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ovum HOLWAY

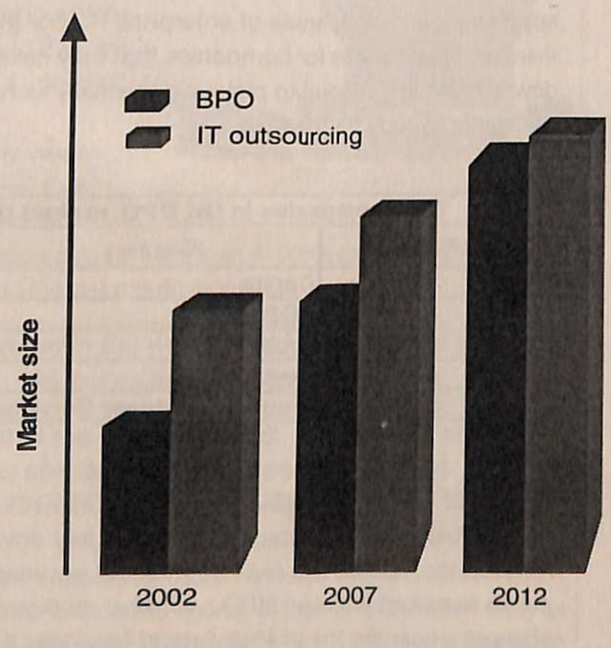
SYSTEMHOUSE

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

TIME TO TAKE A POSITION ON BPO

For the past couple of decades, outsourcing has been the key driver of growth in the UK IT services market. And Ovum Holway believes that outsourcing will remain the key driver in our industry for the foreseeable future. But the question is – what types of outsourcing?

Most outsourcing activity addressable by the IT services industry today covers the nitty-gritty of large organisations' IT systems: data centres, networks, desktops, applications. But there is another show in town. Business processing outsourcing - or BPO - can trace its origins back to the bureau services of the 1960s but recent years have seen such an increase in activity that BPO is now beginning to steal some of the limelight from IT outsourcing. It's also attracting the interests of a broad array of players.



For the benefit of those new to this market, BPO is all about taking over responsibility for white-collar functions on behalf of a customer. Today such services can be split into three main areas applicable to most sectors: customer management (covering anything involving customer contact) and, in the back office, human resources and finance operations. In addition, we find a lot of BPO covers vertical-specific processing not included in these horizontal areas. Here we're talking about functions like, to take the finance sector example, life and pensions policy administration, mortgage account processing or cheque processing.

So the first reason BPO is important is the growth we're witnessing. In 2002, the UK BPO market grew by 17.5%. That growth was driven by major deals like Capita's £160m win at Lincoln Financial, Liberata's 'evergreen' contract with Barclays/Woolwich and Xansa's £250m agreement to take over finance functions for BT. But demand – especially in the public sector and in financial services - is by no means saturated and our forecasts show that double-digit headline growth in BPO can be sustained to at least 2007.

This level of growth means that BPO is comfortably outperforming not only the overall UK software and IT services (S/ITS) market but also the IT outsourcing market. These contrasting growth rates have a big impact on relative market sizes. By 2007, BPO will be equivalent to more than three-quarters the ITO market size. And projecting further out, BPO revenues will be worth very nearly as much as ITO by 2012. In other words, in less than ten years' time, there will be as much business available from outsourcing white-collar processes as there will be in outsourcing IT.

So in sheer revenue and growth terms, the BPO market looks attractive for anyone in what remains a moribund software and IT services market with absolutely no prospect of a return to double-digit growth.

And crucially, underpinning every BPO deal is a significant amount of IT skill and delivery, particularly around the applications and platforms that support the outsourced business processes. To take one example, Marlborough Stirling's life and pensions work for Sun Life Financial of Canada has involved migrating SLFoC's policies onto new and improved platforms. The outsourcer completed the fourth and final migration in October, almost two years after signing the original deal.

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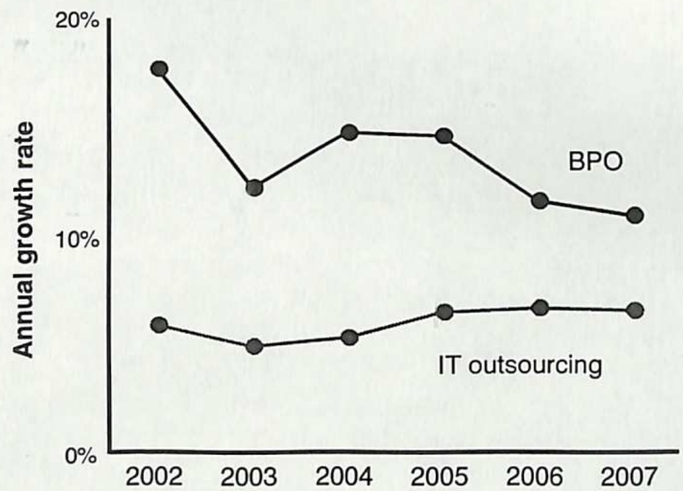
So BPO is very much in the domain of software and IT services players. Indeed, increasing amounts of IT services and outsourcing work are to be found in BPO deals. No wonder the global IT giants – led by IBM, EDS, Accenture, Unisys and CSC - are attempting to take up leading positions playing direct in the BPO market. Indeed, our research shows that the IT services industry already accounts for about half of our top twenty UK BPO rankings, although no player is anywhere near challenging Capita for the no.1 spot.

For those companies unwilling or unable to play directly as business process outsourcers – and that includes most SystemHouse readers - there are other ways to hitch a ride. Many specialist BPO companies need partners that can deliver services around platforms, applications and other areas of enterprise IT. For this reason, we believe there are opportunities for companies that may have been afflicted by the downturn in the IT market to pick up potentially lucrative crumbs from the BPO table through partnership.

BPO continues to grow faster than ITO



Top 5 companies in UK BPO, ranked by revenue		
Rank	**Company**	**HQ**
1	Capita	UK
2	EDS	US
3	Unisys	US
4	Vertex	UK
5	Siemens Business Services	D

All in all, we believe business process outsourcing is beginning to take over the baton from IT outsourcing as the key driver of growth in the S/ITS industry. And for this reason, many of our readers would do well to put an increased focus on BPO - whether as direct players or by way of alliances – near the top of their lists of New Year's resolutions for 2004. *(Phil Codling)*

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OTHER ARTICLES

INDICES (changes in Nov 03)

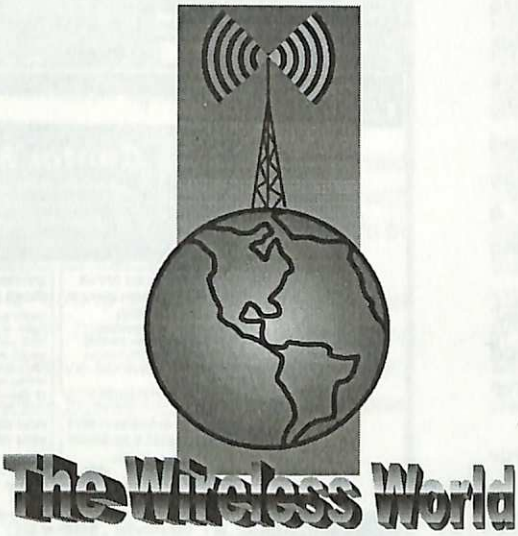
Holway S/ITS	0%	4660
Holway Internet	-1.9%	4042
FTSE IT (SCS)	-3.9%	532
techMARK 100	-1.2%	1012
Nasdaq Comp	+1.4%	1960

HOLWAY COMMENT

Welcome to the Wireless World

Last month I wrote of my *"vision for our world in 2020"*. It was a vision dominated by wireless. If the most important factor affecting our world in the last ten years was "e-enabling" then I believe that the most important factor in the next ten years will be "wireless-enabling".

If I have any concerns about the "vision" I put forward it is around timescales. My greatest shortcoming in the past has NOT been that my forecasts haven't come about. It has been that they took somewhat longer than I had envisaged. However, my fear this time around is that wireless is going to happen much, much faster than I had expected.



Regardless of my obvious enthusiasm, I do not believe that wireless will create another "bubble". Rather I expect wireless to have to work very hard just to compensate for declines in other areas. Hence my unchanged view that ICT, as a share of GDP, will continue its (albeit a modest) decline.

If you sign up to my views simply expressed above, then you really should be aware of some of the major consequences. Let's look at some examples which have come to our attention in the last month alone.

> *If you are firmly mired in the wired world you are going to have an increasingly tough time.*
>
> *If you have a foot in the wireless world, however, you might at least be able to keep your head above water.*

BT and DT

The forecasts we presented last month showed that by 2020, revenues from Fixed Voice would fall to around a quarter of their relative position today as people moved either to mobile or Voice over IP. It's worth noting that some observers think that even this is too optimistic. They think the Fixed voice market will have disappeared completely by 2020!

This month, **BT's** shares have fallen by 6.4% as they announced that revenues from fixed voice had dropped by 7% in Q2. As fixed voice is half of BT's revenues, you really do have to go some in "new wave" markets to make that up. Indeed BT's overall revenues were down 2% and investors seriously questioned whether BT's revenue declines were now unstoppable.

Deutsche Telekom might also have reported a 2% decline in revenues in their Q3 results this month. Instead they reported revenues up 5%. The difference was T-Mobile; not just in Germany but internationally including the USA after they bought Voicestream (now T-USA).

But BT doesn't have a mobile operation after selling what is now MMO2. These two contrasting sets of results neatly illustrate the situation. As the "IT" and "C" worlds converge, this is a problem not just for the telco operators.

Firstly, IT companies are firmly involved in the "C" world too. Who is in contention for the NHS Data Spine? BT and IBM. All the major IT Services companies have significant and well-advanced comms operations. Many of them in the Network Management Outsourcing sector – an area which BT is banking on as part of its "new wave" activities to compensate for declining revenues from fixed voice. BT will face increasingly stiff competition here.

You may well be thinking, as a software provider or VAR, that wireless will not affect you. That would be a dangerously complacent view to take. If users want wireless solutions, not only will they go find them (and therefore find new suppliers) but if your systems cannot offer a wireless facility, your current business (just like BT's) will see accelerated erosion.

A small but effective example...

weComm is a young, British software company setup in 1999 to provide a software platform for the secure delivery of real time data over wireless networks.

Two months back Cantor Index

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used weComm software to launch a wireless version of this spread betting service. After just two months, 20% of all electronic trades on Cantor Index are from the weComm powered wireless service. Cantor Index reckon it will be 50% by mid-2004. Indeed there has been a 25% increase in wireless user numbers in the last month alone.

But this story gets more significant. Firstly, Cantor Index has found that wireless users trade approx. twice as frequently as those who trade from wired devices. This, in turn, has contributed towards a "significant" rise in overall trading volumes.

But, even more significantly, by offering users a wireless choice their "wired competitors" have been deprived of business.

In other words, if your customers are going to stay in business they will have to offer their users a wireless version of their service. If you can't wireless-enable your existing systems/ software for them - fast - you will lose out.

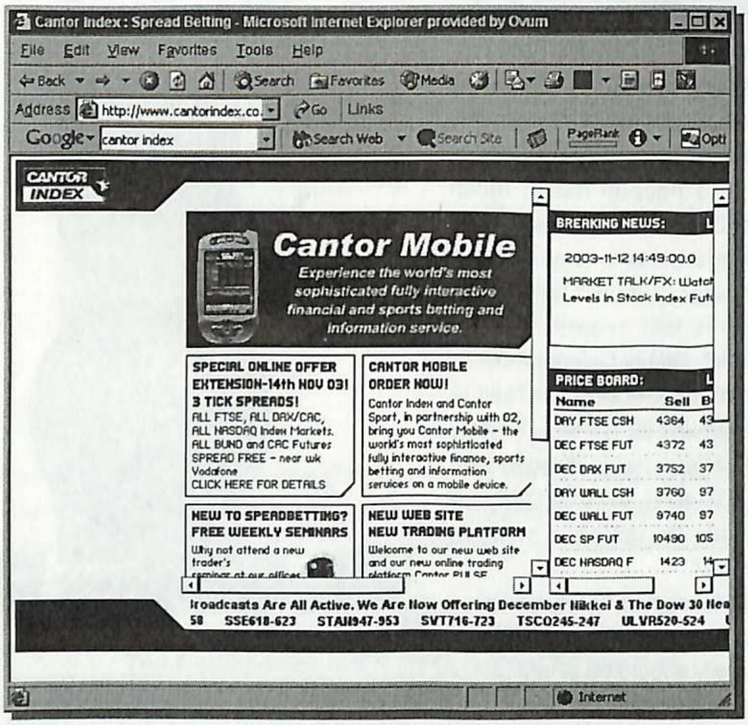
But it doesn't affect me...

If the conversations I have had this month are anything to go by, there will still be many of you saying *"Very interesting, Holway, but what we do has nothing to do with wireless"*.

Really?

I can't think of a single current corporate (or consumer) system application which will not have to be wireless-enabled in the next ten years. On top of that, all the really exciting NEW opportunities will be in that area.

Without doubt, wireless (in the shape of the GPRS card in my new very lightweight laptop) has made a greater impact on my own personal working practices this year than anything I've adopted for many a year. The last similar impact came in 1995 when I adopted the internet both as my prime



research vehicle AND as our prime research DELIVERY vehicle.

Here at Ovum we will have to adapt too. Over the last few months I have been amazed at the number of e-mails personally written by the CEOs of our largest customers that arrive in my inbox with the words "From my Blackberry" at their foot.

Or, I arrive at a conference and talk to CEOs who have read Hotnews on their Blackberries in their cars or on the train. This is currently very difficult to do with news or comment services which are stuffed with graphics or can only be viewed on a large screen. I would like to claim that Hotnews deliberately avoided these features. But, unfortunately, it happened more by sloth than design!

But the message is clear. The Wireless World is already here. It's going to make as big an impact on our world as the internet did.

If you ignore it, remember your customers will probably ignore you.

Footnote: Wireless is a generic term used to cover everything from mobile phones, mobile data transmission, WiFI hotspots etc. through the way you connect your DVD player to your TV without wires to the use of RFIDs in shops or even the home. And a host of other things; most of which haven't been thought of yet. *(Richard Holway)*

7% 25p GBGROUP

GB GROUP CAUTIOUS ON FULL-YEAR PROSPECTS

GB Group, the CRM and data authentication company formerly known as TelMe.com and before that Phonelink, has announced interim results for the six months to 30th Sep. 03 and three new strategic alliances with BT.

Turnover during the period was 7% up on H102 at £5.5m. But investments in new product development and an expansion of its sales force turned last year's PBT of £0.3m into a £0.2m pre-tax loss. Loss per share was 0.3p, compared to EPS of 0.3p in H1 02.

