	-14.91p		-8.75p	Loss both

Highams Systems Services Group plc

	Interim - Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£5,618,000	£11,096,000	£4,754,000	-15.4%
PBT	-£212,000	-£195,000	-£102,000	Loss both
EPS	-1.09p	-1.00p	-0.53p	Loss both

Horizon Technology Group plc

	Interim - Jun 03	Final Dec 03	Interim - Jun 04	Comparison
REV	£80,839,000	£168,434,440	£101,488,400	+25.5%
PBT	£199,000	£461,680	£1,839,310	+824.3%
EPS	0.13p	0.30p	1.97p	+1415.4%

I-Document Systems Plc

	Interim - Apr 03	Final - Oct 03	Interim - Apr 04	Comparison
REV	£1,903,078	£4,472,305	£3,283,879	+72.6%
PBT	-£459,182	-£595,060	-£192,000	Loss both
EPS	-0.33p	-0.42p	-0.03p	Loss both

ICM Computer Group plc

	Final - Jun 03		Final - Jun 04	Comparison
REV	£77,843,000		£77,542,000	-.4%
PBT	£3,673,000		£4,380,000	+19.2%
EPS	12.30p		14.00p	+13.8%

Innovation Group plc (The)

	Final - Sep 02		Final - Sep 03	Comparison
REV	£100,071,000		£223,509,000	+123.4%
PBT	-£391,114,000		-£24,088,000	Loss both
EPS	-173.78p		-7.67p	Loss both

InTechnology plc

	Final - Mar 03		Final - Mar 04	Comparison
REV	£156,899,000		£223,509,000	+42.5%
PBT	-£6,675,000		-£3,814,000	Loss both
EPS	-5.10p		-3.40p	Loss both

Intelligent Environments Group plc

	Final - Dec 02		Final - Dec 03	Comparison
REV	£2,672,065		£3,485,000	+30.4%
PBT	-£2,873,579		-£209,928	Loss both
EPS	-2.14p		-0.02p	Loss both

Interactive Digital Solutions plc

	Interim - Mar 02	Final - Sep 03	Interim - Mar 03	Comparison
REV	£46,323	£243,032	£165,741	+257.8%
PBT	-£717,494	-£1,220,305	-£545,498	Loss both
EPS	-0.48p	-0.73p	-0.33p	Loss both

Intercede Group plc

	Final - Mar 03		Final - Mar 04	Comparison
REV	£1,819,000		£1,605,000	-11.8%
PBT	-£1,123,000		-£661,000	Loss both
EPS	-5.60p		-2.90p	Loss both

Internet Business Group Plc

	Final - Oct 02		Final - Oct 03	Comparison
REV	£1,389,000		£2,663,774	+91.8%
PBT	-£537,000		-£333,262	-37.9%
EPS	-0.87p		-0.53p	-39.1%

iTrain plc

	Final - Dec 01	Final - Dec 02	Interim - Jun 03	Comparison
REV	£436,768	£856,381	£294,539	-32.6%
PBT	-£15,065	-£318,863	-£89,946	Loss both
EPS	n/a	-5.94p	n/a	n/a

INVU plc

	Interim - Jul 03	Final - Jan 04	Interim - Jul 04	Comparison
REV	£785,000	£1,997,000	£1,015,000	+29.3%
PBT	-£457,000	-£1,377,000	-£576,000	Loss both
EPS	-1.50p	-0.36p	-0.61p	Loss both

IQ-Ludorum plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£1,289,900	£2,502,000	£847,210	-34.3%
PBT	-£1,067,568	-£1,092,000	-£242,216	Loss both
EPS	-0.01p	-1.37p	0.01p	Loss both

iSOFT Group plc

	Final - Apr 03		Final - Apr 04	Comparison
REV	£91,495,000		£149,260,000	+63.1%
PBT	£18,880,000		£17,593,000	-6.8%

iSOFT Group plc

	Final - Apr 03		Final - Apr 04	Comparison
REV	£91,495,000		£149,260,000	+63.1%
PBT	£18,880,000		£17,593,000	-6.8%
EPS	11.08p		6.57p	-40.7%

I S Solutions plc

	Interims - Jun 03	Final - Dec 03	Interims - Jun 04	Comparison
REV	£3,236,000	£5,985,000	£2,849,000	-12.0%
PBT	£119,000	-£188,000	-£151,000	Loss both
EPS	-0.21p	-0.89p	-0.61p	Loss both

ITNET plc

	Interim - Jun 03	Final Dec 03	Interim - Jun 04	Comparison
REV	£91,215,000	£188,478,000	£104,560,000	+14.6%
PBT	£8,730,000	£17,893,000	-£16,601,000	Profit to loss
EPS	7.53p	17.04p	-16.39p	Profit to loss

K3 Business Technology Group plc

	Final - Dec 02		Final - Dec 03	Comparison
REV	£8,088,000		£7,002,000	-13.4%
PBT	£266,000		-£199,000	Profit to Loss
EPS	0.70p		-0.60p	Profit to Loss

Kewill Systems plc

	Final - Mar -03		Final - Mar 04	Comparison
REV	£25,016,000		£22,147,000	-11.5%
PBT	-£5,987,000		£1,529,000	Loss to profit
EPS	-7.90p		2.70p	Loss to profit

Knowledge Technology Solutions Plc

	Interim - Dec 02	Final - Jun 03	Interim - Dec 03	Comparison
REV	£44,652	£160,708	£289,323	+548.0%
PBT	-£321,585	-£705,651	-£432,585	Loss both
EPS	-0.39p	-0.73p	-0.38p	Loss both

