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ovum HOLWAY

SYSTEMHOUSE

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

HOW TO SUCCEED IN THE UK ITSA MARKET

When UK IT staff agency (ITSA) **MSB International** released its latest results late last month it set us thinking. Turnover at the troubled ITSA had fallen another 20% to £67.3m (see page 4), causing it to slip further down our UK ITSA rankings. When we dusted off our 1998 ITSA report, we discovered that, in fact, its 2003 revenues (actually, to Jan. 04) were little more than a third of the revenues it enjoyed in 1998 when it was the third largest ITSA in the UK market.

MSB's predicament is more than just a reflection of the dire state of the UK IT recruitment market. Based on their latest full-year results, MSB has been one of the hardest hit among the leading players and clearly lost market share. We estimate its UK ITSA revenues have declined by almost 70% since 1998 whereas the UK ITSA market as a whole has shrunk by around 40% since its £3.75bn peak in 1999, to be worth just £2.2bn by 2003.

Provisional UK ITSA rankings and a comparison with 1998

	Top 11 latest fiscal year (ranking in 1998)	Latest FYE	UK ITSA rev. latest FY (£m)	Change in UK ITSA rev. 1998-latest FY
↑	1(4) Spring Group	Dec 2003	283	95%
↓	2(1) Computer People	Dec 2002	213	0%
↑	3(7) Hays	June 2003	196	56%
↓	4(2) SThree	Nov 2003	182	-6%
↑	5(8) Elan Computing	Dec 2002	154	26%
↑	6(13) Alexander Mann	Sept 2003	112	69%
↑	7(8) Modis International	Dec 2003	108	-2%
↑	8(9) Lorien	Nov 2003	79	-16%
↓	9(6) Parity	Dec 2003	74	-45%
↔	10(10) Abraxas	Dec 2003	64	-26%
↓	11(3) MSB International	Jan 2004	62	-68%

Note: Arrows indicate direction of change in ranking between 1998 and latest fiscal year
Source: Company data and Ovum Holway estimates

At the other end of the spectrum, **Spring**, **Hays**, **Elan Computing** and **Alexander Mann** are among those that have managed to gain market share since 1998.

Spring is an obvious winner, propelled from the #4 spot in our UK ITSA rankings in 1998 – behind MSB – to become the clear market leader in 2003/4. Over these six years, its UK ITSA revenues have grown from £145m to c£283m as a result of both acquisitive and organic growth. At its full-year results briefing last month Spring reported year on year organic revenue growth from continuing operations of 12% (total revenues were up 23% following the acquisition of UK rival Best in 2003) and forecast double-digit growth in 2004. A year when we predict the UK ITSA market will contract by about 6%.

Compare 1998 with 2003/4 and Alexander Mann, Hays and Elan Computing can also boast double-digit increases in their UK ITSA revenue. Elan is yet to publish its 2003 results, but our feeling is that its UK ITSA revenues will be roughly the same as in 2002 leaving it at #5 in our 2003 rankings, up from 8th place in 1998. Similarly **Alexander Mann**, self-styled recruitment process outsourcer (RPO), has outperformed the market to climb from 13th place in 1998 with UK ITSA revenues of £66m to sixth place in 2003/4 with comparable revenues of c£112m.

In contrast, privately-held **SThree** group has seen its revenues decline steeply since 2002. It grew rapidly after 1998 (when it had UK ITSA revenues of £198m) to become the market leader in 2000 and 2001 with UK revenues peaking at over £345m. Since then its sales have plunged to £190m in total and £182m in the UK (for the year ended 30th Nov. 03).

As far as UK #2 **Computer People** is concerned, continued delays to the publication of parent company Adecco's results mean the latest full-year numbers we have for it are for the year to Dec. '02. But judging by Q3 '03 figures, which showed revenues for the Ajilon professional services division (which includes Computer People) down 4% compared to 2002 in local currency terms, we think Computer People's 2003 UK revenues will be at best flat.

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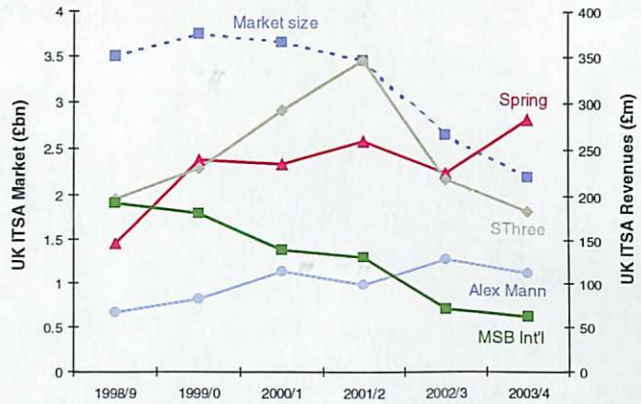
Secrets of success

How is it that some ITSAs, such as Spring, Hays and Alexander Mann, have managed to grow revenues, while others, and the market at large, have been on a steep downward trend?



It goes without saying that competitive pricing and acquisitions have played a part, particularly for Spring and Hays which have gained market share in this way. Both companies also benefit from scale, enabling them to take on large master vendor agreements with the big corporates at low margins.

This is not new. We've long said that to succeed in the ITSA market you need to be very big or very niche.

Larger agencies are well positioned to benefit from the trends towards sole supply arrangements with 'master vendors' and the rationalisation by end-users of the number of recruitment agencies contracted. At the same time, smaller players can still find profitable niches, perhaps by focusing on an industry vertical such as the public sector. It is the mid-sized ITSAs that are most likely to struggle and may well find themselves as acquisition targets.

Spring and Hays are big. Venture-backed Alexander Mann, you could argue, is carving out its own broad 'niche' by being a pioneer in RPO. MSB is now neither big nor niche.

Managed services & RPO save the day

But we think there is more to it than that. All three 'success stories' have also been quick to move into either managed services or, in Alexander Mann's case, full-blown recruitment process outsourcing (RPO) – essentially the vertical recruitment 'slice' of HR business process outsourcing.

It's easy to see the attraction of RPO or managed services to UK ITSAs battling against continued pressure on margins. Outsourcing and managed services offer higher margins than simply placing contract or permanent staff. Margins of 25%+ are not unheard of for outsourcing-style deals compared to sub-5% margins for the transition of contractors under managed vendor contracts.

But – and it's a big but – RPO and managed services require very different skill sets from an ITSA's traditional business. Very few ITSAs are cut out to become successful recruitment process outsourcers. What is more, the RPO market is already beginning to attract some heavy hitting competition in the shape of HR business process outsourcers: the likes of Capita, Exult, Xchanging and even Accenture.

Standing still is not an option

Those ITSAs that have not gone down the managed services or RPO route have adopted a broad range of strategies in order to try and beat the market (and stay in business). These include:

- eating your competitor's lunch with the help of master vendor agreements – Hays, Spring and Elan are experts at this, to succeed you need to have a slick back office and the financial wherewithal to sustain low margins
- diversifying into non-IT recruitment – a strategy that has so far failed to help SThree and MSB
- geographic expansion – not an easy option unless you can piggyback on a larger parent company but that hasn't stopped the likes of Harvey Nash trying
- targeting growth markets like the public sector – to do this directly you need an S-Cat listing and experience of working in the government sector, attributes which Parity is hoping to capitalise on
- moving to the employed contractor model – could be a risky option if you don't manage the bench well but the likes of Computer People are giving it a go.

In short, the one thing that UK-based ITSAs cannot afford to do if they want to survive (or grow!) is to simply stand still. As these strategies develop over the next couple of years we expect to see further M&A activity involving UK ITSAs. The larger ones may acquire to buy market share and improve their profitability by stripping out duplicated costs; others will see acquisition as a means of expanding into new geographies, industry verticals (e.g. the public sector) or horizontal markets (e.g. RPO), or of building critical mass as they try to diversify into non-IT recruitment. But since few UK ITSAs have the cash to fund a significant deal, an all-share merger (between two or more players) is the only way we can foresee a 'new' market leader emerging in the near future. *(Tola Sargeant)*

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OTHER ARTICLES

INDICES (changes in April 04)

Holway S/ITS	+1.2%	5350
Holway Internet	+1.5%	5050
FTSE IT (SCS)	–0.196%	502
techMARK 100	–1.16%	1163
Nasdaq Comp	–3.71%	1920

DELL PREVIEWS STORMING FIGURES FOR Q1

Dell held its AGM this month, at which it raised guidance for Q1 revenue (to 30th Apr.), and confirmed earnings expectations. Kevin Rollins, President and COO, stated that Q1 sales are likely to reach $11.4bn – 25% up on last year, and $200m higher than guidance provided in February. Dell continues to forecast EPS of 28 cents, up 22% year on year. Rollins also revealed that the company intends to increase share buy back in Q2.

Comment: Dell's storming results were underpinned by growth outside the US, with Rollins earmarking the UK and France (along with China and Japan), as growth markets. And this performance was not down to hardware sales. Rollins reported 'strong demand' across Dell's full range of products and services, with the fastest growth in servers, storage systems, professional services, and the company's fledgling printing and imaging business.

CFO, Jim Schneider was *"encouraged"* by large corporate spending increasing somewhat, but admitted that demand was variable, with spending on PCs, for instance, strong amongst SMBs.

Nevertheless, professional services players should take note. Dell launched its partner-based PS offering in EMEA in November, and whilst it's still early days, performance in Q1 would seem to suggest that they are gaining traction.

We know Dell is on a mission to grow its products and services business, outside of the US, and specifically in the UK, France and Germany – these results should serve as a wakeup call to any managed desktop or professional services player that thought they could afford to ignore Dell's ambitions. Indeed, later in the month, Dell confirmed that it had won a £1m/three-year leasing contract with the FT to replace its desktop infrastructure with Dell equipment. The PC giant will handle inventory, hardware and software asset management as well as procurement, management and support, on a global basis. Dell has already installed 500 new systems across the FT's editorial department and will rollout more equipment globally during the year.

(Heather Brice)

STERIA ANNOUNCES 2003 RESULTS

Steria has released its final results for 2003. Revenues were down 4.5% to euro 970m – dropping below the magic billion mark. Better news, however, is that operating profits were up 26% to euro 37.8m – operating margin reached 4.8% in the second half – and net profit more than doubled to euro 21.5m.

Comment: These excellent results showed a return to positive cash flow and the near-completion of the restructuring work on Integris. All the subsidiaries of the group were profitable in 2003 and the group net debt is close to zero.

Considering that the acquisition of Integris doubled the size of the company just at the eve of the market downturn, this is some achievement.

Steria argues that the Integris acquisition has provided the launch pad to much larger opportunities. It says it is now commonly short listed on opportunities exceeding euro 150m – such as the second part of the reform of the French ministry of finance, known as ACCORD II. It is competing against the current service provider, Accenture, itself in consortium with Cap Gemini.

Steria thus claims it has gone from local to global player, and that it now has an edge on domestic competition (mainly Unilog and Sopra). This is hyperbole; today Steria has two markets: France (42% of 2003 sales) and the UK (28% of 2003 sales). Only 5% of turnover is in Germany where it is actively looking for opportunities to 'capture the captive'. Moreover, Steria has strong exposure to the public sector (about 80% of the company's business in the UK, 40% globally) where a Europe-wide footprint brings little advantage. It will surely take some organisation changes and another strategic acquisition to catch up with the 'global players' in Europe.

But, locally, Steria is a strong player. Notably, the company is promoting itself as a socially responsible company. It requested a rating on labour relations and environment protection from Vigeo, the agency founded by former French union leader Nicole Notas, furthermore, it heralded a charter for employees in outsourcing operations. This is a sound approach to outsourcing in continental Europe.

When we have the numbers for the UK, we will provide further analysis.

(François Dauriat)

-6%
80p

MSB MAKES 'STEADY PROGRESS'

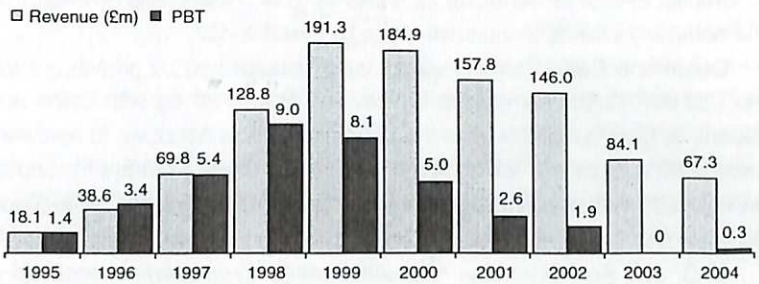
UK IT staff agency, **MSB International** has revealed a return to profitability in its results for the year to 31st Jan. 2004, despite further declines in revenues. Turnover fell c20% to £67.3m (2003: £84.1m) but MSB reported a small pre-tax profit of £311K, compared to breakeven in its restated 2003 results. EPS was 0.76p compared to a loss per share of 0.16p the year before.

