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ovum HOLWAY

SYSTEMHOUSE

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

"I'VE GOT TO ADMIT IT'S GETTING BETTER"

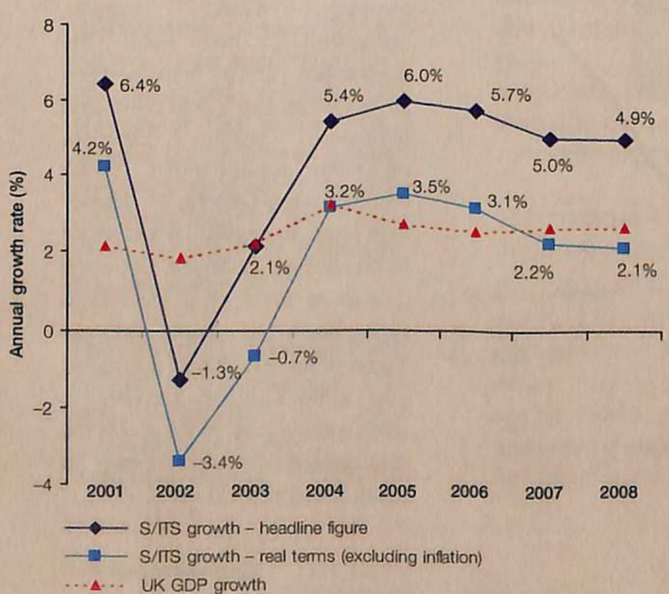
Thoughts for 2005

As the new year starts, any self respecting analyst is asked to give his thoughts and predictions for the coming year. It's also quite a good time to check on what I said last year.

A year back, I presented my *"4 4oughts 4 '04"*. They were:

1 Hope is not a strategy. I reiterated the view that:

- our industry would start to grow again in 2004 – after two years of real declines. But future growth would be modest and more aligned to GDP
- earnings growth in 2004 would largely come from cost savings not top line growth
- once investors realised that you couldn't have sustained high earnings growth without some top line growth too, valuations and stock prices would suffer a correction
- the *"Window of IPOtunity"* (which had just started to open) would close once again by mid year.



As you can read in our recently published *Market Trends Preview 2005* research, growth in 2004 was slightly better than we forecast (at 5.4% for the year). Hallelujah! But, time after time, companies met their earnings expectations but failed to meet revenue forecasts. Gathering signs of global growth slowdown brought on by high oil prices, a record weakening of the dollar, a huge US deficit and, in the UK, a reversal in house price gains meant that by mid 2004, Nasdaq had fallen by nearly 20% from its exuberant January high and the IPO window had indeed slammed shut. In August it looked pretty bleak.

But, from the end of Q3, investors decided that they had so much cash burning a hole in their pockets that they should ignore the bad news. By November 2004, Nasdaq had recovered all the first half losses and ended the year up 8.6%. In the UK, the dust on the IPO files hardly had time to gather before the IPOs were on again – albeit at pretty much reduced valuations and share sale expectations for existing shareholders.

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INDICES
(changes in December 04)

Holway S/ITS	**+1.9%**	**4925**
FTSE IT (SCS)	**+1.82%**	**485**
techMARK 100	**+1.2%**	**1196**
Nasdaq Comp	**+3.7%**	**2175**

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What is different now, to be fair, is that most of the CEOs we meet are pretty realistic about modest growth expectations for the market. It seems to be more the investment community that hasn't taken the *'Hope is not a strategy'* message to heart.

2 Thank you Mr Brown. We pointed out that the growth in the market had much to do with increased public expenditure. We warned that public sector growth rates would tail off in 2006 and we just couldn't see the private sector picking up the slack.

So, no change there then.

3 Brave New World. This was my way of introducing my excitement about seamless mobile data, (brought on by the BlackBerry and my adoption of a GPRS card in my laptop) by linking it to my excitement, 20 years ago, of the launch of the Apple Mac. A year on, my 3G card means that I'm even more excited now! Mobile media centres and the growth of wireless data provides the most exciting opportunity for the next period. As I've presented my thoughts on this again only recently, I won't restate them here. But this opportunity is HUGE for S/ITS companies as well as telecom operators and hardware vendors. Ignore it at your peril.