GB Group's three three-year agreements with BT, also announced today, are aimed at developing a strong position in the identity fraud, credit fraud and anti-money laundering markets. Under the agreements BT and GB will launch an online service called URU (pronounced You Are You) to check details provided by individuals against reference datasets such as registers of deceased persons.

Commenting on the outlook, Chairman, John Walker-Haworth said: *"Profitability of the Group continues to be weighted substantially towards the second half of the financial year and accordingly we continue to be cautious with respect to the prospects for the year as a whole"*.

Comment: Revenue growth, a *"strong sales pipeline"* and cash generation (net cash balances at 30th Sep. of £6.6m) are promising developments at GB Group but we'll have to wait to see whether profits will follow when the full-year results are in. (Those of you with long memories will recall that GB Group's predecessors Phonelink and TelMe.com have consistently disappointed!).

Having said that, the agreements with BT are positive news – there is certainly demand for identity authentication software. Indeed GB Group's existing clients in the area include HM Customs & Excise and National Criminal Intelligence Services.

Investors welcomed the news, sending the Group's shares up c9% on the day of the announcements to 27p. Mind you, that's still a very far cry from the 155p that PhoneLink launched at in 1993, before reaching a high of 440p!

(Tola Sargeant)

4% 102p Glotel

GLOTEL REPORTS POSITIVE INTERIM RESULTS

Amid the gloom that is the UK IT staff agency market, it's good to see a positive set of results from one of the UK-listed players. Glotel has reported revenues up 10% to £41.8m compared to H1 02, and a return to operating and pre-tax profits of £60K and £135K respectively (previously -£509K and -£416K). Last year's loss per share of 0.9p is now an EPS of 0.1p.

Commenting on the outlook, Chairman (and joint founder) Les Clark said: *"Sales and activity levels in the USA are encouraging and we anticipate an improvement in the second half. The UK and International business remain stable. There is still some uncertainty that the increase in activity can be sustained. We have eliminated our losses and expect a small improvement in profits in the 2nd half."*

Comment: In the context of the IT staff agency market (at home and abroad) these are really good numbers. The headline growth is entirely organic, and the number also represents a 10% improvement on the previous six months. With the exception of its small Continental European operation, all of Glotel's locations are now operating profitability, and all reported growth. In the UK, ITSA revenues were up 2%, which looks even more impressive set against our forecast of 17% decline for 2003!

We've just had our usual chat with Les Clark following the results announcement. He remains cautious about the outlook (quite rightly), but the signs are encouraging. Glotel is seeing a number of its wireless and telco customers increasing spend (especially in the US), and with margins traditionally higher than at home this filter through to the bottom line.

In the UK, Glotel's public sector division is going from strength to strength (now 14% of total revenues, and c25% of UK revenues). In common with what we hear from the other ITSAs, there is continuing

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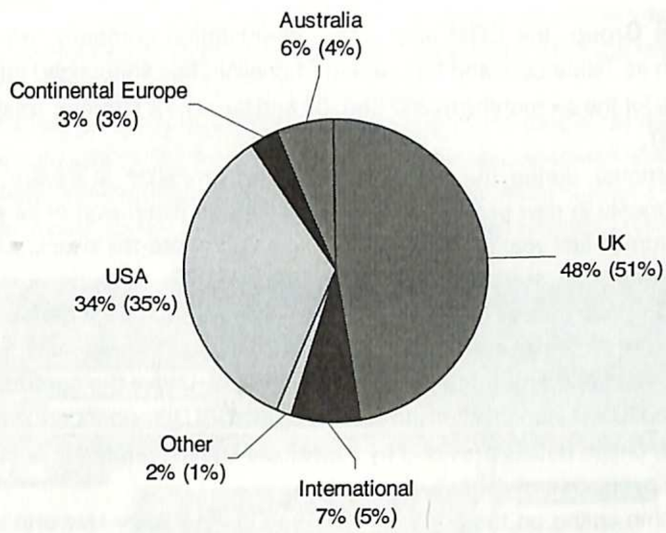
pressure on UK margins, but given that then Glotel derives slightly more half its business overseas it is in a much better position than UK-focussed ITSAs.

Glotel's cash position remains strong (£7.1m compared to £7.5m), which is reassuring, as ITSAs need working capital to fund growth. The company is on course to deliver a slight improvement in profits in H2, and therefore report a profit for the full year - after two years in the red this is welcome news. The shares picked up 5% following the results announcement, and ended the month up 4%. *(Heather Brice)*

Glotel H1 04 geographical mix
Total revenue = £41.8m



-10%
89p

MINORPLANET: GETTING THE BUSINESS BACK ON TRACK

Minorplanet, provider of vehicle management information solutions, has announced results for the year to 31st Aug. 03. Headline revenue is down 8% to £88.6m, and operating losses 'improved' from £27.1m to £19.0m. However £39.5m of exceptional items (mainly in goodwill write-down and disposal of loss-making businesses) drove this last year's pre tax losses deeper, from £23.4m to £52.3m. Loss per share, previously 26.76p is now 54.57p.

Commenting on the outlook Rob Kerry, formerly CFO, and now CEO, said: "*This has been a year of substantial change for the Group, however we believe that the benefits of these changes will flow through in subsequent years to deliver shareholder value*".

Comment: Minorplanet has undergone a lot of changes in the past year – management reshuffle, disposal of loss making operations in France, Spain and the USA, change in revenue recognition policy, and sale of non-core assets – and is now in far better shape as a consequence. Revenue from ongoing ops was up 27% to £46.3m, and the bottom line improved with pre tax losses of £1.6m (compared to £6.5m in FY02). Minorplanet operates in the UK and Ireland, Holland, Germany, Italy and Australia. Performance in the UK was encouraging, with sales up 9% to £31.2m, despite a 3% fall in unit sales. RoW reported 94% revenue growth, also in the face of declining unit sales, and Australasia moved into profit for the first time in H2. The company is doing exactly the right things – selling more to the installed customer base, focusing on renewal rates (currently 77% in the UK) and concentrating on building its recurring revenue stream. These measures along with a significant reduction in overheads in the ongoing business, means that Minorplanet is now is good shape to capitalise on the application of its technology in areas such as controlling traffic flows, charging for toll roads and accident prevention. *(Heather Brice)*

Minorplanet	**Turnover from continuing ops £m**		
FYE: 31st August	**2003**	**2002**	**Change**
UK & Ireland	31.2	28.7	8.7%
Europe & Australasia	15.1	7.8	93.6%
TOTAL	**46.3**	**36.5**	**26.8%**

DELL GETS SERIOUS ABOUT SERVICES

US giant **Dell** has received significant coverage in the press of late, following its announcement that it intends to shake up the consumer electronics market, by producing TV's, printers and consumables. Dell also revealed plans to provide managed desktop services, and last week launched Dell Professional Services. We met up with Josh Claman (VP Services EMEA), Patrick Cowden (Director Professional Services, EMEA), to learn more.

The first thing to note is that Dell has been delivering warranty and support services, and more recently managed desktop services in the UK, via partnership, for over a decade. In keeping with the company's model of having more than one supplier in every country where it operates, it partners with Getronics *and* Unisys in the UK. These partnerships are working well. Dell brings its strong brand and financial muscle to the table, and 'owns' the customer relationship for the duration of the contract. The partner concentrates on service provision.

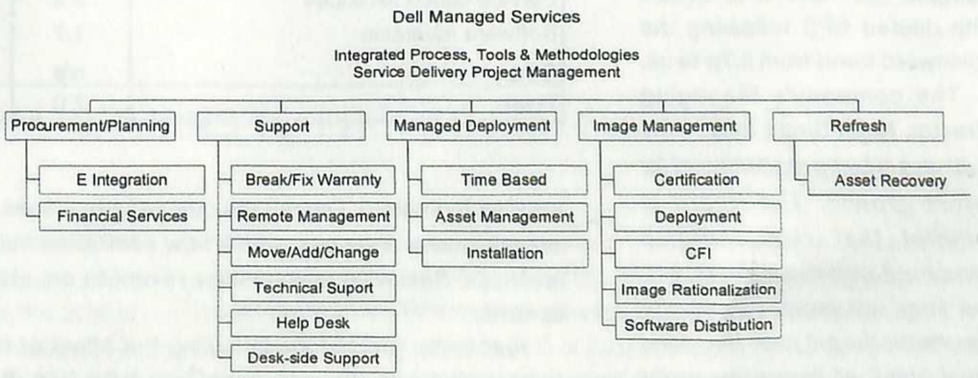
Dell's strategy is characteristically simple. It targets existing customers, promoting the benefits (i.e. cost savings) to be had by standardising on Dell platforms. We have commented before on the pressure that has led some S/ITS companies to 'bundle in' technology refresh in order to gain access to the managed desktop services opportunity. For Dell, this is a non-starter. Instead it works with organisations where the standardisation message is well received. The company's success depends upon it demonstrating how migrating from a heterogeneous environment to Dell hardware, and implementing managed desktop services will deliver substantial long-term cost savings. Just as it "commoditised" the PC market, Dell believes that the components of managed desktop services – from procurement and planning, support, deployment through to asset management – can all be standardised, and delivered for less.

This approach has gone down well with the likes of AXA (where Dell has a global deal covering 130,000 seats), Boeing (a similar number) and Cable & Wireless (where in partnership with Accenture, it manages 20,000 seats). Indeed, Dell's worldwide services revenues are c$4bn (FY03 total revenues $35.4bn), and growing faster than both server/storage and client systems product lines.

Last week, the company launched Dell Professional Services (DPS) across EMEA. The approach is similar - partnering with 'best of breed' suppliers to deliver 'component' based, repeatable solutions, at lower cost than established professional services firms. As well as providing custom consultancy services, Dell will undertake fixed price/fixed scope packages for "*standard*" environments. Typical engagements will be around storage, Microsoft, Linux, Oracle and training/certification. Again Dell owns the client relationship, and has responsibility for delivery.

So, what does this mean for the established IT services firms? The managed desktop services strategy is spot on, but we foresee some issues for DPS. In particular, whilst the desktop strategy is focussed on large corporates (and is not intended to scale down to less than 1,000 seats), Dell's professional services offering is being aimed small and medium-sized businesses. We believe such organisations are much more likely to turn to a 'local' IT services provider, rather than Dell. In this sense, they face exactly the same challenge as an IBM or EDS, should they attempt to sell 'downstream'. We also think that Dell will have to work hard to demonstrate its programme management expertise, as a newcomer to the market.

But, make no mistake Dell's services ambitions must be taken seriously. Players in the managed desktop services space must be prepared to fight their corner, as Dell looks to take market share, drive down costs and margins. *(Heather Brice)*



Source: Dell

-8%
57p

KEWILL™

KEWILL RETURNS TO PROFIT AT THE HALFWAY STAGE

Supply chain management software supplier **Kewill** has returned to profitability *"at all levels"* in its first half. Total revenues (including the discontinued ERP businesses) for the six months ended 30th Sep. 03 were down 26% to £10.53m, although this was 'only' a 3% decline on continuing operations. Last year's operating losses of £4.6m turned into an operating profit of £111K, restoring pre-tax profits to £499K, compared to a loss of £5.7m last year. EPS is 0.6p (-8.0p). Kewill chairman Andy Roberts advised that *"Kewill has continued to experience challenging market conditions ... (but is) ... confident that we will see growth over last year ... (and) ... continued improvements in profitability."*

Kewill	Turnover £m			Operating Profit £K			Margin	
Six months to 30th Sep.	2003	2002	Change	2003	2002	Change	2003	2002
Europe	4.18	4.17	0.4%	51	-471	Loss-Prof	1.2%	-11.3%
US	6.35	6.65	-4.5%	709	-2,635	Loss-Prof	11.2%	-39.6%
Total continuing activities	*10.53*	*10.81*	*-2.6%*	*760*	*-3,106*	Loss-Prof	*7.2%*	*-28.7%*
Discontinued		3.36			-528			-15.7%
Group admin costs				-649	-1,012	-35.9%		
TOTAL	**10.53**	**14.17**	**-25.7%**	**111**	**-4,646**	**-**	**1.1%**	**-32.8%**

Comment: And then he went and nearly spoiled it all by saying *"the Group is well positioned to take real advantage of any economic upturn and resulting improvement in IT spending ..."!* But putting aside the overworked 'when market conditions improve' mantra, this is basically a good result for Kewill, presaged in its trading statement about a month earlier. They've scored some new contracts in their two main markets (Europe and US) and have increased cash balances. They (like other international players) are being hit by exchange rate movements, but that's all part of the game. Having stabilised the business, the only way they are going to increase profits is by growing share, and this is going to be a long hard slog. But with the business on a steady footing, they are in as good a position as they could be to make a go of it.

(Anthony Miller)

5%
102p

touchstone

TOUCHSTONE OFF TO A SLOW FIRST HALF

Touchstone Group, an IT services group *"supplying integrated business solutions and services to mid-size UK companies"*, has announced interim results for the period ended 30 Sept. 03 showing a marginal increase in turnover to £6.95m. PBT, however, has slumped from £611K to £159K with diluted EPS following the downward trend from 3.7p to nil.

The company's Managing Director, Keith Birch, said: *"The business is being repositioned for future growth. The Board is mindful that this exercise combined with the slow start to the year will impact upon the results for the full year. However, as a result of improving order books and sales pipelines, we remain optimistic of a stronger performance in the second half over the first half of the year."*

Comment: Worthy of note first off, is that stripping out revenues from acquisitions, turnover has actually dropped slightly from £6.9m to £6.6m. But against a backdrop of sliding EPS and PBT, there are some more positive indicators. Overall the company has seen an 11% increase in service-based revenues, which now contribute more than 75% of total revenues. Recurring maintenance revenues are also on the up – by 3% to 43%.

Touchstone Group plc	Sales mix £m		
Six months to 30th Sept	H1 03	H1 02	Change
Service-based revenues	5.2	4.4	18.2%
Software revenues	1.7	2.1	-19.0%
Other	n/a	0.4	n/a
Total	7.0	6.9	1%

And while Touchstone is feeling the effect of its customers "doing more with less", it's also benefiting from this. Sales of its financial accounting software might have reduced, but it is seeing certain

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customers investing in cost saving procurement solutions. It's also developed *"a broader based business strategy"*, which it claims has enabled it to win several *"large-scale CRM and procurement projects"*, strengthening the order books. The company's share price remained unmoved at 97.5p following the announcement and ended the month at 102p. *(Kate Hanaghan)*

0%
211p

comino

COMINO SEES 'ENCOURAGING FIRST HALF

Comino, provider of software and solutions for social housing, local government and occupational pensions administration, has released a set of steady yet encouraging interim results for the period ended 30th Sept. 03. Revenues are down slightly by, £500K to £11.3m, while PBT is up 44% to £603K. Operating profit is up by similar percentage to £511K. Diluted EPS has increased to 2.6p from 2.0p.