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

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

K3 Business Technology Group plc

	Final - Dec 02	Final - Dec 03	Comparison
REV	£8,088,000	£7,002,000	-13.4%
PBT	£266,000	-£199,000	Profit to Loss
EPS	0.70p	-0.60p	Profit to Loss

Pilat Media Global plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£2,977,898	£9,422,607	£5,607,249	+88.3%
PBT	-£1,244,612	£595,047	£434,918	Loss to Profit
EPS	-2.83p	0.64p	0.65p	Loss to Profit

Systems Union Group plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£34,016,000	£78,427,000	£51,016,000	+50.0%
PBT	£1,989,000	£6,124,000	£1,464,000	-26.4%
EPS	1.90p	5.30p	1.20p	-36.8%

Kewill Systems plc

	Final - Mar 03	Final - Mar 04	Comparison
REV	£25,016,000	£22,147,000	-11.5%
PBT	-£5,987,000	£1,529,000	Loss to profit
EPS	-7.90p	2.70p	Loss to profit

PC Medics Group Plc

	Final - Mar 03	Final - Mar 04	Comparison
REV	£574,561	£1,160,363	+102.0%
PBT	-£824,548	-£134,991	Loss both
EPS	-0.49p	-0.04p	Loss both

Tadpole Technology plc

	Interim - Mar 03	Final - Sep 03	Interim - Mar 04	Comparison
REV	£2,803,000	£5,318,000	£1,476,000	-47.3%
PBT	-£7,516,000	-£9,570,000	-£1,515,000	Loss both
EPS	-3.60p	-4.30p	-0.60p	Loss both

Knowledge Technology Solutions Plc

	Interim - Dec 02	Final - Jun 03	Interim - Dec 03	Comparison
REV	£44,652	£150,708	£289,323	+548.0%
PBT	-£321,585	-£705,651	-£432,585	Loss both
EPS	-0.39p	-0.73p	-0.38p	Loss both

Pixology plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£1,442,680	£2,528,038	£1,888,623	+30.9%
PBT	-£287,585	-£1,919,177	-£835,547	Loss both
EPS	1.64p	-12.70p	-3.16p	Loss both

Telecity plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£11,827,000	£23,536,000	£12,235,000	+3.4%
PBT	-£2,935,000	-£9,522,000	-£2,745,000	Loss both
EPS	-1.40p	-4.70p	-1.20p	Loss both

LogicaCMG plc

	Final - Dec 02	Final - Dec 03	Comparison
REV	£1,827,400,000	£1,706,600,000	-6.6%
PBT	-£731,800,000	-£33,000,000	Loss both
EPS	-102.90p	-6.30p	Loss both

Planit Holdings plc

	Interim - Oct 02	Final - Apr 03	Interim - Oct 03	Comparison
REV	£10,522,000	£20,417,000	£13,045,000	+24.0%
PBT	£642,000	-£571,000	£742,000	+15.6%
EPS	0.40p	-0.60p	0.40p	+0.0%

Tikit Group plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£3,880,000	£9,558,000	£5,890,000	+51.8%
PBT	£235,000	£710,000	£429,000	+82.6%
EPS	0.80p	2.90p	2.90p	+262.5%

Lorien plc

	Interim - May 03	Final - Nov 03	Interim - May 04	Comparison
REV	£44,503,000	£94,714,000	£57,372,000	+28.9%
PBT	-£28,000	-£425,000	-£227,000	Loss both
EPS	-1.00p	-3.20p	1.00p	Loss both

Prologic plc

	Final - Mar 03	Final - Mar 04	Comparison
REV	£7,823,000	£7,542,000	-3.6%
PBT	£624,000	£676,000	+8.3%
EPS	N/a	N/a	Profit to Loss

Torex Retail

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£31,751,000	£67,600,000	£28,940,000	-8.9%
PBT	£1,033,000	£9,920,000	£1,962,000	+89.9%
EPS	0.08p	8.04p	0.43p	+437.5%

Macro 4 plc

	Final - Jun 03	Final - Jun 04	Comparison
REV	£32,394,000	£31,240,000	-3.6%
PBT	-£5,155,000	£1,042,000	Loss to profit
EPS	-21.20p	1.90p	Loss to profit

PSD Group plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£18,449,000	£37,604,000	£20,378,000	+10.5%
PBT	-£464,000	£249,000	£1,583,000	Loss to profit
EPS	-2.70p	-1.50p	3.70p	Profit to Loss

Total Systems plc

	Final - Mar 03	Final - Mar 04	Comparison
REV	£3,927,749	£3,843,856	-2.1%
PBT	£596,643	£715,938	+20.0%
EPS	4.12p	4.94p	+19.9%

Manpower SoftWare plc

	Final - May 03	Final - May 04	Comparison
REV	£3,560,541	£5,146,663	+44.5%
PBT	-£802,388	£388,906	Loss to profit
EPS	-1.80p	1.00p	Loss to profit

QA plc

	Final - Nov 02	Final - Nov 03	Comparison
REV	£32,823,000	£29,158,000	-11.2%
PBT	-£63,006,000	£3,346,000	Loss both
EPS	-67.70p	-4.40p	Loss both

Touchstone Group plc

	Final - Mar 03	Final - Mar 04	Comparison
REV	£14,249,000	£14,256,000	+0.0%
PBT	£1,526,000	£555,000	-63.6%
EPS	9.20p	1.50p	-83.7%

Marlborough Stirling plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£55,986,000	£114,600,000	£49,764,000	-11.1%
PBT	-£3,118,000	£2,500,000	£4,779,000	Loss to profit
EPS	-1.70p	0.60p	-2.30p	Loss to profit