MSB has also announced the appointment of Ian Ketchin as Group FD. Ketchin joined MSB as Group Financial Controller in May '03 and has been Company Secretary since October the same year. He takes the reins from Andrew Zielinski, CE, who assumed responsibility for all things financial following the departure of FD Douglas Adshead-Grant in Aug. 2003.

As far as market conditions are concerned, Zielinski reports a slow increase in demand for IT contractors in the second half – by the year end total contractor numbers had grown by 32% to levels not seen since May '02. But pressure on contractor chargeable rates has continued. Although MSB's total gross margins remained steady at 15.1%, contract gross margins (i.e. excluding permanent recruitment) fell to 12.9% from 14.1%. This trend reflects a change in MSB's business mix to a higher proportion of preferred supplier (PSL) deals, which attract lower margins. MSB's PSL turnover grew by 8% during the year.

Commenting on the outlook, Paul Davies, Chairman, said: *"The first few months of the current financial year have seen us continue to make steady progress in achieving our objectives and like many others in our sector, we are sensing some early signs of an improvement in market conditions. Whilst it may be too soon to predict a sustained recovery, current levels of activity show marked improvements on this time last year."*

MSB International plc
10 year Revenue and PBT Record
Relative to 1995



Comment: By returning MSB to profitability (albeit only just), Andrew Zielinski, CE, has done what he set out to do, give debt-free MSB a firm platform for future growth. In fact, in many ways calendar 2003 was a watershed year for MSB: it completed (and successfully integrated) its first acquisition, Leading Edge Recruitment; it signed its first major managed services contract (with Unisys in October); and it continued its diversification strategy away from pure IT recruitment with the creation of three new divisions – Human Resources, Engineering and Supply Chain Management.

But before we get too carried away, it's worth putting this improvement in perspective. MSB's FY04 revenues were almost a third of the c£190m it generated in FY98. In those heady days it was the UK's third largest ITSA, ahead of today's market leader Spring. By comparison, Spring recently reported revenues from ongoing operations (excluding the Best acquisition) of £309m, over double the £145m it reported FY98 (see How to succeed in the UK ITSA market on the frontpage).

We've long said that to succeed in the UK ITSA market you need to be very big or very niche. MSB is aiming for scale and the ability to offer a 'one-stop-shop' to clients by providing a broader spread of recruitment sectors and services. If it is to succeed with this strategy, acquisitions will be key. And having broken its teeth on a small acquisition last year, MSB is open to further 'suitable' acquisition opportunities. According to Chairman Paul Davies, these might take the form of a small company that either adds further depth to its IT business or gives one of its start-up businesses, such as Engineering and HR, critical mass. The other possibility – and the only one that would really add scale – is the careful acquisition of (or by?) an ITSA closer to its own size.

(Tola Sargeant)

SIEBEL'S Q1 ENCOURAGES CRM OPTIMISM

Siebel has announced it Q1 2004 earnings on 15th April after the markets closed. The headline results were licence revenues $127m (Q1 2003: $112m), maintenance revenues $115m (03: $109m), professional services $87m (03: $112m) leading to total revenues of $329m (03: $333m). The operating income was $38m (it had an operating loss of $3m in Q1 2003) and net income of $32m (03: $3m). Earnings per share was 6 cents (1 cent in Q1 03). Siebel reported no concurrent deals in the quarter.

Total EMEA revenue fell from 35% of the total in Q1 2003 to 31% in Q1 2004, though licence revenue was slightly up in the region. Siebel said that there was no particular trend in this (Tom Siebel speculated that the EMEA sales team had done better than the US sales team at closing deals towards the end of the 2003 financial year, so started the quarter with fewer outstanding deals). Unusually, Siebel charges most of its EMEA customers in dollars, and it said that slide in the value of the dollar had no material effect on its earnings.

The communications sector was the biggest buyer of Siebel licences with $47m sales and customers such as BT, Telecom Italia and AOL. The financial sector was next largest buyer with $24m and customers like ING and Societe General. Life Sciences with $13m was next followed by Public Sector with $12m.

Comment: So does this mean that Siebel and CRM are back on top of the agenda for corporate customers? Well maybe but we still have to wait and see. The licence sales were good but not stunningly so and Siebel's guidance for the next quarter is more of the same.

That said, an encouraging point in the announcement was that Siebel had seen good growth in its core CRM business of marketing, sales and service, which accounted for $96m of the $127m (up from $86m in Q1 03) in licence revenues. This is encouraging, not least because Siebel has made a big effort to diversify its product range.

Another interesting pointer from Siebel is that it is still seeing very large deals. Many people have predicted that CRM buyers would change the way they bought the software, doing smaller more incremental projects rather than high-profile 'big bang' projects. Siebel's experience seems to refute this.

Finally there is one area that seemed less than encouraging, and that was the fall in professional services revenue. Siebel's professional services revenue has been trending down for a while, and one would have expected it to pick up on the back of strong licence sales in Q4 2003 and in this quarter. Siebel said that the reason for the fall was twofold: that the number of chargeable days was less due to holiday and the calendar, but also due to there being a re-org in the professional service organisation.

Continued falls in Siebel's professional services revenue is potentially a bad sign for the systems integrators who used to do well in the CRM market, but took a blood-bath when the CRM market fell. Another factor could be the great effort Siebel has put into making its notoriously complex products easier and cheaper to implement, reducing the need for its own services. We'll be at Siebel's user event in Cannes next week, and we'll report back if we can find any customers that back that hypothesis. *(David Bradshaw)*

EDS GFS POPS UP ON OUR RADAR

Very recently we caught up with Louis Frenzel (GM, EMEA) and Peter Gatling (MD, UK), of EDS Global Field Services (GFS) EMEA to find out, well frankly, as much as we possibly could. The EDS business unit has only just started to register on our radar, but the more we learn, the more we are intrigued!

Just over a year ago, GFS first came to our attention with a £10m contract to supply a broadband WAN to Cheshire County Council. Since then, things have remained pretty quiet.

GFS provides low-cost support services, including hardware break/fix, desktop support and onsite technical resource. European operations include some 5000+ staff across 19 countries turning over $550m. It started life as the sum of a number of acquisitions: LFM in France, Systematics in Germany (including Memorex Telex) plus EDS Technical Field Services. In the UK, with Gatling at the helm, revenues are around the $150m mark with a rather large $100m coming through the internal EDS market.

GFS is profitable and cash generative but has something of an image problem. Put simply: it's either seen as a straightforward shifter of hardware or, as was the case with us, it's not seen at all! The team is now on a mission to turn this around. If they can create a sales and marketing capability to

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match what seems to be a very capable delivery engine, competitors that lack a European presence, such as Alchemy-funded Phoenix IT, could find themselves taking a hit.

GFS has the potential to become a significant player in the fragmented support services market, particularly if it can persuade the EDS sales team to push every bit of support services business its way and, in parallel, become a brand recognised in its own right. It could also provide some stimulating competition for the break fix arms of the likes of IBM, HP and Fujitsu. *(Kate Hanaghan)*

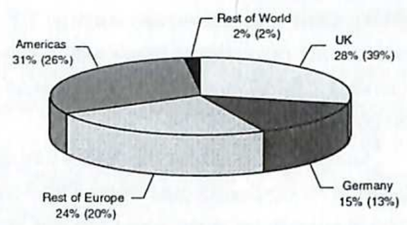
21%
178p

MACRO 4 STEMS LOSSES AT HALFWAY STAGE

Macro 4	Turnover £K			Contribution £K			Margin	
Six months to 31st Dec	2003	2002	Change	2003	2002	Change	2003	2002
Systems M'gmnt Products	9,404	10,754	–12.6%	5,707	6,644	–14.1%	60.7%	61.8%
Business Info. Logistics	5,657	5,711	–0.9%	1,299	–255	L->P	23.0%	–4.5%
TOTAL	15,061	16,465	–8.5%	7,006	6,389	9.7%	46.5%	38.8%

Veteran software firm **Macro 4** looks like it has just about stemmed two years of losses as it reports interims results *"slightly ahead of expectations"* for its first half-year. While revenues for the six months ended 31 Dec. 03 dropped 8.5% to £15.1m, last year's H1 operating losses of almost £3m were near nigh wiped out to just £30K. Pre-tax losses also declined from £3m to £181K and loss per share narrowed from 12.4p to 2.4p. Macro 4 maintained an interim dividend of 2p.

Macro 4 – H1 03 (H1 02) Revenues by geography
Total = £15.1m



Revenues in the legacy Systems Management Products division declined by 13% to £9.4m, although Macro 4 reported *"good solid growth in Europe"*, offset by lower revenues in the US. Business Information Logistics division revenues fell by 9% to £5.7m in spite of *"improved traction and growth in Europe"*. The BIL business in the US also declined *"in line with our plans"*. But at least the contribution from BIL returned to positive territory (£1.3m) compared to a £255K loss in H1 last year. Also on the brighter side, over half (£9.4m) of Macro 4's revenues come from recurring fees for product rental and maintenance.

Macro 4 chairman Bert Morris reported *"embryonic signs of demand improving"* albeit business was still characterised by *"smaller deal sizes and extended decision cycles"*.

Comment: Macro 4's big challenge has always been to balance the inexorable decline in its 'cash cow' SMP business (built around IBM mainframe system software) with the hoped-for boost in its 'new' BIL (document management) business. Unfortunately, the latter has yet to occur. With some signs that the worst is over in the market, at least Macro 4 has a chance of returning to profit over the full year. But frankly, its continued dependence on a declining business (SMP), and few signs of 'take-off' in BIL, makes us ask whether the long term future of Macro 4 as an independent player is a very realistic proposition. Meanwhile, at least they are looking after their investors with an albeit very modest half-time divvy. On the other hand, their share price has almost quadrupled over the past year or so, ending the month at 178p. Even so, this only brings their PSR back to a little under one. *(Anthony Miller)*

–6%
250p

AUTONOMY BEGINS 2004 ON A BRIGHT NOTE

Autonomy has announced Q1 revenues of $16.4m up 37% from $12.0m for the first quarter of 2003. Adjusted net profit was $2.2m compared to a net profit (adjusted) of $0.9 million for the first quarter of 2003. Gross profits (adjusted) for the quarter were $15.6m, down 3% from $16.1m in the fourth quarter of 2003, and up 35% from $11.5m in the first quarter of 2003.

Comment: Autonomy will be pleased with this start to the year, particularly as it has seen an overall negative effect from the weak dollar. CEO Mike Lynch highlighted that it is seeing more companies looking to standardise on its infrastructure for managing and accessing unstructured content – pointing to AstaZeneca, Philips and Shell as companies that have recently done so. This is a critical issue for Autonomy; sustained growth in this sector will depend on more companies making advanced search and information management technologies a core part of their infrastructure, with the levels of investments and commitment that that implies.
(Eric Woods)

11%
3p

Host Europe

HOST EUROPE RESULTS IN AND SIGNS OUT...

Consolidation in the European hosted services market continues as AIM-listed ISP-cum-telco **Pipex** inches closer to taking over AIM-listed **Host Europe**. As at time of writing, Pipex had secured almost 80% of Host Europe's shares, so we reckon this is as good as a 'done deal'.

Both Host Europe and Pipex announced their full year results on the same day, with Host Europe delivering a 25% increase in turnover to £17.1m for the year to 31 Dec. 2003 against 'improving' losses. Indeed, operating losses narrowed by 70% to (–)£134K and pre-tax losses narrowed by 78% to (–)£112K. EPS/LPS was 0p. What kept Host Europe 'below water' was a £777K payout to its former board, ousted in a palace coup back in May 2003.

Meanwhile, ISP-cum-telco Pipex more than quadrupled revenues to £35.2m in the year ended 31 Dec. 2003 on the back of an acquisitive spending spree last year. However, Pipex recorded an operating loss of (–)£9.5m (down from –£11.8m) and a pre-tax loss of (–)£9.9m (vs –£11.8m), leading to a loss per share of (–)0.9p (vs. –3.2p). Pipex will raise £33m in a placing to finance the deal.

Comment: Pipex's £31m cash bid for Host Europe was revealed in March and confirmed in April. Host Europe has never made a bottom-line profit since they floated on AIM (then as Magic Moments) in Aug. 99 by reversing into a cash shell. Since then they have undertaken a series of fund-raisings and made a couple of acquisitions, and then did an almost complete board clear-out (only the CEO stayed) in May 2003. Pipex's offer is a real result for Host Europe investors (as best as we can tell, most of the equity is in the hands of current and former directors) as frankly they didn't have the scale to compete in what is really becoming a commodity market.

...while TeleCity refuels and soldiers on

The difficulties for small firms competing in the hosted services market is also reflected in the news that UK-founded European hosted services company **TeleCity** raised about £8m net in a placing and open offer at 13p a share. TeleCity announced the fund raising in March to cover its overdraft which is due to expire in September. Seed investor VC firm 3i is now left with 45% of the equity (was 48%), and Schroders' stake also fell a tad to 13%. TeleCity CEO Ricky Hudson expects the funding will put them on track to become cash flow positive by Q4 2004.