Comino's Social Housing and Local Government divisions continue to be the company's greatest profit contributors. As was expected, Local Government has bulked-up on its operating margins and generated a higher proportion of revenues from recurring support services. Since last year, the Social Housing division has seen profits decrease. Although Comino claims to be enjoying *"broad success in the transformation and upgrade of its customer base"*, this process has unfortunately seen some customers of the division walk.

Profits in the company's Occupational Pensions business suffered terribly as of the year-end period at the end of March 03 – partly because of the investment being ploughed into new product development. Comino Techflow, the company's consultancy and management division, is still to reach break-even while Comino Connect, the network services provider continues to be profitable.

The company's chairman, David Quysner said: *"Comino has made clear and substantial progress in the first part of the current year. This is reflected in current profitability and in sound order books. There is an encouraging outlook across the Group as a whole."*

Comino Group plc Six months to 30th Sept	Profit performance £m		
	H1 03	**H1 02**	**Change**
Turnover	11.3	11.4	-0.9%
Operating Profit	0.5	0.4	40.0%
Operating profit margin	4.5%	3.2%	
PBT	0.6	0.4	43.6%
PBT margin	5.3%	3.7%	

Comment: It's a shame Comino has seen revenues slip on last year. Despite this, the company has managed to improve on PBT. At the half way mark it is still relying on Local Government, which produced its *"best ever first half"*, and Social Housing for profits with improvements in other divisions taking their time to emerge.

But overall, there are no horrible surprises here. Comino is a small player, but one that appears to have found a niche – rewarding its shareholders by increasing its dividend from 1.9p to 2.2p. Its challenge though, is to make its investment in the Occupational Pensions division pay off and fulfil its promise to turn a profit from its consultancy activities.

Shares in the company slipped 8.3% to 221.5p following the results announcement and finished the month at 211p. *(Kate Hanaghan)*

5%
146p

RM

RM RETURNS TO PROFITS FOR FULL YEAR

RM, supplier of ICT and other services to education, has announced results for the year to 30th Sep. 03. Turnover was up 6.6% to £215m (6.3% organic growth), and last year's pre-tax loss of £5.9m was converted into a £6.2m pre-tax profit. If you exclude the Learning for Schools Programme (a one-off Lottery funded teacher training project which has now finished) RM's revenue growth was even more impressive: up 17% to £214.3m. RM also reported EPS of 5.2p (compared to a 5.1p loss per share in 2002) and increased the total dividend payable for the year by 5% to 4.35p.

Tim Pearson, CEO, was realistic about the outlook: *"We are not expecting*

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the educational ICT market to show any significant growth in the next government year. The opportunity for RM - as it was in 2003 - is to generate growth by increasing our share of educational ICT spend and by expanding into broader education services market". (Tola Sargeant)

Comment: At the company's results briefing for analysts, Pearson summed up the year as a *"good performance in a relatively difficult market"*. We agree. RM is operating in a static market (we forecast the market for S/ITS in the UK education sector is on course to grow just 1% this year), so the focus is on the following:

• Taking market share (which it clearly has done)

• Expanding into other areas (which it has done via partnerships and by moving into the wider education services market)

•Broadening the services portfolio via manageable size acquisitions (one completed in FY03, and another since the year-end)

• Concentrating on winning strategic projects that improve revenue visibility (and FY03 proved to be a bumper year with £110m strategic project wins and a record order intake of more than £300m).

Indeed, if we strip out the contribution from the Learning Schools Programme, all three areas of the business delivered double-digit growth. Education Software and Services grew the fastest, up 29%, Infrastructure Software and Services grew 19% and even Hardware sales (where RM suffered an 8% decline in unit price) managed a respectable 13% improvement.

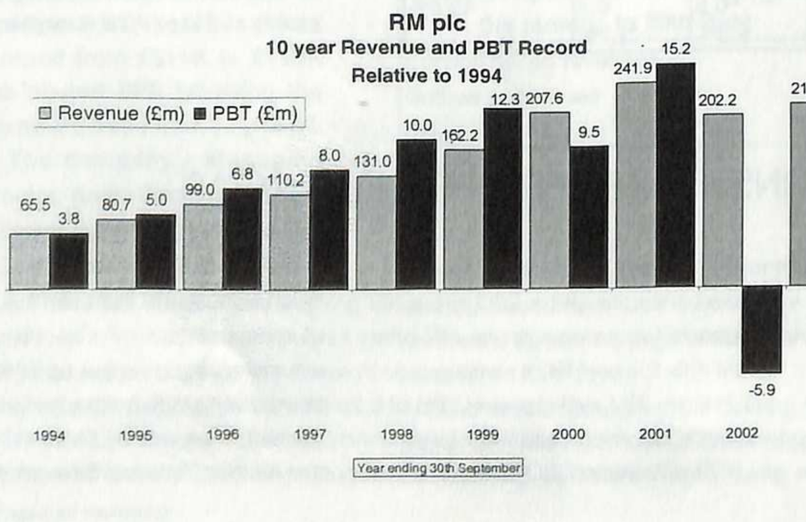
RM plc FYE 30th September	Turnover £m		
	2003	2002	Change
Infrastructure s/w and services	65.9	55.6	19%
Education s/w and services	36.8	28.5	29%
Hardware	111.6	98.9	13%
Learning Schools Programme	1.2	19.2	-94%
TOTAL	215.5	202.2	7%

With the exception of FY02, RM has been a consistently profitable business, so it was also good to see them firmly back in profits. Quite rightly, they are taking a prudent approach to accounting for the strategic projects, and whilst £11m turnover was booked in the year, no gross profit has been recognised yet. When the profit does start to kick in the overall impact on operating margin is expected to be positive.

Cash generation during the year was excellent, with £18.6m net cash inflow from operating activities, and an improvement in net funds from £32.7m to £38.4m. As RM is well aware, having a strong balance sheet is very important to public sector customers.

RM has a number of initiatives underway, to costs in check. For instance, it is looking to handle more low-value orders online, and has established an offshore development capability in India (with 50 staff). The Indian subsidiary is likely to employ upwards of 100 people by the end of 2004, and is already helping reduce R&D costs. RM is piloting an online support project, and expects its Indian facility to improve the economics of some project bids.

Turning to the outlook, the UK education market for S/ITS remains tough, and RM is well aware that it has much more to do if it is to reduce its reliance on commodity hardware provision (currently 52% of total revenues). But RM's strategy is sound and the execution is going well. We were left with news that RM's subsidiary Forvus has been awarded a contract to provide a national pupil database in Wales (worth £0.5m), and the group has been short-listed for a further three PFI projects, with a combined value of £54m. As Pearson acknowledged, they have made a *"good start"*, but there's still lots to do. *(Heather Brice)*



12%
37p

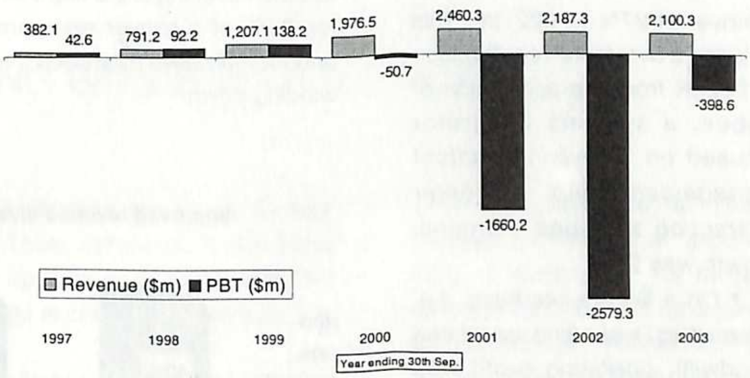
DIMENSION

UK OUTPERFORMS REST OF WORLD AT DIDATA

Global technology group **Dimension Data (DiData)** this month revealed preliminary results for the year to 30th Sep. 03. Total turnover fell 4% to \$2.10bn (£1.29bn) in 2003 from \$2.19bn (£1.45bn) the year before. However the results benefited from US dollar weakness during the year – total revenues declined by 16% in constant currency terms.

What is more, following its move into operating losses at the interim stage, DiData made operating losses *before* goodwill amortisation and exceptional items of \$9.0m compared to a profit of \$45.4m in 2002. Having taken into account goodwill amortisation of \$344.4m (2002: \$719.9m), pre-tax losses were significantly less than last year at \$398.6m while loss per share came in at 31.3cents, compared to 198.9cents the year before. (2002's pre-tax loss of \$2.58bn was the result of a massive \$1.8bn-goodwill impairment).

Dimension Data Holdings Plc
7 year Revenue and PBT Record
Relative to 1997



The top line results masked a varied performance around the world. The UK was the best performing country. UK revenues grew by 6% in dollar terms to \$205.9m (£126.2m), however in constant currency terms they declined by 2%. Nevertheless significant progress has been made in reducing overheads (down by 21% in constant currency terms over the year) resulting in a sharp improvement in profitability. UK operating profits increased by 27% to \$11.0m giving an operating margin of 5.3%, the best result of all DiData's operations. Operating margins in Africa, Asia and Continental Europe deteriorated noticeably, but the US was the only region to report an operating loss (\$17.1m, compared to a \$9.0m loss in 2002).

The UK business also continued the move to higher-value managed services. Managed services revenues grew by 33% to \$93.3m, while product revenues slipped by 18% to \$65.6m. Professional services revenues were up 8% to \$47.1m. This trend is reflected in the results for the Group as a whole, where product revenues fell 12% to \$1.16bn but managed services revenues grew by 41% to \$499.5m.

Commenting on the outlook, executive chairman Jeremy Ord said: "*Whilst customers remain cautious about committing to new IT spend and focused on extracting returns from current IT investments, there was evidence in all regions that the demand cycle and technology-pricing pressures have stabilised. Whilst we are not factoring any strong improvement in demand into our 2004 budgets, Dimension Data is now better placed to win market share due to a tighter strategic focus, improved sales and delivery capabilities and strong vendor relationships*".

On the UK outlook, Ord said there is evidence of an increasing propensity for customers to plan new projects but as yet, this is not translating into new orders.

Comment: Tough market conditions, particularly in the US where DiData is focussed on the financial services sector, and high levels of goodwill amortisation (a hangover from its acquisitive past) have once again taken their toll on the Group's results. The good news however, is that the management are taking some of the tough decisions that are needed. Overheads in the US, for example, have been cut by 36% year on year and the US business was profitable at the operating level in Sept. In addition, goodwill amortisation was accelerated this year so that the Group now has no goodwill on its balance sheet.

The UK business has become the jewel in DiData's crown having made great progress under Russell Bolan's management. Now a more focussed (and profitable!) company, we expect to see it drive revenue growth by expanding into Northern England and Scotland and targeting business from mid-sized companies and government.

For the Group as a whole, although things are moving in the right direction, there may yet be some more tough decisions to be made particularly at the troubled Asian and US businesses.

(Tola Sargeant)

12%
602p

DETICA CONTINUES TO IMPRESS WITH H104 RESULTS

Detica has released its results, for the six months to 30th Sep 03 revealing:

• An impressive increase in turnover of 27% to £22.3m. This includes a two-month contribution of £923K from the acquisition of Rubus, a systems integrator focused on *"delivering content management and customer interaction solutions"*. Organic growth was 21%.

• On a like-for-like basis, i.e. discounting Rubus (and associated goodwill), operating profit was £3.2m with the operating margin was flat at 14.7%. Operating profit after goodwill amortisation (and including the effect of Rubus) was up 9.5% to £2.9m (a 14% margin).

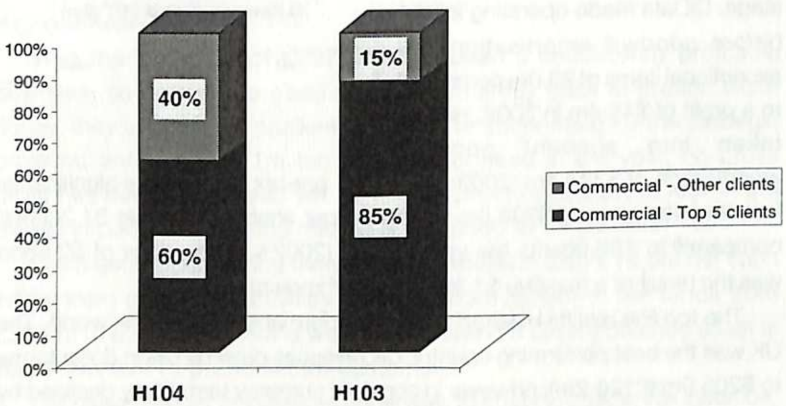
• At the bottom line, pre-tax profits were up 11% to £3.2m and diluted EPS was 10.0p compared to 9.0p in the six months to 30th Sep. 02.

• The cash situation is also looking healthy with cash balances standing at £12.8m compared to £11.7m a year previously, despite spending £2.7m on Rubus.

Looking at the performance in more detail, with turnover up 66%, the Government business outshone the Commercial business, which saw turnover decline by 6%. As a result, Government now accounts for 60% of total turnover compared to 51% a year ago. The bulk of this is attributable to National Security, which now accounts for 51% of total turnover (2002:38%). This increase has primarily been affected by the winning of a three-year framework contract with GCHQ for business process consulting services. This, along with a new framework contract with another agency, is expected to deliver at least £20m of revenues over three years.

Although the Commercial business saw revenues decline in the half, Detica has reported a return to growth in Q2. It is particularly pleasing to see a broadening of the client base with the top five clients now accounting for 60% of turnover compared to 85% a year previously. This will undoubtedly have minimised the effect of the '3' (Hutchinson 3G) contract winding down.

Improved revenue diversity in commercial business



Comment: Detica has once again impressed us with double-digit revenue growth and continued growth in profits and EPS. We have waxed lyrical about the company's strengths many times before... strong customer relationships, deep vertical and technical expertise, niche vertical positioning, balance of government and commercial revenues ...etc. etc. And now with its first acquisition under its belt, it looks as if it is also perfectly capable of successfully integrating acquisitions (at least bite-sized ones). In addition, Detica has made further headway in Government in terms of transitioning from purely being seen as a small niche supplier to being accepted as a long-term partner. This is highlighted by the winning of the two framework agreements (see above).

With almost two thirds of the business now attributable to the public sector, we had some concern over whether the pendulum has swung too far in that direction. However, it is worth pointing out that if the effect of the '3' contract is taken out of the equation, organic growth in the commercial business was about 25%. This gives us confidence that Detica is certainly not at risk of becoming a 'one trick pony', and that its Commercial business is likely to reassert itself over the next few years. Although some sectors such as energy and travel & transport do not seem to be offering any opportunities for growth, other markets give cause for optimism. In finance, Detica has formulated a Basel II proposition for the retail-banking sector and is working with Nationwide Building Society to implement a strategic data architecture. It is also taking advantage of an increasing interest from the insurance sector in claims

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management and risk-based pricing. Its newly acquired expertise in working with unstructured data (through Rubus) is being used to good effect in the legal & publishing and life sciences sectors.