Quantica plc

	Interim - May 03	Final - Nov 03	Interim - May 04	Comparison
REV	£11,527,000	£24,897,000	£13,789,000	+19.6%
PBT	-£215,000	£779,000	£763,000	Loss to profit
EPS	-0.53p	1.29p	1.15p	Loss to profit

Trace Group plc

	Final - May 03	Final - May 04	Comparison
REV	£15,865,000	£15,472,000	-2.5%
PBT	-£2,776,000	-£822,000	Loss both
EPS	-16.17p	-4.69p	Loss both

Microgen plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£11,058,000	£26,416,000	£21,130,000	+91.1%
PBT	-£717,000	-£2,356,000	-£2,642,000	Loss both
EPS	-1.80p	-3.20p	2.10p	Loss both

Raft International plc

	Interim - Apr 03	Final - Oct 03	Interim - Apr 03	Comparison
REV	£4,175,000	£8,562,000	£3,164,000	-24.2%
PBT	£498,000	-£999,000	£969	Loss both
EPS	-0.76p	-1.47p	-1.48p	Loss both

Triad Group plc

	Final - Mar 03	Final - Mar 04	Comparison
REV	£27,756,000	£36,534,000	+31.6%
PBT	-£4,980,000	-£759,000	Loss both
EPS	-27.20p	-27.20p	Loss both

Minorplanet Systems Plc

	Interim - Feb 03	Final - Aug 03	Interim - Feb 04	Comparison
REV	£51,000,000	£88,600,000	£19,100,000	-62.5%
PBT	-£7,300,000	-£52,300,000	-£2,900,000	Loss both
EPS	-8.30p	-54.57p	-11.40p	Loss both

Retail Decisions plc

	Final - Dec 02	Final - Dec 03	Comparison
REV	£27,685,000	£30,426,000	+9.9%
PBT	-£9,379,000	£2,947,000	Loss to Profit
EPS	-3.64p	0.50p	Loss to Profit

Tribal Group plc

	Final - Mar 03	Final - Mar 04	Comparison
REV	£105,659,000	£185,744,000	+75.8%
PBT	£7,855,000	£5,322,000	-32.2%
EPS	5.50p	-1.40p	Profit to loss

Misys plc

	Final - May 03	Final - May 04	Comparison
REV	£1,013,500,000	£899,900,000	-11.2%
PBT	£60,900,000	£23,100,000	-62.1%
EPS	8.00p	4.30p	-46.3%

RM plc

	Interim - Mar 03	Final - Sep 03	Interim - Mar 04	Comparison
REV	£85,363,000	£215,494,000	£106,755,000	+25.1%
PBT	-£1,820,000	£6,219,000	£766,000	Loss to Profit
EPS	-1.80p	7.90p	0.00p	N/a

Ultima Networks plc

	Final - Dec 02	Final - Dec 03	Comparison
REV	£2,026,000	£1,770,000	-12.6%
PBT	£165,000	£169,000	+2.4%
EPS	0.10p	0.09p	-10.0%

Mondas plc

	Final - Apr 03	Final - Apr 04	Comparison
REV	£3,713,353	£3,974,732	+7.0%
PBT	-£2,224,645	-£1,779,554	Loss both
EPS	-10.10p	-6.60p	Loss both

Royalblue Group plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£27,857,000	£56,489,000	£28,459,000	2%
PBT	£3,847,000	£9,425,000	£4,090,000	0.06316603
EPS	8.50p	23.40p	8.80p	0.03529418

Ultrasis Group plc

	Final - Jul 02	Final - Jul 03	Comparison
REV	£563,000	£548,000	-2.7%
PBT	-£13,656,000	-£12,864,000	Loss both
EPS	-1.00p	-0.53p	Loss both

Morse plc

	Final - Jun 03	Final - Jun 04	Comparison
REV	£351,343,000	£398,008,000	+13.3%
PBT	-£14,095,000	-£12,431,000	Loss both
EPS	-13.30p	-11.90p	Loss both

Sage Group plc

	Final - Sep 02	Final - Sep 03	Comparison
REV	£551,731,000	£560,345,000	+1.6%
PBT	£129,154,000	£151,037,000	+16.9%
EPS	6.99p	8.14p	+16.5%

Universe Group plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£18,967,000	£42,129,000	£20,349,000	+7.3%
PBT	£206,000	-£2,730,000	-£224,000	Profit to Loss
EPS	0.50p	-7.00p	-0.38p	Profit to Loss

MSB International plc

	Interim - Jul 03	Final - Jan 04	Interim - Jul 04	Comparison
REV	£33,777,000	£67,297,000	£44,352,000	+31.3%
PBT	£103,000	£311,000	£272,000	+164.1%
EPS	0.30p	0.76p	0.89p	+196.7%

SDL plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£31,003,000	£64,378,000	£30,670,000	-1.1%
PBT	-£1,004,000	-£804,000	-£311,000	Loss both
EPS	-2.85p	-3.30p	-1.47p	Loss both

Vega Group plc

	Final - Apr 03	Final - Apr 04	Comparison
REV	£35,589,000	£44,127,000	+24.0%
PBT	-£8,739,000	£1,918,000	Loss to profit
EPS	-48.51p	5.74p	Loss to profit

NCC Group plc

	Final - May 03	Final - May 04	Comparison
REV	£12,291,000	£15,316,000	+24.6%
PBT	£1,461,000	£1,403,000	-4.0%
EPS	N/a	N/a	N/a

ServicePower Technologies plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£996,000	£2,638,000	£780,000	-21.7%
PBT	-£1,146,000	-£1,624,000	-£1,586,000	Loss both
EPS	-2.21p	-2.67p	-2.34p	Loss both