Comment: TeleCity was founded in 1998 and launched on the LSE in Jun. 00 at 775p after an abortive attempt to launch the month prior at 867p. At its height later that year, the share price topped £20. TeleCity has grown rather ambitiously, opening its first data centre in Manchester, then London, and then into continental Europe, where it now has facilities in Amsterdam, Dublin, Frankfurt, Paris and Stockholm. It turned over £23.5m in 2003, down a fraction on the year, and dramatically reduced operating losses from £41m to £6m and pre-tax losses from £41m to £9.5m. TeleCity primarily services telcos, ISPs and web-hosting companies but has recently moved into the broader corporate market. It looks like the fund raising has given it the breathing space to get it generating cash, but this is such a capital-intensive business for such a small company that it will surely be a hard slog for it to keep growing. Given Host Europe's likely exit from the market, surely it can't be long before TeleCity itself becomes lunch – perhaps for Pipex? *(Anthony Miller)*

medley

MEDLEY GROWS REVENUE AND PROFITS FOR FIFTH SUCCESSIVE YEAR

Privately owned **Medley Business Solutions**, provider of 'consultancy services to support IT-enabled business change', has continued to make progress in the year to 31st Dec. 2003 with its fifth successive year of turnover and operating profit growth. Turnover increased by 33% to £3.7m while operating profits increased by an even better 44% to £1.3m, resulting in an operating margin of 34%. Pre-tax profits were up 45% to £1.3m. At the end of the financial year, Medley's bank balance was looking healthy with cash on the balance sheet of £1.4m. Tim Eglen, Medley's MD and majority shareholder, commented, *"We have continued to develop the relationships with our existing clients and to add major new clients...Medley is well placed for future profitable growth with a strong order book for the beginning of 2004."*

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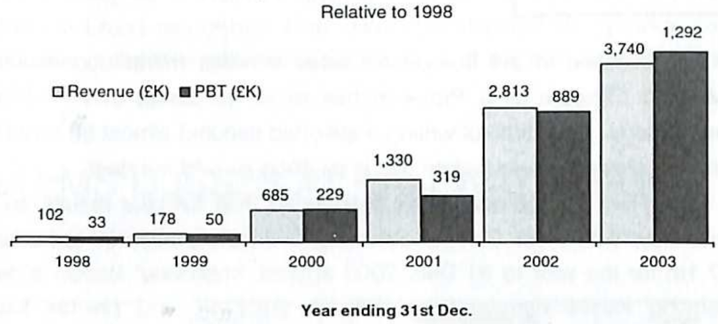
Comment: Medley is one of a handful of 'client-side' consultancies offering independent advice. While all the 'Big 5' consultancies (except Deloitte) have been swallowed up by SI/outsourcing companies, Medley and its competitors, such as Hedra and PA Consulting, stand out because they don't have delivery arms. Clients can therefore feel assured that any advice offered is impartial. Medley (like Hedra) also has the advantage of employing only highly skilled consultants with a minimum of 8–10 years experience both in management consultancy and SI/outsourcing roles.

Medley Business Solutions
6 year Revenue and PBT Record
Relative to 1998



With turnover of under £4m and 28 employees, Medley has only just made it onto our radar having grown rapidly over the last few years – back in 2000 it had just seven employees and revenues of £685K. Growth has been achieved by concentrating on developing strong long-term relationships with a handful of clients (the consultants' equivalent of a strategic outsourcing contract!) with the objective of having at least 6-8 consultants working with a client at any one time. Its revenue in 2003 was derived from just five clients, with two of these making up 80% of the total turnover. Perhaps unsurprisingly, those two major clients are both public sector bodies. Here again there are comparisons to be made with Medley's competitors – Hedra is predominantly public sector-focused and PA Consulting is heavily entrenched in several central government departments.

It goes without saying that relying on such a small number of clients makes Medley vulnerable (or as Eglen puts it, *"we are still on the edge of a cliff looking over"*), but Eglen also claims he sees a wider breadth of opportunities than ever before. Indeed, we'd agree that Medley is well positioned to grow revenues with existing clients and pick up some new ones. Independent advice on IT strategy, supplier procurement and delivery, as well as programme/project management, is likely to be particularly welcomed by clients that are new to the outsourcing game.

Reassuringly, however, Eglen is a pragmatic character. The focus is clearly on profits growth. The objective will be to keep cost of sales low, utilisation levels high and maintain profits growth at more than 20%. With operating margins already above 30%, Eglen is aware that this will mean growing revenues. Fortunately it looks as if there are already strong candidates for a third major client. In addition Medley claims that so far it has a successful track record on assignments – if this track record can be effectively communicated to potential clients, we could have a homegrown success story on our hands. We'll be watching Medley carefully to see how it manages its growth over the next few years. *(Georgina O'Toole)*

-4%
173p

SAGE – LOOKING GOOD FOR H1

Sage Group has issued a trading update for the half year to 31st March. It's looking good. Revenues were up 23% to £332m, and pre-tax profits were up 17% year-on-year, ahead of expectations. Revenues were up in all territories – mainland Europe was best at 23% growth and the US was close behind at 21%. Share prices were up 4.5% on the news.

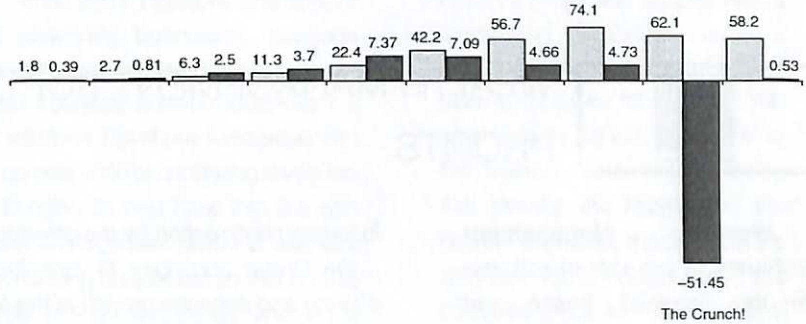
Comment: This is an excellent performance and doubly important at a time when Sage is looking to grab as much land as it can, before Microsoft really begins to muscle in on its territory. SAP, Oracle and others too are eyeing its market share enviously. The headline results above include acquisitions – of which in true Sage style there have been many. Organic growth was rather more modest – 10% overall, around 7% in the UK and mainland Europe. US growth was good – 15% – and this in constant currency: in dollar terms this would be even stronger. Operating profits rose two points to 30% even though new acquisitions Accpac and Timberline pulled profitability down (and no doubt Sage is working to remedy this). Overall, Sage must be very satisfied with this performance.
(Philip Carnelley)

60%
94p
London Bridge Group

LONDON BRIDGE SOLD TO AMERICANS (AGAIN!)

After seventeen years in business as an independent financial services products company, **London Bridge Software (LBS)** is to be acquired by US-based information management products company Fair Isaac for £166m in an agreed cash transaction. The offer price of 95p per share was 54% over LBS' share price the day before the deal was revealed. The price values LBS at nearly three times its annual revenue (2003: £58.2m) and represents an historic P/E ratio of a stratospheric 2,375 (!) as LBS' generated an EPS of just 0.04p last year.

London Bridge Software Holdings
10 year Revenue and PBT Record
Relative to 1994



Comment: Great news for LBS shareholders (notably founder and exec. chairman Gordon Crawford, who holds about 46% of the equity), but sad news for the UK S/ITS industry as yet another 'Little British Battler' succumbs to an overseas predator.

We have been following the fortunes of LBS virtually since it was born in 1987, and it was for many years one of the great UK success stories, particularly in international markets, where LBS generated up to three-quarters of its revenues. LBS grew both organically and by acquisition, and floated on the LSE in Mar. 97 at 200p valuing the company at £47m. The company flourished, with pre-tax profits peaking in 1998 at £7.34m, a handsome 33% margin. But while revenue growth continued, fuelled by a stream of acquisitions, profits stalled and then slumped, until in 2002 LBS lost a massive £51.4m on the back of goodwill write-downs and restructuring charges. LBS returned to profit (just!) in 2003 but on now inexorably declining revenues.

So it looks like Gordon Crawford felt it was time to get out and struck what seems to be an amazing deal with a player we would not have thought of as being a likely predator. In fact, Fair Isaac has slowly built up a portfolio of essentially information management products, and we rank it as the 11th largest information management software company worldwide, though only about 10% of its software sales (around $30m) are in Europe. Like UK-based Experian, much of its business comes from credit scoring applications. Fair Isaac gained its present size with its purchase for $810m of HNC, a high-end analytic and decision management software company in 2002.

By the way, Gordon Crawford is still keeping at least one finger in the UK S/ITS pie; he still holds (as far as we know) some 5% of the shares of 'multi-faceted' financial services products company The Innovation Group.

(Anthony Miller)

-18%
9p

CMS WEBVIEW: TIDDLER REDUCES ITS LOSSES

CMS WebView, a provider of software for real-time management of financial data has released its results for the year to 31st Dec. 03 revealing a 35% increase in turnover to £1.6m. Operating losses improved from £733K to £572K, while at the pre-tax level losses reduced by 20% to £543K. Loss per share reduced from 1.1p to 0.92p. Net cash has trebled and now stands at £3.3m

Chairman Keppel Simpson said: *"This year promises to be exciting for the company; our profile and subsequent expectation levels are significantly higher."*

Comment: For Simpson and his team, this year must be about moving into profitability. Its new policy of writing off all development costs as they are

[continued on page ten]

[continued from page nine]

incurred is the right thing to do, but will bring added pressure to the bottom line.

The company's prime software product, TDI (which distributes and manages real-time financial data) will play a key part in any growth it might achieve this year. TDI accounted for more than 50% of revenues in 2003 and, with the Chicago Board of Trade (CBOT) a recent and impressive addition to the client list, this share is likely to increase further.

At the end of 2003 it raised £2.5m from institutional investors in order to increase sales and marketing activities. This pleased the dealers and trebled its share price to 15p in Nov. 03. Certainly the timing of the fund raising was good. And, with the CBOT deal under its belt, CMS has a worthy tale and now the funds to tell it.

OK, so it's still a tiddler fighting against the big fish, such as Bloomberg and Reuters, but we'll be watching its battle for profitability with interest.

(Kate Hanaghan)

11%
17p

WEALTH MANAGEMENT SOFTWARE IMPROVES PROFITS

Wealth Management Software, a provider of software to the financial, health and property sectors, has announced its results for the year to 31st Dec. 03. Revenues reduced by a third to £7.3m (due to withdrawl from low margin businesses). However, operating profits improved from £50K in 2002 to £124K. At the pre-tax level, the company moved from losses of £1m (which included goodwill impairment of £846K in 2002) to a tiny profit of £5K.

Company chairman, Paul Newton said *"We believe that there will be strong interest for LISA in the pensions market following confirmation by the government of changes in pensions legislation ...the Group continues to look for opportunities to extend its product offering and enhance growth in the future including potential acquisitions in its core markets."*

Comment: With a footing in finance and health, WMS is operating in two of the strongest sectors within the UK. Life & Pensions is definitely a good place to be – Ovum Holway research shows it will be one of the faster growing sectors of the S/ITS market in the coming few years. That doesn't, of course, guarantee success for WMS.

Its health business has had a pleasing year: rolling out appointment booking and results entry software across breast screening centres in an NHS contract worth £3m. It's also inked a contract with the Velindre NHS Trust to supply a Welsh breast screening system.

WMS, is, however, in what will become an increasingly pressurised position. It isn't part of a winning NPfIT cosortia and, as yet, has not won work as a subcontractor. We know it desperately wants to get involved and, if does manage to tie-up a sub-contractor deal, it will be in a much stronger position. Indeed, failure to do so could prove fatal as the NPfIT accelerates consolidation within the sector. *(Kate Hanaghan)*

UNISYS STEADY IN Q1 BUT HAMPERED BY PENSIONS

Unisys' Q1 (to end March 2004) revenues grew by 5% to $1.46bn, compared to Q1 of 2003. However, if we take out the effect of the weak dollar, revenues actually fell by 2.7%. Excluding pension accounting, underlying operating profits rose from $70.2m to $81.0m. But at the PBT level, the $22.2m negative effect of pension expenses meant profits fell to $28.9m (compared to $38.5m in Q1 03). Unisys had previously highlighted this upcoming pension cost to the market, so it didn't come as any surprise. Nonetheless, it did take some of the shine off the rise in operating profitability.

Unisys' services business provides the prospects for growth, with revenues up 5% to $1.17bn. It reported growth in not just outsourcing revenues but also SI and consulting. Overall orders were actually down in 'double digits' but that's because of the huge impact of the Royal & Sun Alliance BPO contract in Q1 03. As for the technology (i.e. servers etc) segment of the business, this put in 2% growth but now represents just 23% of the company's business. It's a handy cash generator though, with 9.5% operating margins. Meanwhile margins in services remain considerably lower, despite an improvement from 2.9% (in Q1 2003) to 4.1%.

As for full-year performance, the company repeated the guidance it gave in January, with revenue growth forecast in the mid-single-digits. So far, 2004 has all the makings of another steady, if unspectacular, year for Unisys.