Detica has proved in the past that it is adept at spotting the growth areas in the market. It did it in telecoms and made significant revenues from its contract with '3' in FY01 and FY02. With revenues from that area declining, it is now looking for new 'information management' opportunities in the commercial sector. There are already positive signs. In the meantime, the National Security business is showing no signs of slowing down and provides a strong revenue stream. *(Georgina O'Toole)*

BT GROWING S/ITS BUT LITTLE ELSE

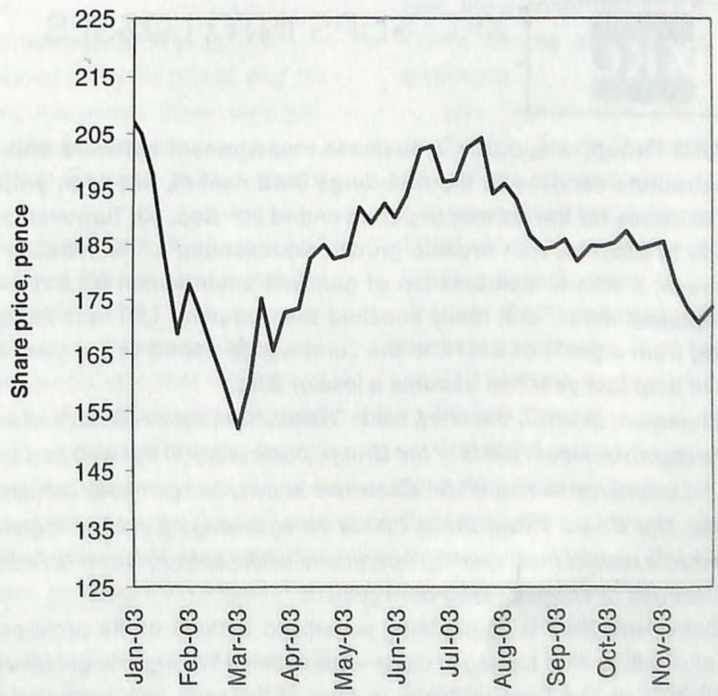
BT Group released results for the six months to end September 2003. Overall turnover fell by 1% to £9.15bn, compared to the same period last year. Operating profits were up 14% to £1.48bn and PBT grew 26% to £1.03bn. EPS rose from 6.2p in H1 last year to 8.5p this time around.

Beneath the headline group numbers we find contrasting performances and prospects for BT's various areas of business. The core telecoms parts continue to shrink. Revenues from 'traditional' retail voice services fell by 7% to £4.76bn. But BT is managing to offset some of these declines with growth in other areas. BT Retail grew its 'new wave' businesses in the UK – comprising broadband, mobility and ICT – by 20% to £915m. Meanwhile BT Global Services, the division formerly known as Ignite, saw its turnover rise by 5% to £2.73bn. Within BT GS, it's the S/ITS bits that are driving growth. BT Global Solutions – the outsourcing division – grew by 15%, with a total of £5.3bn billion in sales orders over the last four quarters. And Syntegra had an excellent Q2 (July to Sept 03), with revenues 13% higher than Q2 last year. This is a creditable performance in an SI market that remains in the doldrums, although BT points out that the growth was due not so much to new wins but rather to *"the phasing of delivery against specific contract milestones in the financial and UK government sectors"*.

BT's big problem is that its growth areas are not sufficiently large or fast-growing to counteract the accelerating decline in its core phone business. Faced with these seemingly insurmountable constraints on overall growth, the company is attempting to please investors by being generous with its cash – something it can well afford to do, having seen operating free cash flow rise by 59% to £1.20bn in H1.

So it's announced a substantial interim dividend of 3.2p (up 42% on last year) and sees the full-year dividend for this year at *"around 50% of earnings"*. Its target dividend for 2005/6 is up around 60% of earnings. Meanwhile BT is also planning to use some of its cash to *"begin a share buyback programme"*. But even the promise of such generosity isn't enough to appease BT's shareholders and the second half of November has seen the company's shares slide to their lowest levels since April of this year. *(Phil Codling)*

BT share price, Jan to Nov 2003



28%
21p

CHALLENGING TIMES AHEAD FOR TIG

Insurance-industry focused player **The Innovation Group** (TiG) announced revenues down 42% to £58.5m in the year to end September 2003, compared to £100.1m in FY2002. Excluding all amortisation and exceptional items, TiG is reporting an operating profit of £3.3m, compared to a profit of £10.0m in FY2002. Losses before tax, including all amortisation and exceptionals, totalled £24.1m, compared to a loss of £391m last year. Loss per share was 7.7p, compared to FY2002's 173.8p.

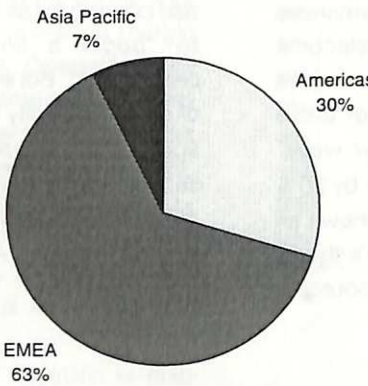
Geoff Squire, Chairman, commented: *"We expect the market to remain challenging but we are confident that we now have the right foundation in place...The Board looks forward to the next financial year with cautious optimism."*

Comment: Back in May, when announcing its interim results, TiG said it was looking forward to better trading *"once the market returns to more positive trading conditions"*. Clearly this hasn't happened so far. A 42% drop in revenues suggests the second half of the year has been slightly less tough (revenues were down 50% in H1 03), but TiG is currently a long way from achieving the positive growth it's targeting for 2004. Of TiG's two divisions, SBPO, or Specialised Business Process Outsourcing – which delivers managed business functions - looks like the better performer. Meanwhile, TiG's technology development and implementation unit – TSD, or technology Solutions Division – looks to be underperforming the still-difficult SI market.

As for profitability, if we express TiG's full-year operating profits with its £17.2m of amortisation included – as the vast majority of companies would – we see that the company is not yet profitable at the operating level, despite significant cost cutting during the year. Indeed, it made an operating loss totalling £13.9m. We hope TiG can move itself to a profitable position in 2004 – but that is likely to be easier said than done.

(Phil Codling)

The Innovation Group:
Geographic revenue mix FY03



6%
86p

XKO SLIPS INTO LOSSES

XKO Group, a supplier if business management software and IT infrastructure services to the mid-range SME market, has seen profits turn to losses for the six month period ended 30th Sep. 03. Turnover was up 5% to £22.7m, with organic growth representing a 1% increase in revenues. It was a combination of goodwill amortisation (£1.5m) and 'exceptional items' that really knocked the company. LBT was £480K, sliding from a profit of £257K in the comparable period of last year. An EPS of 0.4p last year has become a loss of 2.6p.

Chairman, Brian C. Beverley, said: *"Recent trading levels have shown some improvement in parts of the Group, particularly in our web services and e-Commerce teams, whilst elsewhere activity has generally remained stable. The Board views these trends as encouraging and anticipates favourable results from existing operations whilst actively seeking further acquisitions to enhance long term growth."*

Comment: XKO is maintaining a realistic outlook on its prospects and all credit to it for turning in some – albeit only 1% - organic growth. Its acquisition of The Control Group in April of this year has produced an initial pay-off of £858K in revenues.

Going forward, we can expect more of the same as the company continues to look to potential acquisitions to expand its customer base and increase recurring revenues.

While new licence business *"remains at reduced levels"* the company's professional services business, which focuses on e-commerce and web services has seen *"improved demand"* and *"good utilisation rates"* - all good indicators.

Despite moving into losses, the company is proposing a dividend of 0.23p to share holders. *(Kate Hanaghan)*

AN INTERVIEW WITH KASPER RORSTED, MANAGING DIRECTOR OF HP EMEA

Earlier this week, we caught up with Kasper Rorsted, HP's fast-talking head of EMEA. EMEA represents 39% of total HP revenues, or $29 billion.

Last week, HP reported a strong Q4. For the first time since merger, all four of its business units reported profits for the first time since the merger (although, imaging and printing still accounts for 66% of total HP profits, and services for 26%).

I'm beginning to think I may lose my bet about the HP-Compaq merger not making sense – although we need to see sustainable profits from the 'computer' parts of your business.

The reason why we made a profit in Q4 in enterprise systems was due to two things. Firstly, cost control during the last six quarters [since merger]. Getting the headcount in line. But also the product roadmap consolidation. Also, we're consolidating around the Itanium processor.

The other thing is the comparison from Q3 to Q4 where revenue goes up by $350m and margin goes up by $170m. So the incremental margin is 45%. So, if you ask what is the long-term viability, the break-even scenario is around $4 billion per quarter [which HP reached in Q4]. So we have a very viable business model. At the same time we need to market to grow.

We've been surprised by what you've achieved in services. This barely featured at the time of the merger.

At the time of the merger, the primary concern from a customer point of view was the product roadmap. At the same time, we had a very high product market share in some countries – 50%, 60%. Therefore, it was very clear that future growth had to come from services.

We also suffered from a brand standpoint. 'HP classic' was almost a printer-centric brand. 'Compaq classic' had a very PC-centric brand.

But when you put the two companies together, you had the third largest services company, and a lot of people didn't know about it. We're 25,000 people in Europe, 60,000 on a global basis.

How will you rebuild customer confidence in RoI in IT?

Almost any large IT investment is now signed off by the board, and not the CIO any more. And that drives a much more business-driven dialogue. Unless you have access to the board, you will not succeed.

And do you have a strong enough presence in the board room?

Prior the merger, neither HP nor Compaq had credibility in managed services to win large contracts. I think we have quite a lot of credibility today. Whether we have the same credibility as IBM is up to the customer. But we're not at an end point. We're going to further advance our capability.

One deliberate decision we took at the merger was that we will not have any ex-patriates as country managers, we will not have any foreigners. In the future, the large deals are done by CEOs in the boardroom. You will not have contracts if you ship people in and out for two years. I had a meeting with one of the large insurance companies recently. The CIO said to me: "*I don't want to see a country manager from an IT company that has been in his position for less than two years, because it's a waste of my time*".

A particular asset that we bring to the table is the experience that we've gained in mergers over the last five years. I was with a large mobile operator yesterday. What they're talking about is cost structure, centralisation, standardisation, BPO. That's where we bring a lot of know-how to the table. When I go out I spend a lot of time talking about how you run the integration. That's what the CEO / CIO conversations are about.

What about network management within these big deals?

That's an interesting point. A lot of the big deals start off being very infrastructure-centric. Then they start looking at networks, telephony, mobility.

I've seen more caution on the networking side than on the infrastructure side. One of the biggest downtimes was Danske Bank [Danish Bank] which couldn't trade for 3 or 4 days because its network was down.

But, yes, it is more and more becoming part of the conversation: what do we do with the network?

What about partnerships with telcos? We know that Ben Verwaayen [BT CEO] and Carly talk to each other, for example.

The telcos are all large customers of ours. That's why we have these conversations – how can we extend our partnership? Most of these partnerships contain already three elements. We use them, they use us – a bilateral agreement. Then there's an R&D element. And there's a go-to-market aspect.

But at the same time, we need to bring some clarity to the customer base in terms of who does what. Some of the telcos have big SI groups. Take the Bank of Ireland deal for example. They cut up the deals into infrastructure, networks, applications. Most companies are

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concerned about putting everything in the hands of a single vendor.

You have $7 billion of net cash. You've looked at Sema and CGEY. Is acquisition on your agenda in Europe?

We already acquired four software companies in 2003, one of which was in the UK. On the services side, it depends on the market. If the market becomes very BPO-oriented, and customers tell us that our portfolio is not right, then we'll review this.

But it's been shown in the industry that unless you have a good cash position, you can get quite squeezed. Sun is a good example. If Sun didn't have its stack of cash from its business in the 90s, it would probably be out of business. HP's always been run conservatively [from a financial point of view] – similar to Microsoft and Cisco.

What do you most hope to achieve in the next three years?

The overriding goal is to establish HP as the leading IT company in Europe. Not only in revenue, but in terms of perception. While we are larger than IBM, there's a mindshare gap. Services is a very important part of closing this gap. We need to have a stronger services play.

The other element is being much more visible in the public debate. For example, here in the UK we have 12,000 employees. It's expected by government and by business that we have a public stand on things. If you want to be perceived as a leader, you've got to act as a leader.

What might stop you?

We need to continue to broaden our competence within the company. We spent $250m on 'workforce development' last year. The second thing is to ensure that the large deals that we've signed in the last couple of years will be successful. That's why we are moving step-by-step with our outsourcing business. We've been very careful about the selection of customers. *(Interview by Julian Hewett and Anthony Miller)*

-2%
70p
InTechnology

STEADY PROGRESS FOR INTECHNOLOGY AT HALF-TIME

Storage systems distributor and managed data services supplier InTechnology confirmed its steady progress towards profitability with its latest interim results. Total revenues for the six months ended 30th Sep. 03 rose by 4% to £78.7m including a £15m contribution from European distributor Allasso which they acquired earlier in the year. However, organic revenues declined by 16% to £63.6m. Gross profit jumped by a third to £14.4m, lifting gross margins from 14.3% to 18.3%. Operating losses reduced by 21% to £3.4m and pre-tax losses narrowed by 22% to £3.65m. Loss per share reduced from 3.39p to 2.56p.

Star performer was the Managed Data Services (MDS) division which saw revenues soar 62% to £5.9m, although operating losses improved only by 6% to -£4.3m. InTechnology CEO Charles Cameron advised that *"the second half of the year has started in line with expectations with trading volumes similar to last year but with tighter pricing"*.

InTechnology Six months to 30th Sep.	Turnover £m			Operating Profit* £m			Margin	
	2003	2002	Change	2003	2002	Change	2003	2002
Distribution	57.8	72.3	-20.1%	2.5	3.6	-30.6%	4.3%	5.0%
Allasso	15.0	-	-	0.4	-	-	2.7%	
Managed services	5.9	3.7	59.5%	-4.2	-4.6	-8.7%	-71.2%	-124.3%
TOTAL	78.7	76.0	3.6%	-1.3	-1.0	30.0%	-1.7%	-1.3%

* Excludes amortisation etc

Comment: We spoke to Charles Cameron when these results were announced. He believes that the MDS business will break even when the contract backlog reaches about £65m. Currently it's £50m, having grown another £10m in H1. At current course and speed we would therefore expect MDS to show a profit before the end of calendar 2004, and that would be a truly significant milestone. Until then, Cameron is keeping his sights firmly on the UK market (for MDS – the core distribution business already operates in Continental Europe, mainly through Allasso).