Vianet Group plc

	Final - Sep 02	Final - Sep 03	Comparison
REV	£13,124	£33,714	+156.9%
PBT	-£1,955,446	-£2,056,476	Loss both
EPS	-6.30p	-3.10p	Loss both

Ncipher.Plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£7,107,000	£12,988,000	£6,391,000	-10.1%
PBT	-£328,000	-£585,000	£73,000	Loss to profit
EPS	-1.75p	-2.80p	0.04p	Loss to profit

Sirius Financial Systems plc

	Final - Dec 02	Final - Dec 03	Comparison
REV	£22,683,192	£20,523,966	-9.5%
PBT	£1,893,520	-£581,160	Profit to Loss
EPS	5.90p	-3.90p	Profit to Loss

VI Group plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£4,365,000	£8,823,000	£5,053,000	+15.8%
PBT	-£227,000	-£1,250,000	-£99,000	Loss both
EPS	-0.78p	-3.92p	-0.60p	Loss both

NetBenefit plc

	Final - Jun 03	Final - Jun 04	Comparison
REV	£6,245,000	£7,675,000	+22.9%
PBT	-£166,000	£412,000	Loss to Profit
EPS	0.10p	3.40p	Loss to Profit

Sirvis IT plc

	Final - May 03	Final - May 04	Comparison
REV	£853,000	£3,230,000	+278.7%
PBT	-£288,000	£321,000	Loss to profit
EPS	-2.49p	0.60p	Loss to profit

Warthog plc

	Final - Mar 03	Final - Mar 04	Comparison
REV	£11,417,138	£5,674,899	-50.3%
PBT	-£790,705	-£9,242,673	Loss both
EPS	-0.87p	-12.85p	Loss both

Netcall plc

	Final - Jun 03	Final - Jun 04	Comparison
REV	£2,387,203	£2,414,211	+1.1%
PBT	-£331,777	-£827,931	Loss both
EPS	-0.60p	-1.30p	Loss both

Sopheon plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£5,123,000	£6,734,000	£2,083,000	-59.3%
PBT	-£5,718,000	-£5,806,000	-£1,261,000	Loss both
EPS	-6.90p	-6.30p	-1.20p	Loss both

Wealth Management Software plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£3,969,000	£7,300,000	£3,069,000	-22.7%
PBT	£208,000	£5,000	£148,000	-28.8%
EPS	0.62p	-0.05p	0.39p	-37.1%

Netstore plc

	Final - Jun 03	Final - Jun 04	Comparison
REV	£14,197,000	£20,681,000	+45.7%
PBT	-£5,265,000	-£687,000	Loss both

Spring Group plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£145,749,000	£360,197,000	£229,194,000	+57.3%
PBT	-£4,538,000	-£18,946,000	£1,548,000	Loss to profit

Workplace Systems International plc

	Final - Mar 03	Final - Mar 04	Comparison
REV	£14,241,000	£10,664,000	-25.1%
PBT	-£3,555,000	-£7,398,000	Loss both

Northgate Information Solutions plc

	Final - Apr 03	Final - Apr 04	Comparison
REV	£83,297,000	£93,611,000	+12.4%
PBT	£28,109,000	-£10,086,000	Profit to loss
EPS	10.33p	-2.86p	Profit to loss

StatPro Group plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£4,065,000	£8,426,000	£4,258,000	+4.7%
PBT	-£78,000	£146,000	-£108,000	Loss both
EPS	-0.03p	0.60p	0.00p	Loss both

Xansa plc

	Final - Apr 03	Final - Apr 04	Comparison
REV	£453,900,000	£419,500,000	-7.6%
PBT	-£157,000,000	-£31,200,000	Loss both
EPS	-57.09p	-12.67p	Loss both

NSB Retail Systems plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£32,907,000	£64,348,000	£21,632,000	-34.3%
PBT	-£14,658,000	-£28,755	£435,000	Loss to profit
EPS	-3.69p	-7.03p	0.01p	Loss to profit

Stilo International Plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£1,034,000	£2,279,000	£1,231,000	+19.1%
PBT	-£827,000	-£1,445,000	-£368,000	Loss both
EPS	-1.57p	-2.61p	-0.52p	Loss both

XKO Group plc

	Final - Mar 03	Final - Mar 04	Comparison
REV	£43,627,000	£45,400,000	+4.1%
PBT	-£545,000	-£2,323,000	Loss both
EPS	-2.90p	-9.70p	Loss both

OneclickHR plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£2,712,382	£4,797,967	£4,797,967	+76.9%
PBT	£64,829	-£1,523,443	-£730,170	Profit to loss
EPS	0.10p	-2.50p	-0.66p	Profit to loss

Superscape plc

	Final - Jan 03	Final - Jan 04	Comparison
REV	£855,000	£1,100,000	+28.7%
PBT	-£9,198,000	-£6,969,000	Loss both
EPS	-17.10p	-7.10p	Loss both

XN Checkout Holdingsplc

	Interim - Jun 03	Final - Dec 02	Interim - Jun 04	Comparison
REV	£7,501,000	£13,803,000	£9,111,000	+21.5%
PBT	-£1,151,000	-£5,481,000	£907,000	Loss to profit
EPS	N/a	N/a	N/a	N/a

Parity Group plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£80,904,000	£175,952,000	£90,312,000	+11.6%
PBT	-£13,807,000	-£18,722,000	£14,000	Loss to profit
EPS	-7.39p	1.04p	-0.08p	Loss both