(Phil Codling)

6%
87.5p

THE CLOCK IS TICKING FOR SOPHEON

Sopheon sums up its last financial year in one sentence, *"December 2003 marked the close of a year of progress and change, as well as disappointments and challenges"*. Its financial results for the year serve to highlight the contrast between Sopheon today and Sopheon at the start of 2003. Total revenues for the year were £6.7m - down 50% from £12.4m in 2004. However, only 40% or £2.7m of these revenues is related to continuing businesses. Sopheon disposed of its North American and German Information Management divisions and is now focusing purely around its core Accolade software business - a provider of 'product lifecycle management' solutions. Revenues associated with Sopheon's proprietary software now make up over 90% of continuing revenues.

Sopheon also faced the challenge of bringing its cost base into line with revenues. The divestment of the Information Management divisions was one step. Adjustments were also made to the continuing businesses so that in total, headcount was brought down from c180 to c60 employees and costs contracted by over twice the contraction in revenues. Unfortunately, despite the *"growing acceptance"* of product lifecycle management solutions, delays in converting a number of large contracts meant that Sopheon failed to reach its goal of generating revenues in excess of the monthly cost base. The situation hasn't improved much in Q104. While one of these contracts has been signed, another has been deferred until H204 and it looks doubtful that the other will ever come to fruition.

Consequently, Sopheon continued to be loss making at the operating and pre-tax levels. The operating loss before goodwill amortisation was £4.6m compared to £10.2m in 2002, the total operating loss was £9.2m compared to £16.1m and the pre-tax loss was £5.8m compared to £16.2m. Diluted loss per share was 6.3p (2002: 19.4p).

Comment: Sopheon still has some way to go before we can feel comfortable about it prospects. Its financial situation has been shaky for a while (indeed we can't find a year when it actually managed to record a profit) and despite recent fundraising activities and a commendable refocusing of efforts, there is still cause for concern. You have to really dig into the 'notes' to the financial statement to realise that despite the bravado in the heart of the report, the directors are also not 100% certain about the company's future: *"The ability of the Group to continue as a going concern also depends upon meeting sales targets on which the trading forecasts for the Group are based, which represents substantial growth over 2003"*. Chairman Barry Mence might well believe that the company is *"well positioned to capitalise on market developments"*, but with just £878K of cash resources, the clock is ticking.

(Georgina O'Toole)

-10%
352p

GRESHAM RESULTS REFLECT CONTINUING CHALLENGES

Provider of enterprise solutions, software and contract staff, **Gresham Computing**, announced results for the year to end December 2003. Revenues were down 12% to £10.2m. Operating losses improved from £3.5m in 2002 to £2.2m. Losses before tax were £1.9m, compared to profits of £1.1m in 2002 (although that profit was due primarily to an exceptional gain on a disposal). Loss per share was 4.05p, compared to earnings of 2.45p in 2002.

It's clear 2003 was tough for Gresham – conditions remained 'generally challenging' according to Chairman Sid Green. So the progress towards profitability at the operating level is encouraging and shows the company has got a reasonable grip on costs.

Gresham's contract to support Cable & Wireless' Real Time Nostro (RTN) service – which provides data to large banks – is the key to the company's long-term performance. Indeed, Green describes C&WRTN as *"the group's principle focus"*. So it's good to see that the service is now live with JP Morgan Chase and RBS on board. But clearly there's a way to go before we'll know for sure whether this service and Gresham's involvement in it justify the company's high market capitalisation (which stood at just under £190m at the end of April).

The ITSA (IT Staff Agency) business remains a drain on growth, with revenues for 2003 practically halving to £1.79m. Nonetheless, Gresham seems determined to stay in the quagmired ITSA market.

As for the company's leadership, a few changes are coming. Long-serving Sid Green is stepping down as Chairman after May's AGM. He'll be replaced by non-exec director Alan Howarth. Meanwhile, Chris Errington joins as FD, with former FD Dean Osman taking on an operations director role. *(Phil Codling)*

-10%
11p

IS Solutions

I S SOLUTIONS EDGES CLOSER TO BREAK EVEN

I S Solutions, a provider of Internet solutions and support services, has announced its results for the year to 31st Dec. 2003 revealing a 19% decline in turnover to £6m. Operating losses reduced from £1.3m to £676K and at the pre tax level losses reduced from £1.3m to £188K. Loss per share moved in the right direction from (-) 5.06p last year, to (-)0.89p in 2003.

Barrie Clark, Chairman said: *"During the first quarter of 2004 we have seen a significant increase in the number of requests for quotes and although this has yet to turn into real business, it is an indication of an improving economic climate in the IT sector. This, coupled with the exploration of new areas of business, leads the Board to be more optimistic about prospects."*

Comment: 'Optimistic' it might be, but the Board faces more tough times ahead. Cost cutting helped the company move towards break even, but it's really under pressure to grow revenues. We almost agree with Clark in his assumption that the decline in IT projects has flattened out. In IT consulting, where I S has a specific offering, we expect the decline in the market this year to 'improve' to 1.8% from 11%. Next year, the market should be back in positive territory with growth of 1.4%. However, factoring in the added pressure from offshore players, I S more than has its work cut out.

In H2, the company's 'Outsourcing' business felt the heat as pressure on pricing increased. What I S Solutions calls outsourcing mainly includes activities that we refer to as support services - and our forecasts for the coming couple of years show the market failing to grow more than 2%.

Unfortunately, I S Solutions is a piggy in the middle - squeezed on one side by the big boys who have the scale and breadth of services and on the other by the mid-size players who have a clear technology, vertical or geographical focus.

Just as well, then, that I S is investing and researching into new areas, including Mobility Services and Analytics, to prop up what will continue to be a harsh business environment. The Board does not, however, provide any precise indications as to when, or if, this new activity will impact upon the bottom line. *(Kate Hanaghan)*

Sun microsystems

SUN FAILS TO SHINE IN Q3

Sun Microsystems this month confirmed a disappointing Q3 04 ending March 28th. Revenues for the quarter were down 5% on the same period last year or 8% sequentially at $2.65bn. Net losses came in at $760m. This might be at the lower end of the company's $750m–$810m prediction but it compares badly with the small ($4m) profit of a year ago. What is more, Sun's underlying losses for the quarter (excluding one-off charges) were at the high-end of company predictions at $260m.

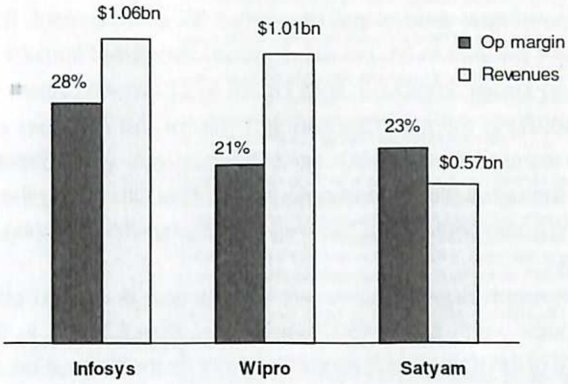
Sun also announced two more departures from its senior management team as the organisation evolves under new COO and president, Jonathan Schwartz. Mark Tolliver, chief marketing and strategy officer, and Neil Knox, EVP volume systems products, have decided to leave the company 'to pursue other interests'.

Comment: Having now lifted the veil fully on its Q3 results - already described as 'disastrous' by BusinessWeek - Sun has merely confirmed that things are as bad as feared. At least it has taken some steps to halt the losses, with the recent announcement of over 3000 layoffs, but we'd like to see signs that organic growth was on the cards. If it wasn't for increases in its services revenues and the decline of the dollar, the situation would be even worse - new product sales have continued to fall (down 10% over the last quarter) while the dollar's slide cushioned reported revenue declines by as much as 5%. We suspect that the two further executive departures are because Tolliver and Knox have decided their route to higher things was stymied by Schwartz's promotion. Also, Neil Knox's responsibilities for volume servers encompassed Sun's Intel and AMD server lines, where Sun has failed to make a noticeable impression on the market, so his star was hardly in the ascendant.

At least Sun's customers and investors can breath a little easier following its cease-fire with Microsoft earlier this month. If nothing else, that agreement brought in some $2bn in settlement costs and technology licensing fees. *(Tola Sargeant)*

LEADING OFFSHORERS KEEP UP GROWTH

India's three largest publicly-quoted software and services exporters have been unveiling their results for FY2004 (to end March):



• **Infosys**' revenues for the year to end March 2004 hit Rupees 48.5bn (which equates to $1.06bn or £622m). Growth remained impressive, with revenues up 33% in rupee terms and up 41% in dollar terms. Operating margins fell slightly from 30% to 28%. European revenues grew by 45% to euros177m.

• **Wipro** also crept over the $1bn line and actually outpaced Infosys in terms of growth, registering 43% growth in rupee terms. But its profit levels have been harder to sustain, with operating margins falling from 27% (in FY 03) to 21%.

• **Satyam** grew revenues by 32% in dollar terms – or 26% in rupee terms – to $566m. Operating profits grew by 18%, meaning a slight fall in operating margins to 23%. In Europe, Satyam grew at more than 30% in the year to euro65m (or 14% of revenues).

All three companies enjoy bellwether status in the offshore sector. So their results remind us that, despite all the talk of backlashes, the offshore proposition and offshore players themselves are continuing to find favour among customers in the US and in Europe.

That's not to say that all is plain sailing. The appreciation of the rupee against the dollar, rising wages and price pressure from clients have continued to weigh on offshore performance and profits. Nonetheless, as the 20%+ operating margins of these three players suggest, this remains a highly profitable business for those that get it right. It's just not quite as profitable as it used to be. *(Phil Codling)*

CONSOLIDATION IN THE BUSINESS CONTINUITY MARKET

IBM announced this month that it is to buy **Schlumberger**'s Business Continuity Services unit, for an undisclosed amount. More than 260 employees are expected to transfer to IBM.

Comment: Schlumberger BC was one of the operations left over after Atos' purchase of SchlumbergerSema's 'core' IT services activities, and had been earmarked for disposal. We had expected to see it end up with one of the major players (the other likely contenders were HP and EDS, or BC-specialist SunGard), so the news comes as no great surprise. It also makes good sense. Schlumberger BC will complement and expand IBM's existing global BC capabilities.

Schlumberger BC is a leading player in its market. We know their UK revenues stood at £43m in FY02, and global revenues in FY03 were of the order of $140m, of which perhaps as much as £54m was generated in the UK. We estimate that the UK BC market is c£260m in size, giving Schlumberger BC a significant market share. Add to this IBM's BC revenues, and it's a close call as to whether the 'new' IBM BC operation or SunGard can claim the #1 slot.

It's worth noting that in buying Schlumberger BC, IBM has picked up a very profitable business. FY02's performance delivered pre-tax profits of £12.4m – that's a tasty 28.4% margin! Indeed, a well-run BC operation should consistently deliver high double-digit margins.

But this is not a market for the faint hearted – it requires considerable up-front capital investment. With such high barriers to entry, BC does not attract new players; rather it's a tussle amongst the established suppliers (including 'local' names such as Synstar, ICM and NDR), to take market share.

In terms of our support services rankings, the purchase consolidates IBM's position as a leading supplier to the UK market. Based on FY02 numbers, IBM was ranked #3 – the addition of Schlumberger BC's revenues will mean the competition between them and Computacenter for the #2 spot is hotting up.

(Heather Brice)

20%
31.5p
SUPERSCAPE

SUPERSCAPE MAKES PROFIT PROMISE

Superscape, a developer of wireless 3D entertainment, has announced results for the year to 31 Jan. 04. Turnover decreased from £1.4m to £1.1m, operating losses 'improved' from £9.3m to £7.2m with losses at the pre-tax level moving in the right direction from £9.2m to £7m. Loss per share was (-)7.1p compared with (-)17.1p in the previous year. Superscape raised £9.3m through a placing and open offer in Nov. 03. During the year it signed licensing agreements for its 'Swerve' technology with Samsung, Siemens and Motorola.

Comment: Superscape enters its new year in a good position with an order book worth some £800K and more than £12.2m in the bank. The disposal of its Spanish operations accounts for the revenue decline and, while its losses are still hefty, the purse strings have been tightened: administrative costs decreased 18% and sales and marketing costs decreased 30%.

Another good sign is its strengthened management team: Larry Quinn, former Chief Exec of Logica Mobile Networks, was appointed non-executive chairman of the Group. Mike Inglis, Executive VP Marketing at ARM, joined the Board as a non-executive director.

The mobile gaming market is still in the early stages of development, but the numbers speak for themselves: Ovum expects sales from mobile games to double in 2004 to $1.9bn, with Japan and South Korea driving the world's largest market, Asia-Pacific. Western European countries comprise the second largest market, which was worth c$250m in 2003 but is expected to double to around the half a billion mark this year.