But we wouldn't be surprised to see an earlier move overseas if the right opportunity arose. Meanwhile the news on general trading levels and pricing pressure just echoes what almost everyone else is currently experiencing – it's just one of the new rules of the game. *(Anthony Miller)*

1%
370p

TRIBAL

PUBLIC SECTOR DRIVES TRIBAL GROWTH

Tribal Group, provider of services including consultancy, IT and information management, HR and training to the public sector has today announced interim results for the period ended 30th Sept. 03. Turnover is up more than 100% to £78.7m while operating profit is up from £855K to £3.3m. Acquisitions aside, Tribal managed to produce organic revenue growth of 17%. PBT has grown to £2m from £412K. Loss per share has reduced from 1.74p to 0.21p.

During the half-year period, Tribal acquired Hacas Group, a consultancy in the social housing sector, Foundation Software Solutions, Kinetic Technologies and Geronimo Public Relations for an aggregate initial consideration of £64.3m in cash and shares. That's pretty aggressive buying and symbolic of its rather bullish attitude.

Interim Chairman, Dominic Collins said: *"We are continuing to invest in people and infrastructure in order to lay the foundations for sustained profit growth. We will also be increasing the resources devoted to bidding for major contracts, an important source of longer-term organic growth. The board expects this to be another successful year and believes that future growth will remain strong."*

Comment: At the half way mark, Tribal has turned in a really encouraging set of results, reaping the rewards of its focus on the public sector. During the period, 96% of sales came through this channel and it expects to retain this focus in the immediate future.

It is making good progress in building its healthcare business and is in is set to benefit from increased spending in the sector. Back in September Tribal announced that its subsidiary Mercury Health had been appointed as preferred bidder on an NHS contract to design, set up and manage a network of diagnostic treatment centres. If the contract goes ahead (it's due to close next Spring) it is expected to be worth in excess of £300m over five years and would be a major milestone for the Group.

Tribal's acquisition strategy has been crucial to its success to date, and should benefit it going forward by increasing its capability to bid for larger contracts and to cross-sell. But, importantly, alongside the acquisitions Tribal has continued to grow organically.

This growth looks set to continue into 2004 since Tribal has already secured over 75% of forecast turnover for the period. Shareholders will also be pleased by the prospect of a 1p per share maiden dividend to be issued early next year.

(Tola Sargeant & Kate Hanaghan)

M·C·A

MARGINAL INCREASE IN IT CONSULTANCY BRINGS HOPE

The Management Consultancies Association (MCA) has released its figures for Q303, based on a survey of its members (representing 50% of the UK consultancy market in terms of fee income). The 6.2% increase in consultancy revenue to £1.3bn (the fourth consecutive quarterly rise) was significantly boosted by a 21.3% increase in outsourcing consultancy revenues to £393m (or 30% of the total). Other areas of consultancy fared less well. Revenues from strategy, HR and marketing were static (and marginally down if looking at underlying growth), while the underlying growth in IT consultancy and systems development revenues was 0.6%.

Going forward, members highlighted (unsurprisingly) the public sector as having the strongest growth prospects. Other areas highlighted were primary industries, overseas projects and the financial services sector.

Comment: Nothing here contradicts our views on current and future market conditions. It's hardly surprising that outsourcing is the driver for growth at the consultancies. Nor does it surprise us that the public sector is top ranked in terms of future growth. What's most pleasing to us is the underlying, albeit marginal, growth in IT consultancy revenues – which, after a long period of quarter on quarter decline is most encouraging. Okay, things might not be getting any better but this indicates that they aren't getting any worse either.

(Georgina O'Toole)

-7%
474p

AVEVA

AVEVA REPORTS 'SOLID' RESULTS AT THE HALFWAY STAGE

Engineering design software supplier **Aveva Group** (nee CadCentre) reported what it called a *"solid"* set of interim results. Revenues for the six months ended 30th Sep. 03 rose 2% to £16.84m and operating profits grew by 7% to £1.38m, raising margins from 7.8% to 8.2%. Pre-tax profits gained 10% to £1.36m as did EPS, to 5.19p.

However, there was rather a huge variation in performance among Aveva's main regional markets. Revenues in the UK actually slumped by 42% to £1.38m, but the rest of EMEA made up with a rise of 36% to £7.05m. The Americas also suffered, with a decline of 18% to £4.34m, while Asia Pacific saw revenues rise by 12% to £4.06m. Recurring revenues now represent 59% of the total, down just a tad from 60%.

Aveva Six months to 30th Sep.	Turnover* £m		
	2003	2002	Change
UK	1.38	2.37	-41.7%
Rest of EMEA	7.05	5.20	35.6%
Americas	4.34	5.28	-17.7%
Asia-Pacific	4.06	3.62	12.4%
TOTAL	16.84	16.46	2.3%

* By destination

Aveva chairman Richard King reported that *"the industry background continues to be challenging"* but has *"confidence in (Aveva's) ability to achieve satisfactory results for the year as a whole"*.

Comment: After Aveva's record full year results announced earlier this year, these results are somewhat more subdued. We're not sure we would call these results 'solid' given the stark decline in Aveva's business in the UK and the Americas, especially after excellent growth last year in both these markets. Nonetheless, it's the bottom line that really counts and in this regard Aveva has done the business. *(Anthony Miller)*

experian

EXPERIAN STILL A GOOD PERFORMER

GUS, parent of BPO player Experian, announced interim results for the six months to end September 03. Experian generated revenues of £638m globally and an operating profit of £145.7m at a healthy margin of 23%. Experian International (which covers all business outside North America, the bulk of which is in the UK) saw revenues of £273m - an increase of 18%. If we take out the effect of recent acquisitions, including Nordic Info Group and Experian-Scorex, organic growth was 7%. Experian International was less profitable than the US operation but still generated an operating profit of £51.8m (up 36%) at an improving margin of 19%. This improved profitability was aided by *"rationalising underperforming activities"* in France and the recent disposal of BPO businesses in Holland.

Here's how the individual divisions performed within Experian International:

• Outsourcing: If we exclude a *"previously anticipated completion of a three-year contract"* with a French client, outsourcing sales were up 2%. Include that contract and they're down 7%. On the upside, the period saw two significant account processing contract wins: a five-year deal with Marks and Spencer and a four-year deal with Morgan Stanley.

• Marketing Information and Marketing Solutions: Sales grew by 17%. In the UK, Experian managed to grow business outside of its core financial services clients despite the *"difficult background"* in the direct marketing industry today.

• Credit Information and Credit solutions: While many UK consumers are busy building up debt, Experian is benefiting from this with organic growth in sales of 12%.

Overall, this is a set of results any parent would be proud of. Experian is mining some profitable niches and looks well placed to continue growth both organically and through further acquisitions. *(Kate Hanaghan and Phil Codling)*

Mergers & Acquisitions

Buyer	Seller	Seller Description	Acquiring	Price	Comment
AFA Systems plc	Strategic Asset Management Solutions Ltd (SAMS)	Asset management software	100%	£1.2m	SAMS turned over £1.2m in the six months to 30th Sep. 03 and has contracted revenue of £0.6m for the year to 31st Dec. 04 from its outsourced AM contract with UBS. SAMS' products are a good fit with AFA's existing asset management s/w, addressing different requirements of the same customers. AFA also believes it will be able to make "*material cost savings*" by integrating SAMS and using AFA's offshore development facilities in South Africa to develop SAMS' Socrates s/w more cheaply than would be possible in the UK.
CedAR	Goldenhill	HR and payroll software	100%	n/a	Alchemy-backed cedAr, acquired Goldenhill for an undisclosed sum. The companies have already completed initial integration between Goldenhill's s/w and CedAr's financial and eProcurement solutions, and early into Q2 04 a new generation of HR and Payroll s/w, currently under joint development, will launched. CedAr plans to make further acquisitions to broaden its applications portfolio.
ICM Computer Group	ITM Support Services from ITM Group Ltd	Support for IBM mid-range IT systems	100%	max £6.5m	ITM Support Services turned over £5.7m in FY01. There's a good fit between the two companies, as ITM is also UK focussed, and provides a range of services to mid-sized companies and larger corporates. The business was loss-making in FY01 (LBT: £0.2m), but this does not concern us as ICM's management team have shown that they are able to turn around ailing companies (as they did with Assurity, acquired last year). Does the price look steep? Well, given the fit, and the fact that ITM no doubt has good revenue visibility from ongoing support contracts, probably not.
K3 Business Technology Group (K3)	PSE Ltd	Warehousing and distribution management s/w	38%	max £190K	PSE had a turnover of c£1m for the year to Sep. 02 and generated pre-tax profits of £34K. K3 paid an initial consideration of £95K for its stake, with the balance due within two years. K3 is seeing increasing demand for warehousing and distribution management s/w and had already integrated PSE's Elucid s/w into its products. This strategic investment is the next logical step.
MSB International	Leading Edge Recruitment	IT staff agency	100%	max. £0.5m	This is MSB's first acquisition since it was founded in 1984. Leading Edge is perhaps better known through its main subsidiary, Cerco, is "*highly profitable*" and has over 100 contractors on placement. MSB is actively pursuing other acquisition targets in IT recruitment, as well as in finance, sales and engineering recruitment, new business areas for them Starting on the acquisition trail with another ITSA is sound as this is the area MSB knows best. Expect to see more announcements in the next few months.
Morse	Systematics Technology Solutions GmbH (Techcol)	Storage and computer supply	100%	EUR1	Munich-based Techsol had pro forma revenues of EUR150m in the year to 31st Dec.02, and made an operating loss of EUR6.5m. This acquisition really moves Morse's German business forward – both in terms of scale (turnover in Germany in FY03 was c£45m), skills base and presence. The real challenge will be to ensure the combined operation is profitable, which given that Morse's existing German business recorded a loss in 2003, will not be easy. However, the team at Morse have a successful track record of integrating acquisitions, and Techsol retains a "*strong customer base*".
Northgate Information Solutions	PWA Group Ltd from Great Plains Software (a Microsoft subsidiary)	UK-based PWA offers a suite of "leading" HR software applications under the brand Empower	100%	£2.5m	Northate acquired PWA for £2.5m cash, as part of the deal they also acquired £1.7m of net liabilities comprising mainly deferred maintenance income. PWA has a client base of over 750 customers and employs c65 people, although, a small number of employees will remain with Microsoft. In the year to 30th Jun 03, PWA turned over £7.1m and made an EBITDA loss of £0.4m. Operating profits were about breakeven. PWA is expected to be earnings enhancing (before goodwill amortisation and exceptionals) in the first full year.
Rhyme Systems Ltd (MBO vehicle)	Misys' UK back office products business from within Misys Asset Management Systems and non-core banking software business from within Misys Securities Trading Systems	UK back office products business and banking software business	100%	£25m	Misys has sold two non-core operations to a MBO team backed by private equity firm, Primary Capital. The two businesses turned over £39m in the year to 31st May 03. In the institutional and private wealth sectors, Misys has stated that it will concentrate its Asset Management Systems business on offering mid- and front office solutions – a market which it believes to be fast growing. Chris Potts, the former CEO of Misys Asset Management Systems, is to be CEO of Rhyme Systems. He takes with him 150 staff from Misys.
Surecomp	Highams Business Solutions from Highams Systems Services	Factoring and related financial software applications	100%	£910K	HBS turned over £1.6m in FY03, and made a pre-tax operating profit (before group overheads) of £535K. With the majority of its revenue coming from IT staffing, Highams was right to dispose of this non-core activity.
Technology Services Group (TSG)	Joynson	gateshead-based reseller	100%	n/a	TSG was founded by Graham Wylie (co-founder of Sage) with the intention of becoming a "super reseller". If there is one sector that REALLY needs consolidation it is the VAR sector. This is the group's first deal. Joynson is a Pegasus/Citrix/Microsoft/Novell/3Com/Sage reseller with 800 customers. We believe there is a real opportunity to build an "IT Services Group" dedicated to the SME channel - in particular, nobody has so far cracked the enormous market of offering outsourcing services to SMEs.

Forthcoming IPOs

Name	Activity	S/ITS or Dotcom Index	Index Class	Market	Est Issue Price	Est Mkt Cap.	IPO Date
Logcom	Softw are resale	S/ITS	R	MAIN	N/a	£120.0m	Apr-04
TradingSports	Technology for P2P betting exchangs	S/ITS	SP	AIM	N/a	£12-14m	TBA
Pixology	Digital photographic softw are	S/ITS	SP	AIM	N/a	N/a	2003/2004

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

AFA Systems plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£3,137,000	£6,013,000	£2,850,000	-9.1%
PBT	-£2,163,000	-£10,638,000	-£1,728,000	Loss both
EPS	-8.50p	-41.90p	-5.00p	Loss both

AIT Group plc

	Interim - Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£8,417,000	£17,584,000	£10,031,000	+19.2%
PBT	-£37,809,000	-£41,227,000	£1,030,000	Loss to profit
EPS	-1556.50p	-306.00p	3.59p	Loss both

Alphameric plc

	Interim - May 02	Final - Nov 02	Interim - May 03	Comparison
REV	£27,373,000	£61,928,000	£27,254,000	-0.4%
PBT	£1,097,000	£2,486,000	-£2,704,000	Profit to loss
EPS	0.20p	0.00p	-2.50p	Profit to loss

Alterian plc

	Interim - Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£1,807,000	£4,784,000	£1,825,000	+1.0%
PBT	-£4,485,000	-£5,966,000	-£2,449,000	Loss both
EPS	-11.40p	-14.60p	-5.40p	Loss both

Anite Group plc

	Final - Apr 02		Final - Apr 03	Comparison
REV	£202,510,000		£216,336,000	+6.8%
PBT	£5,764,000		-£112,480,000	Profit to loss
EPS	-0.60p		-34.20p	Loss both

Argonaut Games

	Final - Jul 02		Final - Jul 03	Comparison
REV	£14,232,000		£5,317,000	-62.6%
PBT	£2,763,000		-£10,882,000	Profit to loss
EPS	2.87p		-11.20p	Profit to loss

Autonomy Corporation plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun - 03	Comparison
REV	£17,470,000	£33,974,000	£15,469,000	-11.5%
PBT	£3,156,000	£4,345,000	£2,229,000	-29.4%
EPS	2.66p	0.03p	1.24p	-53.4%

Aveva Group plc

	Interim - Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£16,462,000	£36,008,000	£16,837,000	+2.3%
PBT	£1,234,000	£5,580,000	£1,363,000	+10.5%
EPS	4.72p	21.24p	5.19p	+10.0%

Axon Group plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£21,348,000	£43,112,000	£24,616,000	+15.3%
PBT	£1,222,000	£2,480,000	£2,036,000	+66.6%
EPS	1.30p	2.70p	2.40p	+84.6%