SurfControl plc

	Final - Jun 03	Final - Jun 04	Comparison
REV	£46,209,392	£47,859,580	+3.6%
PBT	£5,602,649	£7,890,650	+40.8%
EPS	13.12p	19.73p	+50.3%

Xpertise Group plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£5,535,000	£10,767,000	£6,227,000	+12.5%
PBT	-£1,190,000	-£2,140,000	-£311,000	Loss both
EPS	-0.54p	-0.70p	-0.07p	Loss both

Patsystems plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£4,817,000	£10,673,000	£5,329,000	+10.6%
PBT	£1,521,000	-£2,369,000	£1,808,000	Loss both
EPS	-1.20p	-1.70p	-1.10p	Loss both

Synstar plc

	Interim - Mar 03	Final - Sep 03	Interim - Mar 03	Comparison
REV	£111,517,000	£222,978,000	£107,818,000	-3.3%
PBT	£3,797,000	£8,716,000	-£14,534,000	Profit to loss
EPS	1.60p	3.60p	-9.40p	Profit to loss

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Holway/SYSTEMHOUSE S/ITS Share Prices and Capitalisation

	SCS Cat.	Share Price 30-Sep-04	Capitalisation 30-Sep-04	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 30-Sep-04	Share price move since 31-Aug-04	Share price % move in 2004	Capitalisation move since 31-Aug-04
AFA Systems	SP	£0.15	£6.84m	Loss	0.99	121	7.41%	-46.30%	£0.47m
AIT Group	CS	£0.32	£16.20m	3.3	0.93	212	-11.64%	-46.69%	-£2.11m
Alphameric	SP	£0.77	£89.45m	Loss	1.47	351	-3.16%	-12.07%	-£2.95m
Alterian	SP	£0.87	£34.12m	Loss	5.72	435	5.45%	27.01%	£1.72m
Anite Group	CS	£0.50	£176.25m	Loss	0.92	292	1.52%	-0.99%	£2.55m
Argonaut Games	SP	£0.04	£3.29m	Loss	0.62	36	0.00%	-44.00%	£0.00m
Atlantic Global	SP	£0.48	£10.85m	Loss	5.7	1610.2	-2.06%	-43.45%	-£0.27m
AttentiV Systems	SP	£0.64	£38.50m	7.9	1.49	934	0.79%	15.45%	£0.30m
Autonomy Corporation	SP	£1.89	£206.70m	64.4	5.37	58	15.05%	-20.98%	£26.55m
Aveva Group	SP	£5.35	£117.20m	22.3	3.02	2675	1.90%	11.46%	£2.20m
Axon Group	CS	£1.39	£72.30m	18.2	1.18	794	21.93%	-14.20%	£13.00m
Bond International	SP	£0.85	£21.35m	21.5	2.13	1300	42.02%	77.89%	£6.35m
Brady	SP	£0.79	£0.20m	N/a	8.09	969	3.97%	-3.09%	-£19.10m
Business Systems	CS	£0.13	£10.90m	72.0	0.83	109	10.64%	-1.89%	-£7.80m
Capita Group	CS	£3.29	£2,177.18m	23.4	1.94	88935	3.79%	35.39%	£79.18m
Charteris	CS	£0.30	£12.35m	Loss	0.82	328	22.92%	11.32%	£2.35m
Chelford Group	CS	£0.02	£13.20m	Loss	1.34	348	0.00%	166.67%	-£0.06m
Civica	CS	£2.06	£93.18m	18.2	0.90	1177	14.76%	17.71%	£11.98m
Clarity Commerce	SP	£0.64	£10.20m	15.6	1.67	512	-3.76%	-9.22%	-£0.40m
Clinical Computing	SP	£0.26	£8.04m	Loss	4.58	206	-5.56%	-33.77%	-£0.47m
CMS Webview	CS	£0.04	£3.54m	Loss	3.44	314	-37.14%	-64.23%	-£2.06m
CODASciSys	CS	£3.23	£81.90m	13.0	1.13	2500	6.61%	9.32%	£5.10m
Comino	SP	£2.33	£32.25m	24.4	0.95	1788	38.81%	15.38%	£8.95m
Compel Group	CS	£0.88	£29.03m	Loss	0.40	700	15.13%	12.90%	£3.83m
Computacenter	R	£3.38	£637.61m	12.9	0.32	504	2.90%	-28.19%	£17.93m
Computer Software Group	SP	£0.63	£21.50m	Loss	5.71	532	-4.58%	47.06%	-£1.00m