Superscape's sales, which look tiny against this backdrop, came mostly from mainland Europe (£900K) - the UK accounted for just £9K. The company is casting the net wide, to try to establish partnerships with what seems like everyone within the industry - manufacturers, network operators, technology and IP organisations. It's aim is to turn EBITDA and cash flow positive during the 2005/2006 financial year. We hope, though, that it isn't stretching itself too wide and that it can shake off those losses before the coffers run dry and it's Game Over for Superscape.

(Kate Hanaghan)

-8%
79p
sirius

SIRIUS DISAPPOINTS WITH SLIP INTO LOSSES

AIM-listed provider of software and related services, **Sirius Financial Solutions**, announced results for the year to end December 2003. Revenues were down 10% at £20.5m. 2002's operating profit of £1.9m turned into an operating loss of £513K. Loss before tax was £581K (2002: £1.9m profit) and loss per share was 3.9p (2002: EPS of 5.9p). The company has proposed a final dividend of 0.5p, compared to 1.7p in 2002.

After a bumper 2002 in which it posted 30% revenue growth, 2003 proved a lot tougher for Sirius. But what's disappointing in these results is not so much the lack of top-line growth - after all, software markets remain at best flat in the company's target markets of insurance underwriting/broking and IFAs, at least in the UK and Europe (which account for 90% of turnover). Rather, it's the slip into losses that's raising concerns.

Sirius has attempted to cut costs but the key problem has been the lack of predictability in its revenue stream. As a smaller player reliant on multi-year licence fee and implementation revenues, a couple of delayed signings or projects can have a big impact on Sirius' performance. As Chairman Stephan Verrall admits *"major contracts expected to complete before the year end rolled over into the next trading year"*. Sirius' answer to this issue is to shift its business model towards 'term licensing', in other words from a perpetual licence model to annual licensing for a committed period.

Sirius believes that this change will bear fruit in 2004 - its 20th anniversary year - and says the year has got off to an 'encouraging start'. Other plans for the year include the opening of offshore development capability in India, which certainly makes sense from a cost containment point of view. But all in all, this is a company with a good deal to prove in the months ahead and one that still looks a long way from its vision of becoming a 'global leader in the provision of insurance software'.

(Phil Codling)

Mergers & Acquisitions

Buyer	Seller	Seller Description	Acquiring	Price	Comment
Aveva Group	Tribon Solutions AB	Swedish-based supplier of software and IT services for ship design and building	100%	c£19m	In the year to 31st Dec. 03, Tribon reported turnover of £14.4m, an operating loss of £947K and a pre-tax loss of £1.1m. Aveva expects to be able to reduce annualised operating costs by c£2.4m so that the acquisition is earnings enhancing before goodwill amortisation in FY06. In order to finance the acquisition, Aveva plans to raise c£17.2m via a placing (£4.5m) and open offer (£12.7m). This acquisition is significant. Aveva's annual turnover will be boosted by 40% and the number of employees will increase by a similar percentage. On paper, the acquisition looks like a good fit. Tribon also has a high proportion of recurring revenues (55%), its geographical spread will strengthen Aveva's international presence, and its products and services are complementary.
Axon Group	MyDruid Services SND. BHD	Offshore services partner based in Kuala Lumpur, providing SAP solutions implementation and apps management for local clients in Asia	51%	£480K	Axon will buy a further 25% stake on 31st Mar. 07 and the remaining 24% on 31 Mar. 08. Total consideration is capped at £4.3m. MyDruid was formed in Jan. 04 following a MBO of part of the AsiaPac region of Xansa (which of course acquired UK-based SAP consultancy Druid in Mar. 00). This acquisition helps Axon in two ways. First, it will help to grow business in Asia, which is today quite small and largely limited to overseas operations of UK clients. Second, it extends Axon's capabilities to fulfil Western contracts at offshore prices. In the year ended 30 Apr. 03, MyDruid made a LBT of around £115K on turnover of £1.2m.
Compel	Sysao	Oracle consultancy	100%	£2.2m	Total consideration comprised 2.12m new shares and £200K in cash. For the year to Feb. 03, Sysao turned over £5.45m, generated operating profits of £23K and made pre-tax profits of £48K. Sysao will be integrated into Compel's Oracle business, Compelsolve. The acquisition is expected to be immediately earnings enhancing.
Computer Software Group (CSG)	JBS Computer Services Ltd	IBM business partner servicing the distribution and manufacturing industries	100%	£1.9m	The acquisition provides CSG with an enlarged customer base with opportunities to cross sell. For the year to 31st Dec. 02, JBS made operating profits (before goodwill amortisation) of £158K on revenues of £3.3m.
Eidos	IO Interactive	Danish-based games studio	100%	max. £28.0m	Eidos paid an initial of £23.0m (a combination of cash and shares), with the balance based on four year performance.
Fair Isaac	London Bridge Software	Financial services applications, mainly aimed at the retail finance industry, including the credit management parts of telecoms and other utilities. LBS also has a mortgage lending product sold in the US.	100%	£166.2m	U.S. software firm Fair Isaac paid £166.2m ($295m) for quoted LBS. In its last financial year LBS had revenues of £58m (making a PSR of 2.7) with a PBT of £4m. Fair Isaac has a portfolio of essentially information management products. Much of its business comes from credit scoring applications.
IBM	Schlumberger Business Continuity Services	Business continuity	100%	n/a	More than 260 employees will transfer to IBM. Schlumberger BC was one of the operations left over, after Atos' purchase of Schlumberger's 'core' IT services activities, and had been earmarked for disposal. Schlumberger BC's operations in Europe and the US will complement and expand IBM's existing global BC capabilities.
Kewill	Paral System Software and certain products from ShipNow Global Holdings	Indian software house and British Virgin Islands-based supplier of shipping software	100%	max. $12.2m	Both companies are privately owned by the same individual, one Michael Kurgan. No financial details were given on Paral and ShipNow, though Kewill CEO Paul Nicholls expects the acquisition to be "*immediately earnings enhancing*". With Paral/ShipNow, Kewill bolsters its product range and gets an offshore development centre that plays in the same market. what's more, Kurgan will take over Kewill's North American sales organisation.
K3 Business Technology Group	PSE	Warehousing and distribution management software	remaining 62%	max. £928K	K3 took a 38% stake in PSE back in Nov. 03. This purchase was the right thing for K3 to do given it needs to broaden its portfolio to mitigate declining revenues from its core ERP products.
Morse	CSTIM	Specialist management consultancy to the investment management industry providing services and advice on areas including strategy formulation and operational change.	100%	max £15.35m	Morse paid an initial cash consideration of £5.85m, with the balance based on performance through to 31/12/06. CSTIM reported pre-tax profits of £1.1m on revenues of £7m in FY03. Financial services is Morse's largest vertical market - CSTIM will bring additional industry knowledge and focus, broadening Morse's offering to the sector.
Surfcontrol	Messagesoft	US-based anti-spam and filtering appliance vendor	100%	max. $9.8m	Messagesoft has two key attractions for Surfcontrol. The first is its Linux-based email filtering technology, which SurfControl will turn into new products later this year. Secondly, Messagesoft's Chinese sales and distribution operation is a useful addition to SurfControl's expanding global reach, and takes the company into a market that should offer long-term (if not immediate) growth prospects.
Tibco	Staffware	Workflow software	100%	£123m	US-based application integration vendor Tibco offered £123m (in cash and shares) - a 40% premium over Staffware's stock market value the day before the announcement - equivalent to a PSR of 2.9 and a PE of 56. Staffware has almost alone carried the flag for workflow software (and British software) over the last decade. The recent big rise in interest in process issues has prompted both companies to adopt the BPM tag to describe what they offer, which has helped lead to the recent good results for both companies. This is a good time to combine to give critical mass and really make a noise in the BPM market.
Tribal	Aldcliffe Compuer Systems	Software for work-based learning providers	100%	max £4.5m	Tribal paid £2.7m up front, with the balance based on growth in operating profit through to Mar. 07. For the year ended Mar. 04, Aldcliffe made an operating profit of £500K on sales of £1.7m.

Forthcoming IPOs

Name	Activity	S/ITS or Dotcom Index	Index Class	Market	Est Issue Price	Est Mkt Cap.	IPO Date
Phoenix IT	Managed Services	SITS	CS	n/a	n/a	n/a	TBC
Dealogic	ICT systems for the capital markets industry	SITS	SP	AIM	n/a	n/a	10-May-04

Recent IPOs

Name	Activity	S/ITS or Dotcom	Index Class	Market	Issue Price	Market Cap.	IPO Date	Price end Apr. 04	Premium/ Discount
NETeller	Online money transfer service	Dotcom	B2C	AIM	200p	£240.0m	14-Apr-04	177p	-12%

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

AFA Systems plc

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

AIT Group plc

	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	-556.50p	-306.00p	3.59p	Loss both

Alphameric plc

	Final - Nov 02		Final - Nov 03	Comparison
REV	£61,928,000		£62,897,000	+1.6%
PBT	£2,486,000		-£3,530,000	Profit to loss
EPS	0.00p		-3.50p	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

	Interim - Oct 02	Final - Apr 03	Interim - Oct 03	Comparison
REV	£111,541,000	£216,336,000	£95,623,000	-14.3%
PBT	-£43,405,000	-£112,480,000	-£14,199,000	Loss both
EPS	-14.00p	-34.20p	-4.40p	Loss both

Argonaut Games

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

AttentiV

	Final - Sep 02		Final - Sep 03	Comparison
REV	£27,900,000		£25,700,000	-7.9%
PBT	£9,150,000		£1,130,000	-87.7%
EPS	36.90p		11.90p	-67.8%

Autonomy Corporation plc

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

Aveva Group plc

	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

	Final - Dec 02		Final - Dec 03	Comparison
REV	£43,112,000		£50,210,000	+16.5%
PBT	£2,480,000		£4,020,000	+62.1%
EPS	2.70p		4.60p	+70.4%

Bond International Software plc

	Final - Dec 02		Final - Dec 03	Comparison
REV	£6,399,629		£7,037,000	+10.0%
PBT	-£1,972,786		£451,000	Loss to Profit
EPS	-13.79p		2.19p	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

	Final - Dec 02		Final - Dec 03	Comparison
REV	£897,504,000		£1,080,600,000	+20.4%
PBT	£78,069,000		£93,500,000	+19.8%
EPS	6.81p		8.42p	+23.6%

Charteris Plc

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

Chelford Group plc

	Final - Dec 02		Final - Dec 03	Comparison
REV	£7,298,000		£9,877,000	+35.3%
PBT	-£1,025,000		-£373,000	Loss both
EPS	-0.16p		-0.03p	Loss both

Civica

	Final - Sep 02		Final - Sep 03	Comparison
REV	£91,388,000		£90,304,000	-1.2%
PBT	£6,748,000		£9,317,000	+38.1%
EPS	9.00p		11.30p	+25.6%

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

	Final - Dec 02		Final - Dec 03	Comparison
REV	£2,391,565		£1,858,828	-22.3%
PBT	-£983,004		-£1,236,892	Loss both
EPS	-3.80p		-4.50p	Loss both

CMS Webview

	Final - Dec 02		Final - Dec 03	Comparison
REV	£1,206,000		£1,629,000	+35.1%
PBT	-£683,000		-£543,000	Loss both
EPS	-1.12p		-0.92p	Loss both

CODASciSys plc

	Final - Dec 02		Final - Dec 03	Comparison
REV	£66,378,000		£68,026,000	+2.5%
PBT	£5,726,000		£3,861,000	-32.6%
EPS	16.20p		9.90p	-38.9%

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%

Compel Group plc

REV	£24,761,000	£52,680,000	£29,328,000	+18.4%
PBT	-£711,000	-£407,000	-£260,000	Loss both
EPS	-2.30p	1.30p	-0.80p	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 - Aug 02	Final - Feb 03	Interim - Aug 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

Corpora

	Interim - Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£146,203	£288,581	£150,713	+3.1%
PBT	-£167,842	£431,994	-£678,091	Loss both
EPS	-23.00p	-18.50p	-10.50p	Loss both

DCS Group plc

	Final - Dec 02		Final - Dec 03	Comparison
REV	£69,800,000		£52,800,000	-24.4%
PBT	-£14,200,000		-£7,000,000	Loss both
EPS	-57.14p		-31.07p	Loss both

Delcam plc

	Final - Dec 02		Final - Dec 03	Comparison
REV	£18,913,000		£20,451,000	+8.1%
PBT	£1,071,000		£1,348,000	+25.9%
EPS	13.78p		20.45p	+48.4%

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

	Final - Nov 02		Final - Nov 03	Comparison
REV	£63,618,000		£56,312,000	-11.5%
PBT	-£2,254,000		-£2,254,000	Loss both
EPS	-4.56p		-3.42p	Loss both

Dicom Group plc

	Interim - Dec 02	Final - Jun 03	Interim - Dec 03	Comparison
REV	£80,338,000	£156,432,000	£77,121,000	-4.0%
PBT	£4,628,000	£8,801,000	£2,775,000	-40.0%
EPS	13.70p	26.00p	4.00p	-70.8%