Baltimore Technologies plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£22,065,000	£35,000,000	£9,660,000	-56.2%
PBT	-£42,968,000	-£65,300,000	-£8,999,000	Loss both
EPS	-85.10p	-125.20p	-18.80p	Loss both

Bond International Software plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£3,175,000	£6,399,629	£3,370,000	+6.1%
PBT	-£2,086,000	-£1,972,786	£155,000	Loss to Profit
EPS	-13.71p	-13.79p	0.64p	Loss to Profit

Business Systems Group Holdings plc

	Interim - Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£14,051,000	£26,475,000	£10,457,000	-25.6%
PBT	-£446,000	-£2,949,000	-£407,000	Loss both
EPS	-0.55p	-3.44p	-0.50p	Loss both

Capita Group plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£391,222,000	£897,504,000	£531,553,000	+35.9%
PBT	£29,043,000	£78,069,000	£37,364,000	+28.7%
EPS	2.50p	6.81p	3.13p	+25.2%

Charteris Plc

	Final - Jul 02		Final - Jul 03	Comparison
REV	£19,087,000		£12,174,000	-36.2%
PBT	£1,588,000		-£625,000	Profit to loss
EPS	2.50p		-1.26p	Profit to loss

Chelford Group plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£7,813,000		£7,298,000	-6.6%
PBT	-£1,048,000		-£1,025,000	loss both
EPS	-0.16p		-0.16p	loss both

Clarity Commerce plc

	Interim - Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£3,399,000	£7,263,000	£4,853,000	+42.8%
PBT	-£429,000	£315,000	£194,000	Loss to Profit
EPS	-3.08p	1.84p	1.12p	Loss to Profit

Clinical Computing plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£1,117,000	£2,391,565	£1,150,000	+3.0%
PBT	-£598,000	-£983,004	-£397,000	Loss both
EPS	-2.40p	-3.80p	-1.60p	Loss both

CMS Webview

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£583,000	£1,206,000	£905,000	+55.2%
PBT	-£345,000	-£683,000	-£116,000	Loss both
EPS	-0.63p	-1.12p	-0.17p	Loss both

CODASciSys plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£33,566,000	£66,378,000	£34,223,000	+2.0%
PBT	£2,869,000	£5,726,000	£1,319,000	-54.0%
EPS	6.90p	16.20p	3.10p	-55.1%

Comino Group plc

	Interim - Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£11,803,000	£24,504,000	£11,323,000	-4.1%
PBT	£420,000	£1,209,000	£603,000	+43.6%
EPS	2.00p	8.90p	2.60p	+30.0%

Compass Software Group plc

	Interim - May 02	Final - Nov 02	Interim - May 03	Comparison
REV	£2,244,772	£4,829,562	£1,584,200	-29.4%
PBT	-£15,004	£398,649	-£762,706	Loss both
EPS	-0.71p	1.59p	-5.19p	Loss both

Compel Group plc

	Final - Jun 02		Final - Jun 03	Comparison
REV	£68,892,000		£52,880,000	-23.2%
PBT	-£1,691,000		-£407,000	Loss both
EPS	-3.20p		1.30p	Loss to Profit

Computacenter plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£976,958,000	£1,930,135,000	£1,255,599,000	+28.5%
PBT	£24,405,000	£55,081,000	£32,020,000	+31.2%
EPS	8.60p	19.80p	11.60p	+34.9%

Computer Software Group

	Interim - Sep 02	Final - Feb 03	Interim - Sep 03	Comparison
REV	£1,800,000	£3,584,000	£2,533,000	+40.7%
PBT	-£685,000	-£1,399,000	-£632,000	Loss both
EPS	-5.00p	-0.97p	-2.70p	Loss both

DCS Group plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£37,800,000	£69,800,000	£30,200,000	-20.1%
PBT	-£7,700,000	-£14,200,000	-£4,000,000	Loss both
EPS	-31.72p	-57.14p	-17.15p	Loss both

Delcam plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£9,518,000	£18,913,000	£9,815,000	+3.1%
PBT	£519,000	£1,071,000	£504,000	-2.9%
EPS	6.10p	13.80p	6.40p	+4.9%

Detica Group plc

	Interim - Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£17,626,000	£39,198,000	£22,304,000	+26.5%
PBT	£2,847,000	£7,437,000	£3,160,000	+11.0%
EPS	9.30p	24.10p	10.00p	+7.5%

Diagonal plc

	Interim - May 02	Final - Nov 02	Interim - May 03	Comparison
REV	£33,902,000	£63,618,000	£30,611,000	-9.7%
PBT	£1,607,000	-£2,254,000	£324,000	-79.8%
EPS	0.77p	-4.56p	-0.27p	Profit to loss

Dicom Group plc

	Final - Jun 02		Final - Jun 03	Comparison
REV	£149,527,000		£156,432,000	+4.6%
PBT	£3,521,000		£8,801,000	+150.0%
EPS	3.50p		26.00p	+642.9%

Dimension Data plc

	Final - Sep 02	Interim - Mar 03	Final - Sep 03	Comparison
REV	£1,489,600,000	£638,206,000	£1,288,000	-99.9%
PBT	-£1,580,000	-£122,668,000	-£244,000	Loss both
EPS	-155.60p	-9.10p	-19.18p	Loss both

DRS Data & Research Services plc

	Interim - Jul 02	Final - Dec 02	Interim - Jul 03	Comparison
REV	£6,749,000	£12,782,000	£7,759,000	+15.0%
PBT	£761,000	£1,776,000	£892,000	+17.2%
EPS	1.55p	3.68p	1.87p	+20.6%

Easyscreen plc

	Final - Mar 02		Final - Mar 03	Comparison
REV	£3,236,111		£2,654,514	-18.0%
PBT	-£4,289,119		-£3,397,842	Loss both
EPS	-9.34p		-5.60p	Loss both

Eidos plc

	Final - Jun 02		Final - Jun 03	Comparison
REV	£128,613,000		£169,048,000	+31.4%
PBT	-£15,290,000		£17,354,000	Loss to profit
EPS	-11.10p		13.70p	Loss to profit

Electronic Data Processing plc

	Final - Sep 02	Interim - Mar 03	Final - Sep 03	Comparison
REV	£8,480,000	£4,527,000	£8,686,000	+2.4%
PBT	-£1,394,000	£292,000	£284,000	Loss to profit
EPS	-5.03p	1.18p	3.97p	Loss to profit

Empire Interactive plc

	Final - Dec 01		Final - Dec 02	Comparison
REV	£11,086,000		£25,054,000	+126.0%
PBT	-£2,406,000		-£1,816,000	Loss both
EPS	-3.95p		-2.72p	Loss both

Epic Group plc

	Final - May 02		Final - May 03	Comparison
REV	£7,227,000		£8,750,000	+21.1%
PBT	£835,000		£1,802,000	+115.8%
EPS	3.10p		6.60p	+112.9%

Eurolink Managed Services plc

	Final - Mar 02		Final- Mar 03	Comparison
REV	£9,226,000		£9,152,000	-.8%
PBT	£155,000		£204,000	+31.6%
EPS	0.47p		1.22p	+159.6%

Financial Objects plc

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

Flomerics Group plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£5,966,000	£11,711,000	£4,881,000	-18.2%
PBT	£110,000	£635,000	-£144,000	Profit to loss
EPS	0.75p	3.23p	-0.98p	Profit to loss

Focus Solutions Group plc

	Final - Mar 02		Final - Mar 03	Comparison
REV	£5,073,000		£6,583,000	+29.8%
PBT	-£2,590,000		-£3,833,000	Loss both
EPS	-10.30p		-13.40p	Loss both

GB Group plc

	Interim Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£5,183,000	£11,243,000	£5,537,000	+6.8%
PBT	£301,000	£813,000	-£242,000	Profit to loss
EPS	0.30p	0.90p	-0.30p	Profit to loss

Gladstone Plc

	Interim - Feb 02	Final - Aug 02	Interim - Feb 03	Comparison
REV	£4,020,569	£8,603,805	£3,796,125	-5.6%
PBT	-£3,380,671	-£1,748,902	£50,315	Loss to profit
EPS	-9.74p	-4.53p	0.12p	Loss to profit

Glotel plc

	Interim - Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£37,991,000	£75,900,000	£41,796,000	+10.0%
PBT	-£415,000	-£1,347,000	£135,000	Loss to profit
EPS	-0.90p	-2.30p	0.10p	Loss to profit

Gresham Computing plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£6,152,000	£11,578,000	£4,870,000	-20.8%
PBT	£2,674,000	£1,148,000	-£1,068,000	Profit to loss
EPS	4.87p	2.45p	-2.24p	Profit to loss

Harrier Group plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£5,721,206	£9,544,299	£4,254,722	-25.6%
PBT	-£1,074,854	-£19,005,410	£12,812	Loss to profit
EPS	-3.38p	-59.19p	0.04p	Loss to profit

Harvey Nash Group plc

	Interim - Jul 02	Final - Jan 03	Interim - Jul 03	Comparison
REV	£83,489,000	£156,692,000	£64,317,000	-23.0%
PBT	-£6,576,000	-£7,490,000	-£4,448,000	Loss both
EPS	-14.15p	-14.91p	-8.04p	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 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£119,973,584	£202,110,294	£125,205,070	+4.4%
PBT	-£3,849,313	-£7,842,014	£217,456	Loss to profit
EPS	-6.83p	-12.19p	0.14p	Loss to profit

Host Europe plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£6,488,000	£13,708,000	£8,162,000	+25.8%
PBT	-£269,000	-£505,000	-£657,000	Loss both
EPS	-0.02p	-0.01p	-0.04p	Loss both

Hot Group plc

	Interim - Feb 02	Final - Aug 02	Interim - Feb 03	Comparison
REV	n/a	£2,831,000	£956,000	n/a
PBT	n/a	-£4,710,000	-£776,000	n/a
EPS	n/a	-31.24p	-2.52p	n/a

I-Document Systems Plc

	Interim - Apr 02	Final - Oct 02	Interim - Apr 03	Comparison
REV	£1,158,948	£3,017,602	£1,903,078	+64.2%
PBT	-£559,437	-£1,483,473	-£459,182	Loss both
EPS	-0.46p	-1.11p	-0.33p	Loss both

ICM Computer Group plc

	Final - Jun 02		Final - Jun 03	Comparison
REV	£68,871,000		£77,843,000	+13.0%
PBT	£4,478,000		£3,673,000	-18.0%
EPS	15.00p		12.30p	-18.0%

Innovation Group plc (The)

	Final - Sep 02	Interim - Mar 03	Final - Sep 03	Comparison
REV	£100,071,000	£31,172,000	£58,514,000	-41.5%
PBT	-£391,114,000	-£5,216,000	-£24,088,000	Loss both
EPS	-173.78p	-2.40p	-7.67p	Loss both

InTechnology plc

	Interim -Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£75,957,000	£156,899,000	£78,729,000	+3.6%
PBT	-£4,683,000	-£6,675,000	-£3,642,000	Loss both
EPS	-3.39p	-5.10p	-2.56p	Loss both

Intelligent Environments Group plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£1,426,000	£2,672,065	£1,886,000	+32.3%
PBT	-£1,904,000	-£2,873,579	£66,000	Loss to profit
EPS	-1.51p	-2.14p	0.18p	Loss to profit

IQ-Ludorum plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£1,980,779	£3,919,300	£1,289,900	-34.9%
PBT	-£3,393,642	-£4,965,400	-£1,067,568	Loss both
EPS	-4.16p	-6.23p	-1.24p	Loss both

iSOFT Group plc

	Final - Apr 02		Final - Apr 03	Comparison
REV	£60,102,000		£91,495,000	+52.2%
PBT	£12,178,000		£18,880,000	+55.0%
EPS	7.61p		11.08p	+45.6%

I S Solutions plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£3,621,000	£7,426,000	£3,236,000	-10.6%
PBT	-£879,000	-£1,368,000	£119,000	Loss to profit
EPS	-3.44p	-5.06p	-0.21p	Loss both

ITNET plc

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

Jasmin plc

	Final - Mar 02		Final - Mar 03	Comparison
REV	£7,099,000		£5,844,000	-17.7%
PBT	£716,000		-£886,000	Profit to loss
EPS	16.67p		-20.22p	Profit to loss

K3 Business Technology Group plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£3,944,000	£8,088,000	£3,483,000	-11.7%
PBT	-£49,000	£266,000	-£432,000	Loss both
EPS	-0.10p	0.70p	-0.80p	Loss both

Kewill Systems plc

	Interim - Sep 02	Final - Mar -03	Interim - Sep 03	Comparison
REV	£14,172,000	£25,211,000	£10,530,000	-25.7%
PBT	-£5,742,000	-£5,855,000	£499,000	Loss to profit
EPS	-8.00p	-7.70p	0.60p	Loss to profit

LogicaCMG plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£944,900,000	£1,827,400,000	£854,300,000	-9.6%
PBT	-£287,100,000	-£731,800,000	-£57,700,000	Loss both
EPS	-40.30p	n/a	-7.10p	Loss both

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

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

London Bridge Software Holdings plc

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

Lorien plc

	Interim - May 02	Final - Nov 02	Interim - May 03	Comparison
REV	£60,449,000	£113,588,000	£44,503,000	-26.4%
PBT	-£6,346,000	-£5,178,000	£204,000	Loss to profit
EPS	-36.80p	-32.50p	0.40p	Loss to profit

Macro 4 plc

	Final - Jun 02		Final - Jun 03	Comparison
REV	£39,405,000		£32,394,000	-17.8%
PBT	-£3,910,000		-£5,165,000	Loss both
EPS	-18.80p		-21.20p	Loss both

Manpower SoftWare plc

	Final - May 02		Final - May 03	Comparison
REV	£3,154,500		£3,560,541	+12.9%
PBT	-£1,252,691		-£802,388	Loss both
EPS	-5.10p		-1.80p	Loss both

Marlborough Stirling plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£60,655,000	£121,008,000	£55,986,000	-7.7%
PBT	£2,795,000	-£34,478,000	-£4,985,000	Profit to loss
EPS	0.20p	-20.00p	-2.70p	Profit to loss

MERANT plc

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

Microgen plc

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

Minorplanet Systems Plc

	Final - Aug 02	Interim - Feb 03	Final - Aug 03	Comparison
REV	£96,800,000	£51,000,000	£88,600,000	-8.5%
PBT	-£52,300,000	-£7,300,000	-£23,400,000	Loss both
EPS	-26.76p	-8.25p	-54.57p	Loss both

Misys plc

	Final - May 02		Final - May 02	Comparison
REV	£1,041,200,000		£1,013,500,000	-2.7%
PBT	£34,900,000		£59,800,000	+71.3%
EPS	3.70p		7.80p	+110.8%