Corpora	SP	£0.27	£9.71m	Loss	20.24	697	-3.64%	-11.67%	-£0.39m
DCS Group	CS	£0.08	£2.07m	Loss	0.04	138	0.00%	-38.89%	£0.00m
Dealogic	SP	£1.50	£104.91m	N/a	3.90	652	-12.79%	-28.91%	-£15.09m
Delcam	SP	£2.22	£13.51m	9.7	0.67	854	-0.22%	33.73%	-£0.09m
Detica	CS	£6.45	£144.18m	15.7	2.34	1613	15.18%	4.88%	£18.98m
Dicom Group	R	£7.30	£152.90m	40.1	0.94	2236	4.36%	5.95%	£6.36m
Dimension Data	R	£0.31	£419.49m	Loss	0.30	56	7.76%	-16.67%	£30.16m
DRS Data & Research	SP	£0.48	£15.22m	9.5	1.22	432	-7.32%	-24.60%	-£1.28m
Earthport	SP	£0.01	£6.26m	Loss	16.4	8.8	-20.00%	-58.62%	-£2.13m
Easyscreen	SP	£0.18	£12.79m	Loss	7.07	103	-18.60%	-16.67%	-£2.81m
Eidos	SP	£1.02	£144.15m	7.4	0.87	5073	-1.69%	-27.50%	-£2.45m
Electronic Data Processing	SP	£0.69	£17.01m	13.7	2.03	2113	-3.50%	12.20%	-£0.59m
Empire Interactive	SP	£0.10	£6.79m	29.4	0.24	167	14.29%	-16.67%	£0.85m
Epic Group	CS	£0.82	£21.35m	20.3	3.04	776	-4.12%	-15.10%	-£0.85m
Eurolink Managed Services	CS	£0.34	£3.54m	Loss	0.48	340	0.00%	21.43%	£0.04m
Ffastfill	SP	£0.07	£12.68m	Loss	4.3	54.2	8.33%	16.07%	£1.28m
Financial Objects	SP	£0.40	£11.13m	Loss	1.12	174	-4.76%	64.95%	-£0.59m
Flightstore Group	SP	£0.04	£3.51m	N/a	14.67	318	-12.50%	-68.18%	-£0.51m
Flomerics Group	SP	£0.56	£8.13m	15.6	0.81	2135	-1.77%	-8.26%	-£0.15m
Focus Solutions Group	SP	£0.41	£11.60m	Loss	2.17	208	-1.22%	15.71%	-£0.10m
GB Group	SP	£0.15	£12.00m	Loss	0.99	97	1.69%	-50.82%	£0.20m
Gladstone	SP	£0.19	£8.45m	10.3	0.91	481	8.45%	54.00%	£0.64m
Glotel	A	£1.06	£40.28m	88.3	0.45	548	-2.76%	6.57%	-£0.83m
Gresham Computing	CS	£2.66	£131.39m	Loss	12.35	2860	4.31%	-20.24%	£5.37m
Harrier Group	CS	£0.17	£4.91m	12.5	0.86	130	0.00%	-22.09%	-£2.90m
Harvey Nash Group	A	£0.85	£51.69m	Loss	0.36	486	11.11%	12.58%	£5.19m
Highams Systems Services	A	£0.06	£1.85m	Loss	0.13	161	-20.00%	-52.65%	£0.43m
Horizon Technology	CS	£0.68	£49.73m	Loss	0.23	248	5.06%	3.05%	£2.33m
I S Solutions	CS	£0.14	£3.54m	Loss	0.56	533	5.93%	64.37%	£0.19m
ICM Computer Group	CS	£2.95	£61.38m	21.0	0.82	1639	-3.28%	24.21%	-£2.04m
I-Document Systems	SP	£0.12	£21.80m	Loss	4.47	15	9.09%	11.63%	£1.80m
In Technology	CS	£0.84	£115.89m	Loss	0.70	3340	5.03%	38.02%	£5.59m
Innovation Group	SP	£0.27	£118.50m	Loss	2.08	119	-2.68%	-0.91%	-£3.25m
Intelligent Environments	SP	£0.05	£7.66m	Loss	2.80	56	0.00%	-40.00%	£0.18m
Interactive Digital Solutions	SP	£0.02	£4.11m	Loss	17.5	840.0	0.00%	-25.00%	-£0.14m
Intercede Group	SP	£0.18	£6.11m	Loss	3.5	300.0	-5.26%	2.86%	-£0.34m
Internet Business Group	SP	£0.03	£2.22m	Loss	1.8	85.0	-12.82%	54.55%	-£0.28m
Invu	SP	£0.14	£12.94m	Loss	5.46	1447	17.02%	1.85%	£2.04m
IQ-Ludorum	SP	£0.02	£1.60m	Loss	0.64	27	0.00%	11.11%	-£0.00m
iSOFT Group	SP	£3.90	£890.15m	28.5	5.50	3545	8.33%	5.19%	£68.49m
ITNET	CS	£1.98	£145.02m	11.4	0.71	564	8.22%	-34.39%	£11.02m
iTrain	SP	£0.10	£6.03m	Loss	7.0	111.8	0.00%	-88.82%	£0.00m