Dimension Data plc

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

DRS Data & Research Services plc

	Final - Dec 02		Final - Dec 03	Comparison
REV	£12,782,000		£13,528,000	+5.8%
PBT	£1,776,000		£2,104,000	+18.5%
EPS	3.68p		4.50p	+22.3%

Easyscreen plc

	Interim - Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£1,234,399	£2,654,514	£1,075,001	-12.9%
PBT	-£2,237,521	-£3,397,842	-£1,561,881	Loss both
EPS	-4.30p	-5.60p	-2.70p	Loss both

Eidos plc

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

Electronic Data Processing plc

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

Empire Interactive plc

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

Epic Group plc

	Interim - Nov 02	Final - May 03	Interim - Nov 03	Comparison
REV	£4,614,000	£8,750,000	£3,726,000	-19.2%
PBT	£999,000	£1,802,000	£821,000	-17.8%
EPS	3.60p	6.60p	2.20p	-38.9%

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

	Final - Dec 02		Final - Dec 03	Comparison
REV	£12,841,000		£10,427,000	-18.8%
PBT	-£2,839,000		-£12,055,000	Loss both
EPS	-6.72p		-43.96p	Loss both

Flomerics Group plc

	Final - Dec 02		Final - Dec 03	Comparison
REV	£11,711,000		£10,221,000	-12.7%
PBT	£635,000		£455,000	-28.3%
EPS	3.23p		2.74p	-15.2%

Focus Solutions Group plc

	Interim - Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£2,821,000	£6,583,000	£2,581,000	-8.5%
PBT	-£1,834,000	-£3,833,000	-£663,000	Loss both
EPS	7.20p	-13.40p	2.10p	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 03	Final - Aug 03	Interim - Feb 04	Comparison
REV	£3,796,125	£7,935,138	£3,569,144	-6.0%
PBT	£50,315	£183,583	£231,620	+360.3%
EPS	0.12p	0.45p	0.54p	+350.0%

Glotel plc

	Interim - Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£37,991,000	£75,900,000	£41,796,000	+10.0%
PBT	-£416,000	-£1,347,000	£135,000	Loss to profit
EPS	-0.90p	-2.30p	0.10p	Loss to profit

Gresham Computing plc

	Final - Dec 02		Final - Dec 03	Comparison
REV	£11,578,000		£10,245,000	-11.5%
PBT	£1,148,000		-£1,955,000	Profit to loss
EPS	2.45p		-4.05p	Profit to loss

Harrier Group plc

	Final - Dec 02		Final - Dec 03	Comparison
REV	£9,544,299		£9,029,851	-5.4%
PBT	-£19,005,410		£200,381	Loss to Profit
EPS	-59.19p		0.55p	Loss to Profit

Harvey Nash Group plc

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

Highams Systems Services Group plc

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

Horizon Technology Group plc

	Interim - Jun 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

	Final - Aug 02		Final - Aug 03	Comparison
REV	£2,831,000		£2,626,000	-7.2%
PBT	-£4,710,000		-£6,058,000	Loss both
EPS	-31.24p		-12.01p	Loss both

I-Document Systems Plc

	Final - Oct 02		Final - Oct 03	Comparison
REV	£3,017,602		£4,472,305	+48.2%
PBT	-£1,483,473		-£595,060	Loss both
EPS	-1.11p		-0.42p	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		Final - Sep 03	Comparison
REV	£100,071,000		£58,514,000	-41.5%
PBT	-£391,114,000		-£24,088,000	Loss both
EPS	-173.78p		-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

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

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

	Interim - Oct 02	Final - Apr 03	Interim - Oct 03	Comparison
REV	£35,277,000	£91,495,000	£40,551,000	+15.0%
PBT	£6,072,000	£18,880,000	£6,651,000	+9.5%
EPS	3.29p	11.08p	3.81p	+15.8%

I S Solutions plc

	Final - Dec 02		Final - Dec 03	Comparison
REV	£7,426,000		£5,985,000	-19.4%
PBT	-£1,368,000		-£188,000	Loss both
EPS	-5.06p		-0.89p	Loss both

ITNET plc

	Final - Dec 02		Final Dec 03	Comparison
REV	£178,992,000		£188,478,000	+5.3%
PBT	£7,336,000		£17,893,000	+143.9%
EPS	3.01p		17.04p	+466.1%

Jasmin plc

	Interim - Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£3,559,000	£5,844,000	£4,622,000	+29.9%
PBT	£333,000	-£886,000	-£593,000	Profit to loss
EPS	6.89p	-20.22p	-12.54p	Profit to loss

K3 Business Technology Group plc

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

Kewill Systems plc

	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

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

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

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

London Bridge Software Holdings plc
	Final - Dec 02	Final - Dec 03	Comparison
REV	£62,137,000	£58,220,000	-6.3%
PBT	-£51,446,000	£528,000	Loss to profit
EPS	-30.31p	0.04p	Loss to profit

Lorien plc
	Final - Nov 02	Final - Nov 03	Comparison
REV	£113,588,000	£94,714,000	-16.6%
PBT	-£5,178,000	-£425,000	Loss to profit
EPS	-32.50p	-3.20p	Loss to profit

Macro 4 plc
	Interim - Dec 02	Final - Jun 03	Interim - Dec 03	Comparison
REV	£16,465,000	£32,394,000	£15,061,000	-8.5%
PBT	-£3,006,000	-£5,165,000	-£181,000	Loss both
EPS	-12.40p	-21.20p	-2.40p	Loss both

Manpower SoftWare plc
	Interim - Nov 02	Final - May 03	Interim - Nov 03	Comparison
REV	£866,116	£3,560,541	£2,463,669	+184.4%
PBT	-£1,324,620	-£802,388	£259,925	Loss to profit
EPS	-2.99p	-1.80p	0.58p	Loss to profit

Marlborough Stirling plc
	Final - Dec 02	Final - Dec 03	Comparison
REV	£121,008,000	£114,600,000	-5.3%
PBT	-£34,478,000	£2,500,000	Loss to profit
EPS	-20.00p	0.60p	Loss to profit

MERANT plc
	Interim - Oct 02	Final - Apr 03	Interim - Oct 03	Comparison
REV	£38,701,000	£78,592,000	£36,764,000	-5.0%
PBT	-£13,204,000	-£12,798,000	£558,000	Loss to profit
EPS	-12.80p	-12.40p	0.70p	Loss to profit

Microgen plc
	Final - Dec 02	Final - Dec 03	Comparison
REV	£25,332,000	£26,416,000	+4.3%
PBT	-£1,964,000	-£2,356,000	Profit to loss
EPS	-4.20p	-3.20p	Loss both

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

Misys plc
	Interim - Nov 02	Final - May 03	Interim - Nov 03	Comparison
REV	£520,800,000	£1,013,500,000	£471,000,000	-9.6%
PBT	£24,900,000	£59,800,000	£14,100,000	-43.4%
EPS	2.60p	7.80p	4.00p	+53.8%

Mondas plc
	Interim - Oct 02	Final - Apr 03	Interim - Oct 03	Comparison
REV	£1,452,000	£3,713,353	£1,847,000	+27.2%
PBT	-£1,529,674	-£2,224,645	-£1,090,568	Loss both
EPS	-7.30p	-10.10p	-4.10p	Loss both

Morse plc
	Interim - Dec 02	Final - Jun 03	Interim - Dec 03	Comparison
REV	£185,839,000	£351,343,000	£187,074,000	+0.7%
PBT	£6,430,000	£17,413,000	£7,891,000	Loss both
EPS	5.30p	-13.30p	6.20p	Loss both

MSB International plc
	Final - Jan 03	Final - Jan 04	Comparison
REV	£84,062,000	£66,131,000	-21.3%
PBT	£1,000	£311,000	n/a
EPS	0.16p	0.76p	n/a

Myratech.net Plc
	Final - Dec 01	Final - Dec 02	Comparison
REV	£2,000,000	£1,894,000	-5.3%
PBT	-£2,755,000	-£608,000	Loss both
EPS	-9.90p	-1.90p	Loss both

Ncipher Plc
	Final - Dec 02	Final - Dec 03	Comparison
REV	£11,922,000	£12,988,000	+8.9%
PBT	-£3,771,000	-£791,000	Loss both
EPS	-3.03p	-3.63p	Loss both

NetBenefit plc
	Interim - Dec 02	Final - Jun 03	Interim - Dec 03	Comparison
REV	£2,809,000	£6,245,000	£3,531,000	+25.7%
PBT	-£303,000	-£166,000	£105,000	Loss to Profit
EPS	-1.90p	0.10p	0.60p	Loss to Profit

Netstore plc
	Interim - Dec 02	Final - Jun 03	Interim - Dec 03	Comparison
REV	£6,224,000	£14,197,000	£10,602,000	+70.3%
PBT	-£1,880,000	-£5,265,000	-£672,000	Loss both
EPS	-1.96p	-5.33p	-0.70p	Loss both

Northgate Information Solutions plc
	Interim - Oct 02	Final - Apr-03	Interim - Oct 03	Comparison
REV	£41,534,000	£85,215,000	£50,564,000	+21.7%
PBT	£29,807,000	£28,109,000	£402,000	-98.7%
EPS	8.99p	10.33p	0.10p	-98.9%

NSB Retail Systems plc
	Final - Dec 02	Final - Dec 03	Comparison
REV	£73,359,000	£64,348,000	-12.3%
PBT	-£195,494	-£28,755	Loss both
EPS	-48.86p	-7.03p	Loss both

OneclickHR plc
	Final - Dec 02	Final - Dec 03	Comparison
REV	£4,689,010	£4,797,967	+2.3%
PBT	-£3,473,846	-£1,523,443	Loss both
EPS	-6.40p	-2.50p	Loss both

Parity Group plc
	Final - Dec 02	Final - Dec 03	Comparison
REV	£183,273,000	£175,952,000	-4.0%
PBT	-£24,567,000	-£6,473,000	Loss both
EPS	-1.20p	1.04p	Loss both

Patsystems plc
	Final - Dec 02	Final - Dec 03	Comparison
REV	£8,337,000	£10,673,000	+28.0%
PBT	-£9,061,000	-£2,369,000	Loss both
EPS	-7.00p	-1.70p	Loss both

Pilat Media Global plc
	Final - Dec 02	Final - Dec 03	Comparison
REV	£7,347,000	£9,422,607	+28.3%
PBT	-£236,000	£595,047	Loss to Profit
EPS	0.09p	0.64p	Loss to Profit

Pixology
	Final - Dec 02	Final - Dec 03	Comparison
REV	£1,550,364	£2,528,038	+63.1%
PBT	-£1,928,933	-£1,919,177	Loss both
EPS	-17.00p	-12.70p	Loss both

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

PSD Group plc
	Final - Dec 02	Final - Dec 03	Comparison
REV	£44,440,000	£37,604,000	-15.4%
PBT	£1,037,000	£249,000	-76.0%
EPS	2.50p	-1.50p	Profit to Loss

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

Quantica plc
	Interim - May 02	Final - Nov 02	Interim - May 03	Comparison
REV	£10,421,000	£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
	Final - Oct 02	Final - Oct 03	Comparison
REV	£6,666,000	£8,562,000	+28.4%
PBT	-£2,113,000	-£999,000	Loss both
EPS	-3.10p	-1.47p	Loss both

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

Reversus
	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

RM plc
	Final - Sep 02	Final - Sep 03	Comparison
REV	£202,158,000	£215,494,000	+6.6%
PBT	-£5,914,000	£6,219,000	Loss to Profit
EPS	-5.10p	5.20p	Loss to Profit

Royalblue Group plc
	Final - Dec 02	Final - Dec 03	Comparison
REV	£57,006,000	£56,006,000	-1.8%
PBT	£13,058,000	£9,425,000	-27.8%
EPS	32.90p	23.40p	-28.9%

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

SDL plc
	Final - Dec 02	Final - Dec 03	Comparison
REV	£58,002,000	£64,378,000	+11.0%
PBT	-£3,518,487	-£804,000	Loss both
EPS	-7.10p	-3.30p	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
	Final - Dec 02	Final - Dec 02	Comparison
REV	£22,683,192	£20,523,966	-9.5%
PBT	£1,893,520	-£581,160	Profit to Loss
EPS	5.90p	-3.90p	Profit to Loss

Sopheon plc
	Final - Dec 02	Final - Dec 03	Comparison
REV	£12,353,000	£6,734,000	-45.5%
PBT	-£16,179,000	-£5,806,000	Loss both
EPS	-19.40p	-6.30p	Loss both

Spring Group plc
	Final - Dec 02	Final - Dec 02	Final - Dec 03	Comparison
REV	£276,815,000	£293,330,000	£348,363,000	+25.8%
PBT	-£9,062,000	-£8,840,000	-£18,946,000	Loss both
EPS	-6.08p	-5.93p	-12.92p	Loss both

Staffware plc
	Final - Dec 02	Final - Dec 03	Comparison
REV	£39,031,000	£42,709,000	+9.4%
PBT	£2,608,000	£3,485,000	+33.6%
EPS	11.10p	14.90p	+34.2%