Mondas plc

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

Morse plc

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

MSB International plc

	Interim - Jul 02	Final - Jan 03	Interim -Jul 03	Comparison
REV	£47,619,000	£84,062,000	£33,777,000	-29.1%
PBT	n/a	-£421,000	£103,000	n/a
EPS	0.00p	-2.32p	0.30p	n/a

Myratech.net Plc

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

Ncipher Plc

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

NetBenefit plc

	Final - Jun 02		Final - Jun 03	Comparison
REV	£6,079,000		£6,245,000	+2.7%
PBT	-£1,189,000		-£156,000	Loss both
EPS	-6.90p		0.10p	Loss to profit

Netstore plc

	Final - Jun 02		Final - Jun 03	Comparison
REV	£6,643,961		£14,197,000	+113.7%
PBT	-£6,944,000		-£5,265,000	Loss both
EPS	-7.51p		-5.33p	Loss both

Northgate Information Solutions plc

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

NSB Retail Systems plc

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

OneclickHR plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£2,575,178	£4,689,010	£2,712,382	+5.3%
PBT	-£1,093,353	-£3,473,846	£64,829	Loss to profit
EPS	-2.00p	-6.40p	0.10p	Loss to profit

Parity Group plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£98,958,000	£183,273,000	£80,904,000	-18.2%
PBT	-£820,000	-£24,567,000	-£13,807,000	Loss both
EPS	-0.63p	-16.01p	-9.18p	Loss both

Patsystems plc

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

Pilat Media Global plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£2,470,000	£7,347,000	£2,978,000	+20.6%
PBT	-£1,337,000	-£236,000	-£1,245,000	Loss both
EPS	-4.18p	0.09p	-2.83p	Loss both

Planit Holdings plc

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

PSD Group plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£22,845,000	£44,282,000	£18,449,000	-19.2%
PBT	£135,000	£879,000	-£464,000	Profit to loss
EPS	-0.40p	2.10p	-2.70p	Loss both

QA plc

	Interim - May 02	Final - Nov 02	Interim - May 03	Comparison
REV	£18,059,999	£32,800,000	£14,062,000	-12.4%
PBT	-£36,012,000	-£63,000,000	-£870,000	Loss both
EPS	-39.30p	-67.70p	-0.90p	Loss both

Quantica plc

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

Raft International plc

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

Retail Decisions plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£14,301,000	£28,421,000	£14,921,000	+4.3%
PBT	-£1,873,000	-£9,379,000	£1,103,000	Loss both
EPS	-0.69p	-3.64p	0.16p	Loss both

RM plc

	Final - Sep 02	Interim - Mar 03	Final - Sep 03	Comparison
REV	£202,158,000	£85,363,000	£215,494,000	+6.6%
PBT	-£5,914,000	-£1,820,000	£6,219,000	Loss to Profit
EPS	-5.10p	-1.80p	5.20p	Loss to Profit

Royalblue Group plc

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

Sage Group plc

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

SDL plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£28,131,000	£58,002,000	£31,003,000	+10.2%
PBT	-£2,002,000	-£3,518,487	-£1,004,000	Loss both
EPS	-4.02p	-7.10p	-2.85p	Loss both

ServicePower Technologies plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£986,000	£4,483,000	£996,000	+1.0%
PBT	-£1,252,000	-£555,000	-£1,146,000	Loss both
EPS	-2.45p	-0.64p	-2.21p	Loss both

Sirius Financial Systems plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£10,698,000	£22,683,192	£10,404,000	-2.7%
PBT	£1,359,000	£1,893,520	£38,000	-97.2%
EPS	4.60p	5.90p	0.10p	-97.8%

Sopheon plc

	Interim - Jun 02	Final - Dec 02	Interim -Jun 03	Comparison
REV	£6,511,000	£12,353,000	£5,123,000	-21.3%
PBT	-£8,961,000	-£16,179,000	-£5,718,000	Loss both
EPS	-10.90p	-19.40p	-6.90p	Loss both

Spring Group plc

	Interim - Jun 03	Final - Dec 02	Interim - Jun 03	Comparison
REV	£148,378,000	£293,330,000	£145,749,000	-1.8%
PBT	-£9,491,000	-£8,840,000	-£3,903,000	Loss both
EPS	-6.39p	-5.93p	-2.67p	Loss both

Staffware plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£18,231,000	£39,031,000	£21,039,000	+15.4%
PBT	£391,000	£2,608,000	£1,318,000	+237.1%
EPS	0.30p	11.10p	5.10p	+1600.0%

StatPro Group plc

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

SurfControl plc

	Final - Jun 02		Final - Jun 03	Comparison
REV	£37,562,106		£46,209,392	+23.0%
PBT	-£48,115,028		£5,602,649	Loss to profit
EPS	-156.65p		13.12p	Loss to profit

Synstar plc

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

Systems Union Group plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£37,459,000	£74,631,000	£34,018,000	-9.2%
PBT	£1,618,000	£4,318,000	£1,989,000	+23.1%
EPS	1.60p	3.70p	1.70p	+6.2%

Tadpole Technology plc

	Interim - Mar 02	Final - Sep 02	Interim - Mar 03	Comparison
REV	£9,744,000	£18,724,000	£2,803,000	-71.2%
PBT	-£2,842,000	-£11,140,000	-£7,518,000	Loss both
EPS	-1.50p	-5.70p	-3.60p	Loss both

Telecity plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£12,170,000	£24,954,000	£11,827,000	-2.8%
PBT	-£16,918,000	-£40,604,000	-£2,935,000	Loss both
EPS	-8.40p	-20.20p	-1.50p	Loss both

Tikit Group plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£3,731,000	£8,231,000	£3,880,000	+4.0%
PBT	£81,000	£305,000	£235,000	+190.1%
EPS	0.00p	1.30p	0.80p	n/a

Torex plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£77,608,000	£161,791,000	£92,310,000	+18.9%
PBT	£10,770,000	£14,688,000	£14,587,000	+35.4%
EPS	9.00p	18.80p	12.20p	+35.6%

Total Systems plc

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

Touchstone Group plc

	Interim - Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£6,912,000	£14,249,000	£6,953,000	+0.6%
PBT	£611,000	£1,526,000	£159,000	Profit both
EPS	3.70p	9.20p	0.00p	-100.0%

Trace Group plc

	Final - May 02		Final - May 03	Comparison
REV	£20,630,180		£15,865,000	-23.1%
PBT	£2,045,620		-£2,776,000	Profit to loss
EPS	8.65p		-15.17p	Profit to loss

Transeda plc

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

Transware plc

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

Triad Group plc

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

Tribal Group plc

	Interim - Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£38,275,000	£105,659,000	£78,680,000	+105.6%
PBT	£412,000	£7,855,000	£2,041,000	Profit both
EPS	-1.74p	5.50p	-0.21p	Loss both

Ultima Networks plc

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

Universe Group plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£17,306,000	£34,487,000	£18,967,000	+9.6%
PBT	£232,000	£889,000	£206,000	-11.2%
EPS	0.55p	2.54p	0.50p	-9.1%

Vega Group plc

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

VI Group plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£3,200,000	£7,542,000	£4,365,000	+36.4%
PBT	-£357,000	£70,000	-£227,000	Loss both
EPS	-1.04p	-0.74p	-0.78p	Loss both

Warthog plc

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

Wealth Management Software plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£6,074,000	£10,997,000	£3,969,000	-34.7%
PBT	£15,000	-£1,061,000	£208,000	+1286.7%
EPS	0.04p	-2.74p	0.51p	+1175.0%

Workplace Systems International PLC

	Interim - Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£6,576,000	£14,241,000	£6,245,000	-5.0%
PBT	-£2,912,000	£3,555,000	£747,000	Loss both
EPS	-1.61p	-1.52p	0.46p	Loss both

Xansa plc

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

XKO Group plc

	Interim - Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£21,614,000	£43,627,000	£22,694,000	+5.0%
PBT	-£480,000	-£545,000	£257,000	Loss to Profit
EPS	-2.60p	-2.90p	0.40p	Loss to Profit

Xpertise Group plc

	Interim - Jun 02	Final - Dec 02	Interim - Jun 03	Comparison
REV	£2,120,000	£4,602,000	£5,535,000	+161.1%
PBT	-£333,000	-£1,148,000	-£1,190,000	Loss both
EPS	-0.46p	-1.55p	-0.54p	Loss both

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

Holway/SYSTEMHOUSE S/ITS Share Prices and Capitalisation

	SCS Cat	Share Price 30-Nov-03	Capitalisation 30-Nov-03	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 30-Nov-03	Share price move since 31-Oct-03	Share price % move in 2003	Capitalisation move since 31-Oct-03	Capitalisation move (£m) in 2003
AFA Systems	SP	£0.19	£7.34m	Loss	1.22	158	8.57%	0.00%	£0.83m	£2.84m
AIT Group	CS	£0.59	£26.40m	Loss	5.80	575	-21.48%	67.14%	-£7.70m	£18.06m
Alphameric	SP	£0.88	£102.10m	22.8	0.41	298	15.89%	71.57%	£14.00m	£48.77m
Alterian	SP	£0.65	£25.50m	Loss	5.33	325	8.33%	75.68%	£2.00m	£11.00m
Anite Group	CS	£0.49	£171.30m	Loss	0.79	287	2.08%	108.51%	£4.30m	£92.34m
Argonaut Games	SP	£0.07	£6.81m	Loss	1.28	73	-17.65%	-60.00%	-£1.34m	-£10.09m
Autonomy Corporation	SP	£2.30	£255.50m	69.9	7.52	70	-8.37%	31.43%	-£23.30m	£36.82m
Aveva Group	SP	£4.74	£81.60m	21.4	2.27	2368	-7.16%	33.95%	-£6.30m	£21.80m
Axon Group	CS	£1.35	£70.20m	25.9	1.63	771	1.89%	136.84%	£1.30m	£40.60m
Baltimore Technologies	SP	£0.36	£19.30m	Loss	0.55	369	2.86%	-20.00%	£0.50m	-£3.74m
Bond International	SP	£0.49	£7.11m	Loss	1.11	746	11.49%	177.14%	£0.73m	£4.61m
Business Systems	CS	£0.11	£8.94m	Loss	0.34	90	13.16%	126.32%	£1.05m	£5.09m
Capita Group	CS	£2.50	£1,665.00m	20.4	1.86	67580	1.11%	1.01%	£19.00m	£18.13m
Charteris	CS	£0.24	£9.84m	Loss	0.81	261	0.00%	4.44%	£0.00m	£0.45m
Chelford Group	CS	£0.01	£4.70m	Loss	0.64	122	-6.67%	-99.35%	-£0.43m	-£2.03m
Clarity Commerce	SP	£0.71	£11.00m	27.0	1.58	568	-0.70%	2.16%	£0.00m	£1.36m
Clinical Computing	SP	£0.43	£13.40m	Loss	5.61	343	-9.57%	30.77%	-£1.40m	£5.24m
CMS Webview	CS	£0.15	£8.39m	Loss	14.39	1071	183.02%	900.00%	£5.50m	£7.58m
CODASciSys (was Science Systems)	CS	£2.79	£70.90m	12.9	1.07	2163	-1.24%	13.88%	-£0.90m	£10.00m
Comino	SP	£2.11	£2.70m	7.2	0.11	1623	0.48%	65.49%	-£26.50m	-£14.91m
Compass Software	SP	£0.75	£8.86m	15.9	1.83	500	0.00%	13.64%	£0.00m	£1.10m
Compel Group	R	£0.74	£24.90m	56.9	0.47	592	0.00%	-10.30%	£1.90m	-£0.71m
Computacenter	R	£4.71	£10.90m	21.8	0.00	703	2.39%	68.21%	-£855.30m	-£508.00m
Computer Software Group	SP	£0.33	£13.20m	Loss	3.68	277	-18.75%	0.00%	£0.70m	£8.56m
DCS Group	CS	£0.14	£3.44m	Loss	0.05	228	-0.36%	30.48%	£0.00m	£0.81m
Delcam	SP	£1.67	£10.10m	11.8	0.53	640	-2.63%	33.20%	-£0.20m	£2.56m
Detica	CS	£6.02	£26.11m	24.9	0.67	1505	11.69%	68.16%	-£94.39m	-£53.89m
Diagonal	CS	£0.48	£13.80m	Loss	0.22	691	-13.64%	-6.86%	-£35.40m	-£31.80m
Dicom Group	R	£7.23	£29.10m	17.4	0.19	2215	10.14%	78.40%	-£107.40m	-£55.20m
Dimension Data	R	£0.37	£496.50m	Loss	0.23	66	12.12%	27.59%	£53.60m	£107.31m
DRS Data & Research	SP	£0.70	£24.20m	19.0	1.56	636	19.66%	133.33%	£4.30m	£13.80m
Easyscreen	SP	£0.24	£15.30m	Loss	5.77	139	12.86%	-5.20%	£1.80m	£2.00m
Eidos	SP	£1.44	£201.90m	15.4	1.19	7197	-7.69%	14.29%	-£16.40m	£27.16m
Electronic Data Processing	SP	£0.72	£17.60m	15.1	2.08	2189	10.00%	83.33%	£1.60m	£7.99m
Empire Interactive	SP	£0.12	£6.57m	Loss	0.26	192	21.05%	53.33%	£1.08m	£1.50m
Epic Group	CS	£0.95	£15.10m	13.0	1.73	905	-4.04%	23.38%	-£10.70m	-£4.40m
Eurolink Managed Services	CS	£0.28	£2.91m	23.0	0.32	280	0.00%	-18.84%	£0.00m	-£0.68m
Financial Objects	SP	£0.27	£27.80m	Loss	2.17	117	-22.86%	-31.65%	£18.14m	£16.90m
Flomerics Group	SP	£0.67	£9.74m	20.7	0.83	2558	-0.75%	-2.92%	-£0.07m	-£0.19m
Focus Solutions Group	SP	£0.38	£10.80m	Loss	1.64	122	0.00%	162.07%	£0.00m	£7.08m
GB Group	SP	£0.24	£18.90m	25.3	1.68	77	6.52%	72.36%	£1.20m	£7.90m
Gladstone	SP	£0.12	£5.34m	Loss	0.30	300	-4.00%	140.00%	-£0.11m	£3.28m
Glotel	A	£1.02	£38.90m	Loss	0.51	530	3.55%	90.65%	£1.60m	£18.60m
Gresham Computing	CS	£3.74	£184.00m	152.7	15.89	4016	-12.94%	509.80%	-£24.80m	£154.38m
Harrier Group	CS	£0.18	£5.19m	Loss	0.54	138	-11.50%	108.24%	-£0.55m	£2.76m
Harvey Nash Group	A	£0.80	£46.10m	Loss	0.20	457	5.96%	128.57%	£2.70m	£26.54m
Highams Systems Services	A	£0.13	£2.45m	Loss	0.22	347	-1.96%	47.06%	-£0.05m	£0.78m
Horizon Technology	CS	£0.65	£44.10m	Loss	0.22	237	16.22%	214.63%	£6.30m	£32.10m
Host Europe	CS	£0.01	£16.10m	Loss	1.17	353	-33.33%	-28.57%	-£0.40m	£0.30m
Hot Group (was RexOnline)	CS	£0.19	£25.20m	Loss	8.90	223	-1.58%	33.57%	-£0.30m	£21.28m
I S Solutions	CS	£0.09	£2.29m	Loss	0.31	347	-13.49%	61.74%	-£0.38m	£0.85m
ICM Computer Group	CS	£2.43	£50.40m	19.8	0.65	1347	6.59%	32.88%	£5.40m	£14.30m
I-Document Systems	SP	£0.12	£18.80m	Loss	6.23	16	6.52%	4.26%	£1.10m	£2.30m
In Technology	CS	£0.70	£96.20m	Loss	0.61	2780	-2.11%	15.83%	-£2.00m	£13.40m
Innovation Group	SP	£0.21	£87.30m	Loss	0.87	91	27.69%	80.43%	£19.00m	£64.99m
Intelligent Environments	SP	£0.08	£11.70m	Loss	4.38	89	1.82%	140.00%	£0.40m	£7.12m
IQ-Ludorum	SP	£0.02	£1.66m	Loss	0.42	28	-12.50%	-23.64%	-£0.24m	-£0.54m
iSOFT Group	SP	£3.40	£420.30m	30.7	4.59	3091	0.00%	32.81%	£0.00m	£119.10m
ITNET	CS	£3.06	£223.90m	17.2	1.25	873	-2.24%	58.70%	-£5.10m	£83.20m
Jasmin	SP	£0.75	£3.55m	Loss	0.61	500	-2.60%	-51.30%	-£0.09m	-£3.69m
K3 Business Technology	SP	£0.11	£5.35m	5.5	0.66	80	-4.55%	23.53%	-£0.26m	£1.04m
Kewill	SP	£0.57	£43.80m	Loss	1.74	1126	-8.06%	132.65%	-£3.90m	£24.80m
LogicaCMG	CS	£2.75	£2,058.00m	Loss	1.13	3759	-10.59%	83.00%	-£243.00m	£933.13m