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K3 Business Technology	SP	£0.99	£10.04m	Loss	1.35	753	5.91%	64.17%	£0.56m
Kewill	SP	£0.63	£49.52m	21.4	2.24	1245	0.00%	7.69%	£0.02m
Knowledge Technology Solutions	SP	£0.05	£8.17m	Loss	43.9	900.0	-5.26%	-55.00%	£1.14m
LogicaCMG	CS	£1.73	£1,299.62m	Loss	0.71	2373	7.94%	-32.39%	£95.51m
Lorien	A	£0.71	£13.11m	Loss	0.14	705	-1.40%	-18.02%	-£0.19m
Macro 4	SP	£1.89	£39.44m	Loss	1.19	762	6.18%	19.24%	£2.31m
Manpower SoftWare	SP	£0.33	£12.49m	Loss	2.81	338	0.00%	39.36%	-£1.99m
Marlborough Stirling	SP	£0.49	£111.07m	26.4	0.95	350	2.08%	11.36%	£2.27m
Microgen	CS	£0.53	£53.34m	Loss	1.82	224	-5.41%	-3.67%	£5.14m
Minorplanet Systems	SP	£0.09	£12.64m	Loss	0.21	174	-33.59%	-74.63%	-£6.36m
Misys	SP	£1.96	£1,029.51m	40.6	0.91	2438	12.16%	-7.44%	£106.63m
Mondas	SP	£0.17	£4.31m	Loss	1.22	220	-10.81%	-56.58%	-£0.53m
Morse	R	£1.13	£167.48m	Loss	0.34	450	11.94%	-21.05%	£35.77m
MSB International	A	£0.71	£14.57m	43.0	0.20	374	9.23%	-20.67%	£1.27m
NCC Group	CS	£1.94	£63.29m	N/a	3.84	1162	4.58%	14.12%	£4.44m
Ncipher	SP	£1.77	£47.53m	Loss	3.29	706	8.28%	16.12%	£4.83m
NetBenefit	CS	£0.71	£13.58m	13.7	1.59	353	11.02%	83.12%	£1.39m
Netcall	SP	£0.16	£10.18m	Loss	3.9	313.1	6.90%	-40.38%	£0.68m
Netstore	CS	£0.31	£28.98m	Loss	2.24	203	-8.96%	-21.29%	-£2.83m
Northgate Information Solutions	CS	£0.63	£311.82m	Loss	2.06	242	11.01%	9.09%	£30.98m
NSB Retail Systems	SP	£0.25	£88.76m	Loss	1.51	2196	-9.01%	48.53%	-£8.54m
OneclickHR	SP	£0.05	£7.07m	Loss	1.47	119	0.00%	-42.42%	-£0.00m
Parity	A	£0.09	£24.58m	8.6	0.17	1417	-20.93%	-20.93%	-£6.12m
Patsystems	SP	£0.17	£24.81m	Loss	2.08	157	8.06%	-4.29%	£2.67m
PC Medics Group	CS	£0.01	£1.70m	Loss	1.7	272.7	0.00%	87.50%	-£0.31m
Pilat Media Global	SP	£0.41	£20.70m	9.6	2.33	2050	-5.75%	24.24%	-£1.23m
Pixology	SP	£1.25	£25.00m	Loss	8.85	896	11.61%	-13.79%	£2.60m
Planit Holdings	SP	£0.28	£25.24m	Loss	1.19	1146	3.77%	-3.51%	£0.94m
Prologic	CS	£0.79	£7.90m	N/a	1.06	952	-1.25%	-4.82%	-£0.10m
PSD Group	A	£2.55	£64.03m	Loss	1.70	1159	0.00%	-13.56%	-£0.07m
QA	CS	£0.04	£10.00m	Loss	0.38	16	-12.50%	-17.65%	-£1.05m
Quantica	A	£0.55	£22.10m	13.7	0.82	440	3.81%	12.37%	£0.80m
Raft International	SP	£0.09	£5.96m	Loss	0.73	143	-5.26%	-40.00%	-£0.33m
Retail Decisions	SP	£0.14	£40.65m	16.3	1.38	189	-3.45%	9.80%	-£1.45m
RM	SP	£1.43	£127.82m	13.4	0.54	4071	10.04%	7.55%	£11.62m
Royalblue Group	SP	£4.28	£139.46m	18.3	2.44	2518	1.42%	-15.75%	£1.48m
Sage Group	SP	£1.62	£2,077.59m	18.4	3.74	62404	-0.76%	-7.68%	-£15.80m
SDL	CS	£1.22	£67.22m	Loss	1.08	813	-3.17%	44.38%	-£2.27m
ServicePower	SP	£0.35	£25.55m	Loss	5.69	345	1.47%	-12.66%	£0.05m
Sirius Financial	SP	£0.82	£13.83m	Loss	0.73	543	-6.86%	9.40%	-£1.07m
SIRVIS IT plc	CS	£0.07	£7.75m	11.6	2.3	59.1	4.62%	-9.33%	£0.34m
Sopheon	SP	£0.22	£25.45m	Loss	3.95	317	-6.38%	37.50%	-£1.16m
Spring Group	A	£1.09	£1.71m	Loss	0.51	1211	-3.54%	-5.63%	-£175.29m
StatPro Group	SP	£0.36	£11.70m	18.0	1.38	444	1.43%	14.52%	£0.10m
Stilo International	SP	£0.04	£3.16m	Loss	1.4	70.0	0.00%	-42.62%	£0.00m
Superscape VR	SP	£0.42	£51.34m	Loss	39.3	209.6	18.57%	48.21%	£8.06m
SurfControl (was JSB)	SP	£5.70	£176.11m	30.1	3.13	2850	17.53%	-24.05%	£26.10m
Synstar	CS	£1.00	£162.30m	26.8	0.73	605	0.00%	52.29%	£0.00m
Systems Union	SP	£0.92	£97.60m	9.6	1.33	708	6.36%	-9.80%	£5.70m
Tadpole Technology	SP	£0.10	£28.19m	Loss	5.58	229	-5.00%	-24.00%	-£1.51m
Telecity	CS	£0.12	£31.99m	Loss	1.19	16	13.95%	-14.04%	£4.09m
Tikit Group	CS	£1.44	£17.78m	15.8	1.72	1248	8.30%	26.99%	£1.38m
Torex Retail	SP	£0.54	£89.62m	6.7	20.54	1338	-1.83%	33.75%	-£113.70m
Total Systems	SP	£0.62	£6.43m	12.4	1.5	1160.4	11.82%	6.96%	£0.68m
Touchstone Group	SP	£1.01	£10.37m	67.0	0.7	961.9	4.66%	0.00%	£0.46m
Trace Group	SP	£0.84	£12.80m	Loss	0.8	672.0	6.33%	30.23%	£0.82m
Triad Group	CS	£0.72	£10.84m	Loss	0.3	529.6	5.15%	21.19%	£0.54m
Tribal Group	CS	£1.79	£123.73m	Loss	0.6	1081.8	12.26%	-46.07%	£13.57m
Ultima Networks	R	£0.02	£3.83m	22.2	1.5	46.3	26.67%	-5.00%	£0.80m
Ultrasis Group	SP	£0.00	£3.22m	Loss	4.0	8.2	0.00%	-20.00%	-£0.29m
Universe Group	SP	£0.19	£11.31m	Loss	0.4	822.2	-26.00%	-27.45%	-£3.99m
Vega Group	CS	£1.51	£30.60m	20.9	0.8	1233.6	0.00%	-14.00%	£2.70m
VI group	SP	£0.12	£4.47m	Loss	0.6	240.0	-11.11%	-9.43%	-£0.56m
Vianet	CS	£0.07	£8.37m	Loss	239.7	54.5	4.00%	-13.33%	£0.48m
Warthog	SP	£0.01	£1.44m	Loss	0.6	11.6	-50.00%	-93.55%	-£1.68m
Wealth Management Software	SP	£0.18	£8.37m	Loss	1.1	134.6	7.69%	-2.78%	£0.59m
Workplace Systems	SP	£0.14	£24.80m	Loss	2.4	0.0	-1.79%	17.02%	-£0.50m
Xansa	CS	£0.84	£285.44m	Loss	0.6	2153.8	14.68%	-1.18%	£36.54m
XKO Group	SP	£0.78	£21.54m	Loss	0.5	520.0	8.33%	-7.69%	£1.61m
XN Checkout Holdings	SP	£1.06	£22.70m	Loss	1.6	1076.5	0.00%	7.65%	£0.00m
Xpertise Group	CS	£0.01	£3.29m	Loss	0.9	36.0	-10.00%	-28.00%	-£0.89m