StatPro Group plc
	Final - Dec 02	Final - Dec 03	Comparison
REV	£7,229,000	£8,340,000	+15.4%
PBT	-£2,373,000	£146,000	Loss to Profit
EPS	-7.30p	0.60p	Loss to Profit

SurfControl plc
	Interim - Dec 02	Final - Jun 03	Interim - Dec 03	Comparison
REV	£21,034,000	£46,209,392	£24,967,000	+18.7%
PBT	£1,976,000	£5,602,649	£4,556,000	+130.6%
EPS	4.28p	13.12p	10.78p	+151.9%

Synstar plc
	Final - Sep 02	Final - Sep 03	Comparison
REV	£221,870,000	£222,978,000	+0.5%
PBT	£6,532,000	£8,700,000	+33.2%
EPS	2.40p	3.60p	+50.0%

Systems Union Group plc
	Final - Dec 02	Final - Dec 03	Comparison
REV	£74,631,000	£78,427,000	+5.1%
PBT	£4,316,000	£6,124,000	+41.9%
EPS	3.70p	5.30p	+43.2%

Tadpole Technology plc
	Final - Sep 02	Final - Sep 03	Comparison
REV	£16,724,000	£5,318,000	-68.2%
PBT	-£11,140,000	-£9,570,000	Loss both
EPS	-5.70p	-4.30p	Loss both

Telecity plc
	Final - Dec 02	Final - Dec 03	Comparison
REV	£24,954,000	£23,536,000	-5.7%
PBT	-£40,604,000	-£9,522,000	Loss both
EPS	-20.20p	-4.70p	Loss both

Tikit Group plc
	Final - Dec 02	Final - Dec 03	Comparison
REV	£8,231,000	£9,558,000	+16.1%
PBT	£305,000	£713,000	+133.8%
EPS	1.30p	2.90p	+123.1%

Torex Retail
	Final - Dec 02	Final - Dec 03	Comparison
REV	£62,600,000	£67,600,000	+8.0%
PBT	£5,950,000	£9,920,000	+66.7%
EPS	5.20p	8.04p	+54.6%

Total Systems plc
	Interim - Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£2,026,589	£3,927,749	£2,000,586	-1.3%
PBT	£280,033	£596,643	£381,061	+36.1%
EPS	1.84p	4.12p	2.50p	+35.9%

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	-74.0%
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	-16.17p	Profit to loss

Triad Group plc
	Interim - Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£14,091,000	£27,756,000	£16,573,000	+17.6%
PBT	-£2,527,000	-£4,980,000	-£849,000	Loss both
EPS	-7.91p	-27.20p	-5.60p	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	+395.4%
EPS	-1.74p	5.50p	-0.21p	Loss

Ultima Networks plc
	Interim - Sep 02	Final - Dec 02	Interim - Sep 03	Comparison
REV	£1,119,000	£2,026,000	£810,000	-27.6%
PBT	-£112,000	£165,000	-£15,000	Loss both
EPS	0.06p	0.10p	0.01p	-83.3%

Universe Group plc
	Final - Dec 02	Final - Dec 03	Comparison
REV	£34,487,000	£42,129,000	+22.2%
PBT	£889,000	-£2,730,000	Profit to Loss
EPS	2.54p	-7.00p	Profit to Loss

Vega Group plc
	Interim Oct 02	Final - Apr 03	Interim Oct 03	Comparison
REV	£17,390,000	£35,589,000	£21,093,000	+21.3%
PBT	-£8,662,000	-£8,739,000	£763,000	Loss to profit
EPS	-47.99p	-48.51p	2.40p	Loss to profit

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
	Interim - Sep 02	Final - Mar 03	Interim - Sep 03	Comparison
REV	£5,402,000	£11,417,138	£4,955,746	-8.3%
PBT	£134,393	-£790,705	-£2,624,064	Profit to loss
EPS	0.16p	-0.87p	-5.37p	Profit to loss

Wealth Management Software plc
	Final - Dec 02	Final - Dec 03	Comparison
REV	£10,997,000	£7,300,000	-33.6%
PBT	-£1,061,000	£5,000	Loss to profit
EPS	-3.32p	-0.05p	-98.5%

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
	Interim - Oct 02	Final - Apr 03	Interim - Oct 03	Comparison
REV	£232,500,000	£453,900,000	£225,700,000	-2.9%
PBT	-£140,700,000	-£157,000,000	-£13,500,000	Loss both
EPS	-51.00p	-57.09p	-5.12p	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	£257,000	-£545,000	-£480,000	Profit to loss
EPS	0.40p	-2.90p	-2.60p	Profit to loss

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

Holway/SYSTEMHOUSE S/ITS Share Prices and Capitalisation

	SCS Cat.	Share Price 30-Apr-04	Capitalisation 30-Apr-04	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 30-Apr-04	Share price move since 31-Mar-04	Share price % move in 2004	Capitalisation move since 31-Mar-04	Capitalisation move (£m) in 2004
AFA Systems	SP	£0.23	£11.00m	Loss	1.72	194	-0.85%	-13.70%	-£0.10m	£0.96m
AIT Group	CS	£0.72	£36.00m	Loss	1.96	469	4.38%	18.18%	£1.60m	£8.34m
Alphameric	SP	£0.92	£107.60m	Loss	1.64	422	4.25%	5.75%	£4.55m	£6.07m
Alterian	SP	£0.76	£29.60m	Loss	6.49	378	-4.43%	10.22%	-£1.40m	£2.72m
Anite Group	CS	£0.58	£202.60m	Loss	0.90	338	3.59%	14.36%	£7.08m	£26.90m
Argonaut Games	SP	£0.07	£6.94m	Loss	1.28	73	0.00%	12.00%	£0.12m	£0.86m
Autonomy Corporation	SP	£2.50	£275.40m	n/a	8.71	76	-5.76%	4.18%	-£17.12m	£9.29m
Aveva Group	SP	£5.18	£90.50m	23.6	2.47	2590	2.07%	7.92%	£1.71m	£7.83m
Axon Group	CS	£1.38	£71.80m	30.0	1.51	789	-5.48%	-14.81%	-£4.10m	-£12.48m
Bond International	SP	£0.53	£13.00m	21.4	0.86	808	29.63%	10.53%	£6.92m	£6.03m
Business Systems	CS	£0.15	£12.20m	Loss	0.40	122	13.73%	9.43%	£1.50m	£1.00m
Capita Group	CS	£3.10	£2,070.00m	24.1	1.93	83799	-0.64%	27.57%	-£14.54m	£451.37m
Charteris	CS	£0.21	£8.79m	Loss	0.86	233	-16.00%	-20.75%	-£1.71m	-£2.31m
Chelford Group	CS	£0.03	£17.20m	Loss	1.42	435	11.11%	233.33%	£3.16m	£12.86m
Civica	CS	£1.94	£87.60m	17.0	0.94	1105	2.93%	10.57%	£2.50m	£8.40m
Clarity Commerce	SP	£0.70	£10.80m	15.6	1.24	560	19.66%	-0.71%	£1.77m	-£0.08m
Clinical Computing	SP	£0.27	£8.36m	Loss	5.01	214	-10.17%	-31.17%	-£0.95m	-£3.74m
CMS Webview	CS	£0.09	£7.40m	Loss	5.52	664	-17.70%	-24.39%	-£1.60m	-£2.85m
CODASciSys	CS	£3.43	£87.00m	34.5	1.37	2655	-6.80%	16.10%	-£6.38m	£12.10m
Comino	SP	£1.84	£25.60m	15.1	1.02	1415	0.82%	-8.68%	£0.54m	-£2.39m
Compel Group	R	£0.94	£29.00m	75.1	0.54	748	2.19%	20.65%	£0.66m	£5.00m
Computacenter	R	£4.30	£812.20m	18.3	0.42	642	1.42%	-8.51%	£9.88m	-£72.83m
Computer Software Group	SP	£0.47	£14.50m	Loss	3.75	396	8.14%	9.41%	£1.06m	£1.23m
Corpora	SP	£0.42	£5.87m	Loss	19.16	1105	6.33%	40.00%	£0.34m	£1.67m
DCS Group	CS	£0.17	£4.26m	Loss	0.08	283	0.00%	25.93%	£0.00m	£0.88m
Delcam	SP	£2.20	£13.30m	10.8	0.59	846	9.18%	32.53%	£1.16m	£3.30m
Detica	CS	£6.63	£148.10m	27.0	3.48	1656	8.61%	7.72%	£11.70m	£10.61m
Diagonal	CS	£0.50	£45.20m	Loss	0.81	720	-1.00%	22.22%	-£0.50m	£8.96m
Dicom Group	R	£7.67	£160.70m	18.0	0.89	2350	14.83%	11.33%	£20.82m	£17.41m
Dimension Data	R	£0.37	£496.70m	Loss	0.39	66	2.07%	-1.33%	-£0.67m	-£6.51m
DRS Data & Research	SP	£0.65	£22.30m	14.3	1.55	586	4.88%	2.38%	£1.36m	£0.83m
Easyscreen	SP	£0.34	£24.00m	Loss	9.09	199	-0.74%	60.71%	-£0.10m	£10.50m
Eidos	SP	£1.70	£241.00m	10.9	1.32	8496	6.92%	21.43%	£17.99m	£45.10m
Electronic Data Processing	SP	£0.65	£16.00m	14.1	1.86	1990	-0.76%	5.69%	-£0.15m	£0.80m
Empire Interactive	SP	£0.10	£5.93m	Loss	0.25	171	-4.65%	-14.58%	-£0.29m	-£1.01m
Epic Group	CS	£0.93	£24.10m	15.5	2.68	881	2.78%	-3.65%	£0.66m	-£0.90m
Eurolink Managed Services	CS	£0.35	£3.64m	28.7	0.44	350	-9.09%	25.00%	-£0.36m	£0.73m
Financial Objects	SP	£0.42	£11.50m	Loss	0.86	180	27.69%	71.13%	£2.53m	£4.81m
Flomerics Group	SP	£0.69	£10.00m	25.0	1.01	2635	-2.14%	13.22%	-£0.27m	£1.13m
Focus Solutions Group	SP	£0.55	£15.70m	Loss	2.42	282	-1.79%	57.14%	-£0.20m	£5.77m
GB Group	SP	£0.21	£16.50m	22.3	1.59	134	-7.78%	-31.97%	-£1.41m	-£7.79m
Gladstone	SP	£0.14	£5.89m	7.2	0.75	338	-8.47%	8.00%	-£0.55m	£0.44m
Glotel	A	£1.19	£44.90m	Loss	0.57	616	4.41%	19.70%	£1.90m	£7.40m
Gresham Computing	CS	£3.52	£173.40m	Loss	18.85	3780	-9.87%	5.40%	-£18.83m	£9.14m
Harrier Group	CS	£0.28	£8.19m	40.3	0.87	218	3.70%	30.23%	£0.29m	£1.90m
Harvey Nash Group	A	£0.81	£48.70m	Loss	0.41	463	-8.47%	7.28%	-£4.50m	£6.34m
Highams Systems Services	A	£0.14	£2.64m	Loss	0.24	375	-1.82%	10.20%	-£0.05m	£0.24m
Horizon Technology	CS	£0.63	£45.20m	Loss	0.22	232	0.80%	-3.82%	£0.30m	£0.40m
Host Europe	CS	£0.03	£29.70m	Loss	1.80	883	11.11%	66.67%	£5.04m	£11.50m
Hot Group	CS	£0.20	£31.00m	Loss	12.08	238	-2.44%	9.59%	-£0.73m	£6.70m
ICM Computer Group	CS	£2.75	£57.20m	17.0	3.13	1528	2.80%	15.79%	£1.62m	£7.80m
I-Document Systems	SP	£0.11	£16.10m	Loss	0.75	13	7.69%	-2.33%	£2.10m	-£0.40m
In Technology	CS	£0.93	£128.00m	Loss	2.49	3700	9.47%	52.89%	£11.00m	£44.28m
Innovation Group	SP	£0.33	£142.40m	Loss	5.82	142	-2.99%	18.18%	-£3.23m	£26.75m
Intelligent Environments	SP	£0.10	£14.60m	Loss	0.48	106	-6.98%	14.29%	-£0.94m	£2.50m
IQ-Ludorum	SP	£0.02	£1.80m	Loss	8.62	31	-4.17%	27.78%	-£0.08m	£0.36m
iSOFT Group	SP	£4.08	£914.60m	25.2	0.52	3709	15.99%	10.05%	£125.91m	£456.30m
I S Solutions	CS	£0.11	£2.79m	Loss	0.71	419	-10.00%	29.31%	-£0.31m	£0.63m
ITNET	CS	£2.96	£217.00m	17.3	1.13	846	1.54%	-1.66%	£3.33m	-£3.53m
Jasmin	SP	£0.45	£2.13m	Loss	0.36	300	0.00%	-10.00%	£0.00m	-£0.24m
K3 Business Technology	SP	£1.00	£10.90m	11.7	1.44	760	410.26%	729.17%	£0.82m	£4.78m
Kewill	SP	£0.68	£53.00m	Loss	1.97	1334	5.06%	15.38%	£3.28m	£8.05m