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Holway/SYSTEMHOUSE S/ITS Share Prices and Capitalisation

	SCS Cat	Share Price 30-Nov-03	Capitalisation 30-Nov-03	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 30-Nov-03	Share price move since 31-Oct-03	Share price % move in 2003	Capitalisation move since 31-Oct-03	Capitalisation move (£m) in 2003
London Bridge Software	SP	£0.49	£82.90m	Loss	1.33	1213	-21.14%	94.00%	-£22.20m	£40.50m
Lorien	A	£0.87	£16.10m	Loss	0.14	865	-3.35%	23.57%	£0.00m	£2.40m
Macro 4	SP	£1.22	£25.40m	Loss	0.78	492	12.44%	168.13%	£2.80m	£15.94m
Manpower SoftWare	SP	£0.22	£9.62m	Loss	2.70	225	-7.23%	156.47%	-£0.78m	£5.86m
Marlborough Stirling	SP	£0.48	£108.90m	Loss	0.90	343	-8.57%	35.21%	-£9.60m	£28.80m
MERANT	SP	£1.25	£131.00m	Loss	1.67	601	-18.36%	47.34%	-£29.50m	£42.20m
Microgen	CS	£0.43	£36.80m	Loss	1.45	182	-7.61%	112.50%	£9.90m	£25.10m
Minorplanet Systems	SP	£0.89	£73.60m	Loss	0.59	1817	-10.10%	-27.64%	-£8.30m	-£16.40m
Misys	SP	£2.85	£1,590.00m	15.6	1.57	3546	-5.00%	61.93%	-£84.00m	£576.20m
Mondas	SP	£0.31	£7.97m	Loss	2.15	407	-18.67%	22.00%	-£1.83m	£2.97m
Morse	R	£1.35	£174.70m	Loss	0.50	538	11.62%	5.49%	£17.80m	£8.90m
MSB International	A	£0.82	£16.70m	Loss	0.20	429	5.84%	49.54%	£0.90m	£5.59m
Myratech.net	CS	£0.04	£0.96m	Loss	0.56	27	2.94%	16.67%	-£0.04m	£0.09m
Ncipher	SP	£1.64	£41.70m	Loss	4.69	654	-12.10%	168.03%	-£5.30m	-£35.50m
NetBenefit	CS	£0.33	£5.30m	3.3	0.85	163	-26.97%	165.31%	-£1.83m	£3.34m
Netstore	CS	£0.36	£34.20m	Loss	2.74	240	-2.04%	87.01%	-£0.70m	£15.90m
Northgate Information Solutions	CS	£0.51	£147.20m	29.8	1.79	197	15.82%	97.12%	£20.10m	£72.83m
NSB Retail Systems	SP	£0.16	£50.40m	Loss	0.69	1348	8.39%	113.79%	£4.10m	£27.08m
OneclickHR	SP	£0.11	£6.20m	Loss	1.32	269	-17.31%	43.33%	-£1.29m	£2.02m
Parity	A	£0.12	£35.40m	Loss	0.19	2042	-5.77%	-24.62%	£15.40m	£10.50m
Patsystems	SP	£0.17	£24.30m	Loss	3.12	157	-1.18%	40.00%	-£0.50m	£8.70m
Pilat Media Global	SP	£0.30	£13.20m	3.3	1.80	1500	-18.92%	81.82%	-£3.10m	£5.95m
Planit Holdings	SP	£0.24	£22.00m	Loss	1.08	1000	-5.88%	-9.43%	-£1.40m	£0.00m
PSD Group	A	£2.83	£71.00m	134.8	1.60	1284	9.07%	52.70%	£5.90m	£24.60m
QA (was Skillsgroup)	CS	£0.05	£5.01m	Loss	0.15	24	-27.59%	-4.55%	-£1.79m	-£0.04m
Quantica	A	£0.43	£17.20m	Loss	0.66	343	1.19%	26.87%	£0.20m	£3.70m
Raft International	SP	£0.17	£10.80m	Loss	1.62	262	0.00%	450.00%	£0.00m	£8.83m
Retail Decisions	SP	£0.12	£33.30m	Loss	1.17	155	12.20%	187.50%	£3.60m	£22.00m
RM	SP	£1.46	£130.50m	18.8	0.65	4157	5.05%	61.67%	£6.30m	£48.20m
Royalblue Group	SP	£4.75	£151.00m	14.4	2.65	2794	6.26%	102.13%	£9.00m	£79.48m
Sage Group	SP	£1.81	£2,318.00m	24.7	4.20	69712	-2.82%	36.28%	-£67.00m	£633.50m
SDL	CS	£0.74	£39.80m	Loss	0.69	490	-0.68%	145.00%	-£0.20m	£23.60m
ServicePower	SP	£0.33	£18.70m	Loss	4.17	330	20.00%	312.50%	£3.10m	£14.61m
Sirius Financial (was Policymaster)	SP	£0.93	£15.80m	0.2	0.70	620	-2.11%	-15.45%	-£0.40m	-£3.70m
Sopheon	SP	£0.16	£16.00m	Loss	1.30	234	0.00%	25.00%	£1.40m	£4.93m
Spring Group	A	£1.15	£178.20m	Loss	0.61	1278	-2.54%	150.00%	£0.30m	£109.15m
Staffware	SP	£6.20	£90.00m	26.7	2.31	2756	0.40%	161.05%	£0.40m	£55.80m
StatPro Group	SP	£0.39	£12.80m	Loss	1.77	488	0.00%	95.00%	£0.00m	£6.27m
SurfControl (was JSB)	SP	£8.16	£250.20m	49.8	5.41	4080	8.08%	95.45%	£18.70m	£124.30m
Synstar	CS	£0.73	£117.80m	19.7	0.53	439	7.41%	23.93%	£8.10m	£22.70m
Systems Union (was Freecom)	SP	£1.07	£111.80m	27.8	1.50	823	-8.15%	47.59%	-£9.30m	£37.00m
Tadpole Technology	SP	£0.12	£31.10m	Loss	1.86	290	14.29%	39.37%	£3.60m	£8.66m
Telecity	CS	£0.16	£31.40m	Loss	1.26	20	1.64%	376.92%	£0.50m	£24.88m
Tikit Group	CS	£1.15	£13.80m	21.2	1.68	1000	0.44%	41.10%	£0.00m	£4.23m
Torex Group	CS	£5.90	£325.30m	14.8	2.01	11456	1.72%	82.95%	£5.60m	£172.60m
Total Systems	SP	£0.54	£5.59m	12.5	1.43	1009	1.90%	25.88%	£0.10m	£1.17m
Touchstone Group	SP	£1.02	£10.60m	11.1	0.74	971	4.62%	2.00%	£0.50m	£0.20m
Trace Group	SP	£0.74	£11.20m	Loss	0.71	588	47.00%	58.06%	£3.61m	£4.12m
Transeda	SP	£0.01	£0.72m	Loss	0.13	20	0.00%	-66.67%	£0.02m	-£1.37m
Transware	CS	£0.03	£2.96m	9.1	0.23	39	-25.00%	-57.14%	-£1.16m	£0.46m
Triad Group	CS	£0.55	£8.33m	Loss	0.30	407	-4.35%	89.66%	-£0.38m	£3.94m
Tribal Group	CS	£3.70	£244.50m	16.9	2.32	2242	0.95%	54.81%	£2.00m	£121.10m
Ultima Networks	R	£0.02	£3.86m	20.0	1.90	49	-16.67%	100.00%	-£0.72m	£1.93m
Universe Group	SP	£0.36	£15.30m	15.3	510.00	1600	14.29%	60.00%	£1.90m	£7.28m
Vega Group	CS	£1.35	£24.20m	Loss	0.68	1107	14.89%	126.89%	£2.50m	£13.30m
VI group	SP	£0.14	£5.12m	Loss	0.68	276	0.36%	-10.97%	£0.00m	-£0.66m
Warthog	SP	£0.09	£4.41m	Loss	0.39	209	-38.98%	-48.57%	-£2.82m	-£3.86m
Wealth Management Software	SP	£0.15	£6.30m	Loss	0.57	115	-23.08%	87.50%	-£1.88m	£2.94m
Workplace Systems	SP	£0.12	£22.10m	Loss	1.56	0	32.97%	123.64%	£5.40m	£12.17m
Xansa (was F.I. Group)	CS	£0.92	£309.00m	Loss	0.68	2353	-22.90%	66.82%	-£94.00m	£126.24m
XKO Group	SP	£0.86	£23.60m	Loss	0.54	570	6.21%	134.25%	£1.30m	£13.79m
Xpertise Group	CS	£0.01	£4.70m	Loss	1.02	50	-16.67%	-66.67%	-£1.57m	£2.00m

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FLAT MONTH FOR S/ITS INDEX

While in October the S/ITS Index enjoyed an upward climb of 5%, November was a pretty flat month with a gain of just 0.04%. Fellow losers include the techMARK, which was off 1.22% on the previous month and the FTSE IT SCS Index – down 3.86% indicating that November was a better month for the smaller players.

Rumours, which were subsequently confirmed, of a possible fundraising effort by **CMS Webview**, pushed the company's share price up 183% to 15p. As for other gainers, **Northgate** was up 15.8% and **DiData**, which announced a 6% improvement in UK revenues, was up 12.1%. **Morse** too was a gainer, seeing its share price move upwards by 11.6%. During the month the company boosted its German business with the acquisition of **Systematics Technology Solutions** GmbH (Techcol).

The news isn't quite so good for **Xansa**, which took a 22.9% hit after announcing that further cost cutting is required if it is to meet its earnings expectations. Fairing only slightly better was **Merant**, off by 18.3% and **Gresham Computing**, off by a little under 13%.

October was a pretty outstanding month for ITSAs, but in November none of the four S/ITS categories turned in a performance to write home about. ITSAs were this month up 1.3% while both Software Products and Internet companies were down on October. Resellers were the best performers with a marginal increase of 3.3%

30-Nov-03		
	S/ITS Index	4659.51
	FTSE IT (SCS) Index	532.49
	techMARK 100	1012.30
	FTSE 100	4342.60
	FTSE AIM	814.00
SCSI Index = 1000 on 15th April 1989	FTSE SmallCap	2447.59

Changes In Indices	S/ITS Index Index	FTSE 100	techMARK 100	FTSE IT SCS Index	FTSE AIM Index	FTSE Small Cap
Month (01/11/03 to 30/11/03)	-0.04%	+1.28%	-1.22%	-3.86%	+3.69%	-1.03%
From 15th Apr 89	+365.95%	+111.46%				
From 1st Jan 90	+406.41%	+83.85%				
From 1st Jan 91	+558.24%	+101.01%				
From 1st Jan 92	+345.95%	+74.18%				
From 1st Jan 93	+192.39%	+52.56%				+76.42%
From 1st Jan 94	+179.08%	+27.04%				+30.98%
From 1st Jan 95	+210.80%	+41.66%				+40.15%
From 1st Jan 96	+106.31%	+17.71%	+28.26%		-14.62%	+26.06%
From 1st Jan 97	+74.03%	+5.44%	+10.67%		-16.61%	+12.11%
From 1st Jan 98	+53.52%	-15.44%	+6.11%	-46.75%	-17.94%	+5.81%
From 1st Jan 99	+18.22%	-26.18%	-30.47%	-63.17%	+1.55%	+18.19%
From 1st Jan 00	-59.38%	-37.34%	-73.22%	-85.68%	-57.88%	-20.99%
From 1st Jan 01	-44.35%	-30.21%	-60.54%	-72.68%	-43.39%	-23.11%
From 1st Jan 02	-2.89%	-16.77%	-31.26%	-36.93%	-9.33%	-5.10%
From 1st Jan 03	+71.76%	+10.21%	+56.03%	+56.51%	+35.01%	+34.44%

End Nov 03	Move since 1st Jan 99	Move since 1st Jan 00	Move since 1st Jan 01	Move since 1st Jan 02	Move since 1st Jan 03	Move in Nov 03
System Houses	0.8%	-60.7%	-47.2%	-4.8%	89.7%	0.2%
IT Staff Agencies	-59.7%	-64.9%	-44.1%	0.8%	51.6%	1.3%
Resellers	97.5%	-4.9%	25.8%	40.1%	89.4%	3.3%
Software Products	74.1%	-58.1%	-69.6%	-2.0%	62.3%	-0.6%
Holway Internet Index	304.2%	-50.8%	-27.7%	30.7%	99.6%	-1.9%
Holway S/ITS Index	18.2%	-59.4%	-44.3%	-2.9%	71.8%	0.0%

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