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

A MONTH OF 'UPS' ACROSS THE BOARD

During September, the companies in the SYSTEMHOUSE index enjoyed average growth of 1.5%. Other indices turned in better results: techMARK gained 5% over the month while the FTSE IT index grew 6%. Our own Internet index was up 4%.

The worst performing sector of those we cover was the IT staffing agencies, which lost 3% over the month. In particular, Parity took a real hit, after announcing its interim results. Despite overall revenue growth and a return to profit (albeit a small one), its shares have dropped c20% over the month. Traders responded poorly to indications that the company's training business is likely to disappoint for the full year.

Another poor performer was Flightstore, a provider of technology that allows airline passengers to obtain information and buy goods while in the air. Shares finished the month at 4p. Compare that with its IPO price of 10p - just nine months ago. We suspect that the company's recently announced broadened strategy unsettled the traders. It will now be positioning itself against a far higher number of competitors. Overall, the average performance of software companies in the index was flat on last month.

At the more positive end of the spectrum, NetBenefit enjoyed an 11% growth in its share price. Its full year results, announced during the month, saw the company grow revenues and move into profits. Its focus on higher value services has really paid off. Additionally, demand for domain name management is continuing, while renewal rates also appear to be on the increase. IT services companies as a whole were up 3% on August.

30-Sep-04		
	S/ITS Index	4712.78
	FTSE IT (SCS) Index	444.18
	techMARK 100	1082.80
	FTSE 100	4570.80
	FTSE AIM	918.90
SCSI Index =1000 on 15th April 1989	FTSE SmallCap	2556.35

Changes in Indices	S/ITS Index	FTSE 100	techMARK 100	FTSE IT SCS Index	FTSE AIM Index	FTSE Small Cap
Month (01/09/04 to 30/09/04)	+1.46%	+2.50%	+4.67%	+6.14%	+5.80%	+3.50%
From 15th Apr 89	+371.28%	+122.57%				
From 1st Jan 90	+412.20%	+93.51%				
From 1st Jan 91	+565.77%	+111.57%				
From 1st Jan 92	+351.04%	+83.34%				
From 1st Jan 93	+195.73%	+60.58%				+84.26%
From 1st Jan 94	+182.27%	+33.71%				+36.80%
From 1st Jan 95	+214.36%	+49.10%				+46.38%
From 1st Jan 96	+108.67%	+23.89%	+37.19%		-3.62%	+31.67%
From 1st Jan 97	+76.02%	+10.98%	+18.38%		-5.86%	+17.10%
From 1st Jan 98	+55.28%	-11.00%	+13.50%	-55.58%	-7.37%	+10.51%
From 1st Jan 99	+19.57%	-22.30%	-25.63%	-69.28%	+14.63%	+23.44%
From 1st Jan 00	-58.92%	-34.05%	-71.35%	-88.05%	-52.46%	-17.48%
From 1st Jan 01	-43.71%	-26.54%	-57.79%	-77.21%	-36.09%	-19.69%
From 1st Jan 02	-1.78%	-12.39%	-26.48%	-47.39%	+2.35%	-0.88%
From 1st Jan 03	+73.72%	+16.00%	+66.90%	+30.56%	+52.41%	+40.41%
From 1st Jan 04	+0.78%	+2.10%	+6.68%	-11.80%	+10.00%	+3.28%

End Sep 04	Move since 1/1/99	Move since 1/1/00	Move since 1/1/01	Move since 1/1/02	Move since 1/1/03	Move Since 1/1/04	Move in Sep 04
System Houses	7.5%	-58.1%	-43.7%	1.5%	102.2%	5.4%	3.4%
IT Staff Agencies	-67.1%	-71.3%	-54.3%	-17.6%	24.0%	-18.7%	-2.7%
Resellers	80.3%	-13.2%	14.9%	27.9%	72.9%	-9.8%	10.7%
Software Products	60.3%	-61.5%	-72.0%	-9.8%	49.4%	-7.9%	0.4%
Holway Internet Index	364.2%	-43.5%	-17.0%	50.1%	129.2%	11.4%	4.9%
Holway S/ITS Index	19.6%	-58.9%	-43.7%	-1.8%	73.7%	0.8%	1.5%