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

Holway/SYSTEMHOUSE S/ITS Share Prices and Capitalisation

	SCS Cat.	Share Price 30-Apr-04	Capitalisation 30-Apr-04	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 30-Apr-04	Share price move since 31-Mar-04	Share price % move in 2004	Capitalisation move since 31-Mar-04	Capitalisation move (£m) in 2004
LogicaCMG	CS	£2.17	£1,627.00m	Loss	1.13	2972	-15.32%	-15.32%	-£300.32m	-£293.97m
London Bridge Software	SP	£0.94	£159.80m	44.3	1.72	2338	59.83%	76.42%	£59.80m	£69.25m
Lorien	A	£0.88	£16.30m	Loss	0.17	875	0.00%	1.74%	£0.00m	£0.30m
Macro 4	SP	£1.78	£37.00m	Loss	0.94	716	21.16%	11.99%	£6.42m	£3.93m
Manpower SoftWare	SP	£0.37	£16.10m	Loss	4.58	376	-0.82%	55.32%	-£0.20m	£5.72m
Marlborough Stirling	SP	£0.60	£135.50m	Loss	1.05	429	12.15%	36.36%	£14.68m	£36.20m
MERANT	SP	£1.88	£203.10m	Loss	2.55	908	-0.53%	43.51%	£2.86m	£65.18m
Microgen	CS	£0.60	£52.20m	Loss	1.94	256	1.69%	10.09%	£0.90m	£5.00m
Minorplanet Systems	SP	£0.21	£30.90m	Loss	0.22	425	-12.61%	-37.91%	£11.20m	£3.20m
Misys	SP	£2.08	£1,146.00m	10.3	1.14	2582	0.85%	-2.01%	-£5.22m	-£35.45m
Mondas	SP	£0.26	£6.80m	Loss	2.78	347	-34.18%	-31.58%	-£3.53m	-£3.13m
Morse	R	£1.38	£180.10m	Loss	0.51	550	0.00%	-3.51%	£0.30m	-£5.05m
MSB International	A	£0.80	£16.30m	n/a	0.26	418	-6.47%	-11.17%	-£1.10m	-£2.13m
Myratech.net	CS	£0.03	£0.74m	Loss	0.39	19	0.00%	-16.67%	£0.00m	-£0.06m
Ncipher	SP	£1.65	£42.60m	Loss	3.27	660	0.30%	8.55%	£0.16m	£3.85m
NetBenefit	CS	£0.46	£7.45m	12.0	1.35	230	-10.68%	19.48%	-£0.96m	£1.17m
Netstore	CS	£0.42	£39.40m	Loss	2.79	277	-0.60%	7.10%	-£0.20m	£2.66m
Northgate Information Solutions	CS	£0.68	£336.60m	23.4	3.80	262	3.82%	17.75%	£12.41m	£170.76m
NSB Retail Systems	SP	£0.25	£83.90m	Loss	1.29	2174	-1.96%	47.06%	£0.90m	£30.13m
OneclickHR	SP	£0.06	£8.55m	Loss	0.76	144	-8.00%	-30.30%	£4.91m	£3.79m
Parity	A	£0.11	£32.50m	10.8	0.19	1875	-2.17%	4.65%	-£0.68m	£1.43m
Patsystems	SP	£0.23	£33.90m	Loss	3.22	215	-2.13%	31.43%	-£0.47m	£8.40m
Pilat Media Global	SP	£0.61	£26.60m	53.5	2.68	3025	5.22%	83.33%	£1.34m	£12.06m
Pixology	SP	£1.45	£29.00m	Loss	10.36	1039	10.69%	0.00%	£2.80m	£0.40m
Planit Holdings	SP	£0.31	£27.90m	Loss	0.33	1271	12.96%	7.02%	£21.12m	£1.77m
PSD Group	A	£2.54	£63.70m	Loss	1.77	1152	-4.34%	-14.07%	-£2.84m	-£10.40m
QA	CS	£0.05	£13.60m	Loss	0.59	21	-20.83%	11.76%	-£3.60m	£9.65m
Quantica	A	£0.55	£22.10m	Loss	0.88	440	-3.54%	12.37%	-£0.81m	£2.50m
Raft International	SP	£0.13	£8.57m	Loss	1.04	206	-3.70%	-13.33%	-£0.33m	-£1.27m
Retail Decisions	SP	£0.20	£57.20m	20.3	1.55	267	21.54%	54.90%	£10.14m	£20.31m
RM	SP	£1.52	£135.90m	20.0	0.63	4329	0.00%	14.34%	-£0.02m	£17.08m
Royalblue Group	SP	£5.70	£186.00m	24.4	3.08	3353	6.94%	12.20%	£12.00m	£18.36m
Sage Group	SP	£1.73	£2,212.00m	14.8	4.12	66442	-4.16%	-1.71%	-£94.60m	-£35.59m
SDL	CS	£1.21	£65.70m	Loss	0.99	803	2.55%	42.60%	£2.01m	£19.93m
ServicePower	SP	£0.42	£30.30m	Loss	6.70	415	1.22%	5.06%	£0.30m	£7.90m
Sirius Financial	SP	£0.79	£13.30m	63.7	0.71	523	-8.19%	5.37%	-£1.20m	£0.60m
Sopheon	SP	£0.28	£28.70m	Loss	7.72	396	-21.43%	71.88%	-£23.28m	£13.00m
Spring Group	A	£1.15	£179.30m	Loss	0.52	1272	-1.29%	-0.87%	-£2.34m	£0.35m
Staffware	SP	£7.93	£115.80m	n/a	2.01	3522	33.76%	36.64%	£29.86m	£31.68m
StatPro Group	SP	£0.37	£12.20m	23.4	1.52	463	-3.90%	19.35%	-£0.57m	£2.00m
SurfControl (was JSB)	SP	£6.00	£186.00m	32.4	3.58	3000	12.15%	-20.05%	£20.59m	-£44.10m
Synstar	CS	£0.78	£126.90m	21.6	0.52	473	10.25%	19.08%	£11.91m	£20.50m
Systems Union	SP	£1.18	£124.50m	12.4	1.76	904	2.17%	15.20%	£2.68m	£18.50m
Tadpole Technology	SP	£0.18	£53.80m	Loss	8.64	441	17.74%	46.00%	£7.85m	£21.07m
Telecity	CS	£0.13	£27.40m	Loss	1.10	17	3.92%	-7.02%	£1.52m	-£1.50m
Tikit Group	CS	£1.36	£16.70m	46.7	1.73	1178	-0.73%	19.91%	£0.20m	£3.00m
Torex Retail	SP	£0.68	£104.40m	8.5	9.62	1700	9.68%	70.00%	£9.20m	£44.40m
Total Systems	SP	£0.82	£8.52m	17.0	2.2	1537.7	0.62%	41.74%	£0.05m	£2.51m
Touchstone Group	SP	£1.02	£10.60m	11.0	0.8	971.4	-9.73%	0.99%	-£1.10m	£0.10m
Trace Group	SP	£0.75	£11.40m	Loss	0.7	600.0	-0.66%	16.28%	-£0.10m	£1.60m
Triad Group	CS	£0.75	£11.30m	Loss	0.4	557.4	-0.33%	27.54%	-£0.10m	£2.36m
Tribal Group	CS	£2.19	£150.90m	9.3	1.3	1327.3	7.62%	-33.84%	£10.70m	-£67.76m
Ultima Networks	R	£0.02	£3.37m	18.0	1.7	43.9	-10.00%	-10.00%	£0.00m	£0.00m
Universe Group	SP	£0.26	£14.90m	Loss	0.4	1133.3	0.99%	0.00%	£0.15m	£4.08m
Vega Group	CS	£1.53	£28.20m	Loss	0.7	1250.0	8.16%	-12.86%	£2.08m	-£4.20m
VI group	SP	£0.14	£5.03m	Loss	0.8	270.0	-16.92%	1.89%	-£1.02m	£0.10m
Warthog	SP	£0.03	£7.96m	Loss	0.6	58.1	0.00%	-67.74%	£1.45m	£4.16m
Wealth Management Software	SP	£0.17	£7.13m	Loss	0.9	130.8	11.48%	-5.56%	£0.73m	-£0.42m
Workplace Systems	SP	£0.12	£20.80m	Loss	1.6	0.0	-11.54%	-2.13%	-£2.65m	-£0.40m
Xansa	CS	£0.91	£309.30m	Loss	0.6	2333.3	7.06%	7.06%	£21.40m	£21.44m
XKO Group	SP	£0.94	£25.90m	Loss	0.5	623.3	11.31%	10.65%	£2.70m	£2.50m
Xpertise Group	CS	£0.01	£4.18m	Loss	1.1	40.0	-20.00%	-20.00%	-£1.05m	-£0.52m

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S/ITS SHARES SEE SLIGHT GROWTH

30-Apr-04	S/ITS Index	5349.73
	FTSE IT (SCS) Index	501.89
	techMARK 100	1163.10
	FTSE 100	4489.70
	FTSE AIM	890.50
SCSI Index =1000 on 15th April 1989	FTSE SmallCap	2653.06

Changes in Indices	S/ITS Index	FTSE 100	techMARK 100	FTSE IT SCS Index	FTSE AIM Index	FTSE Small Cap
Month (01/04/04 to 30/04/04)	+1.17%	+2.37%	-1.16%	-0.96%	-1.75%	+0.76%
From 15th Apr 89	+434.97%	+118.63%				
From 1st Jan 90	+481.43%	+90.08%				
From 1st Jan 91	+655.75%	+107.82%				
From 1st Jan 92	+412.00%	+80.09%				
From 1st Jan 93	+235.70%	+57.73%				+91.23%
From 1st Jan 94	+220.42%	+31.34%				+41.98%
From 1st Jan 95	+256.84%	+46.46%				+51.92%
From 1st Jan 96	+136.87%	+21.70%	+47.37%		-6.60%	+36.65%
From 1st Jan 97	+99.81%	+9.01%	+27.16%		-8.77%	+21.53%
From 1st Jan 98	+76.27%	-12.58%	+21.92%	-49.81%	-10.23%	+14.69%
From 1st Jan 99	+35.73%	-23.68%	-20.12%	-65.29%	+11.09%	+28.11%
From 1st Jan 00	-53.36%	-35.22%	-69.23%	-86.50%	-53.92%	-14.36%
From 1st Jan 01	-36.10%	-27.85%	-54.66%	-74.25%	-38.07%	-16.66%
From 1st Jan 02	+11.50%	-13.95%	-21.02%	-40.56%	-0.81%	+2.87%
From 1st Jan 03	+97.20%	+13.94%	+79.27%	+47.52%	+47.70%	+45.73%
From 1st Jan 04	+14.40%	+0.29%	+14.59%	-0.34%	+6.60%	+7.19%

End Apr 04	Move since 1/1/99	Move since 1/1/00	Move since 1/1/01	Move since 1/1/02	Move since 1/1/03	Move Since 1/1/04	Move in Apr 04
System Houses	21.7%	-52.6%	-36.3%	14.9%	128.9%	19.3%	-0.7%
IT Staff Agencies	-57.9%	-63.3%	-41.6%	5.4%	58.5%	3.9%	-2.6%
Resellers	108.0%	0.2%	32.6%	47.5%	99.5%	4.1%	1.8%
Software Products	97.5%	-52.5%	-65.5%	11.1%	84.0%	13.4%	2.7%
Holway Internet Index	405.0%	-38.6%	-9.7%	63.3%	149.4%	21.2%	1.5%
Holway S/ITS Index	35.8%	-53.4%	-36.1%	11.5%	97.2%	14.4%	1.2%

Last month saw our Index of S/ITS shares fall into negative territory by a little more than 5%. This month, while the FTSE Index of IT Services companies fell to around the –1% mark, our index, which is weighted towards smaller companies, is in the positive – just. While 1.2% isn't much to write home about, at least we're back in the black.

It doesn't come as much of a surprise to see London Bridge top our list of the best performing shares. In the month that saw it agree to sell to US company, Fair Isaac, its share price went up 60% to 94p. Likewise, our number two spot is held by fellow 'acquiree' Staffware, sold to Tibco for £123m in cash and shares. Its share price is up 34% to £7.93. Positive trading updates from Retail Decisions and Macro 4 pushed both companies up 22%.

Among those players at the other end of the spectrum, LogicaCMG, with a market cap this month of £1.6bn is down 15%. It's not in bad company, with Autonomy also seeing its share value drop - by 5%.

Across the sectors we track, it's the ITSAs who have taken the biggest hit. See our front cover article for more on how to be an ITSA and make a decent living. Software companies enjoyed an upward lift of 2.7% – ISOFT being a major beneficiary gaining just shy of 16%. Sage, on the other hand declined 4% to 173p. Internet companies have also escaped March's decline with our Index up 1.5%. Resellers have gained 1.75%, while services companies join the ITSA experiencing an (albeit small) decline of 0.7% *(Kate Hanaghan)*

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