4 A new world order. This introduced another theme which we have run repeatedly throughout 2004. DIVERSITY of growth by sector, by industry and by company. We forecast BT, Capgemini, CSC, Accenture, Fujitsu Services and Capita would report 'above average' growth in the UK S/ITS market in 2004. We got that one pretty much 'spot on' and this links rather neatly to the first thought for 2005.

Five further thoughts for 2005

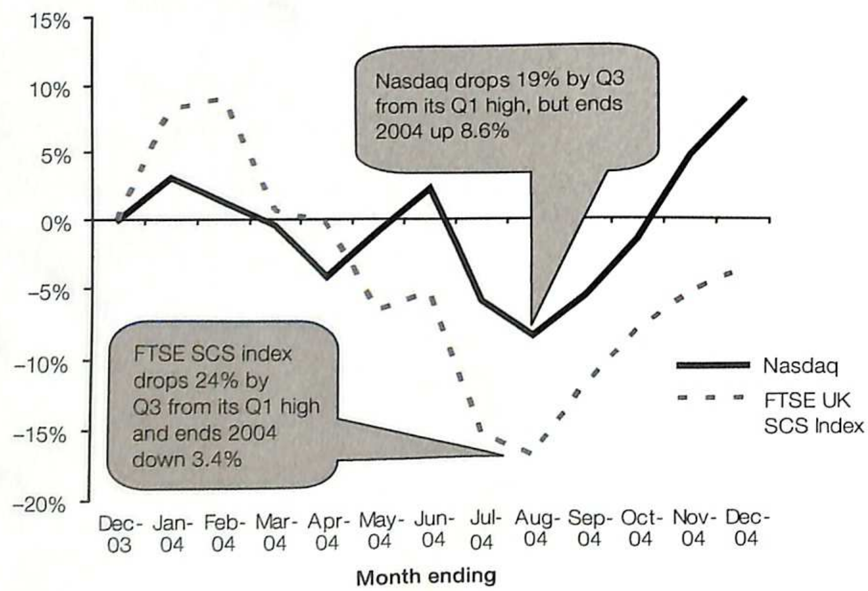
1 Average isn't good enough anymore. For the first 40 years of our industry you only had to be of 'average' ability and work for an 'average' IT company and you'd still do very well compared to your friends and neighbours working in other sectors. That really doesn't apply anymore. Indeed, it's already being noticed in the sharp decline in graduates wanting to go into IT and in the IT 'wage premium' (which was 60% in the mid 1990s but has now all but disappeared).

At a company level, a business plan showing growth at GDP levels – say, around 5% pa at the top line to take into account inflation – is really not going to get anyone, let alone investors, excited. But, that's what the 'average' is going to be.

Achieving above average growth has always been difficult, of course. Even more so in the future. Which leads onto the overriding need for...

2 Consolidation. I think I forecast Consolidation in my first presentation as an analyst in 1986 and have been forecasting it every year since. Each year I can point to some big, and many smaller, examples of consolidation as, literally, thousands of IT M&A deals are consummated every year globally. Every year there are a smattering of mega deals – I think the first I reported was Univac and Sperry forming Unisys – all the way through to HP and Compaq or Capgemini and Ernst & Young.

The last year has seen almost as many M&A deals consummated as in the peak year – 2000 – although the total value had been well down. In December, however, we saw two mega deals – Oracle & Peoplesoft and Symantec & Veritas. All this caused a flurry of articles resurrecting the IT industry 'consolidation' theme. But now, the time really is right for that forecast to come true.



Every maturing market, faced with modest overall growth, consolidates. I've used the automobile industry analogy many times before. But I could have used airplanes, banks, defense, oil...even supermarkets. When markets were growing at double-digit rates, the system could afford to be relatively inefficient. But when growth is in modest low single digits, that luxury cannot continue. There is far too much duplicated effort in the IT sector – from R&D to sales and support. At the end of the day, consolidation can be best for users and shareholders.

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Unfortunately, it's the many staff that lose their jobs as a result that will suffer the most disruption.

I believe we will see both more and larger M&A deals in the IT sector in the next couple of years. The software sector will see the most – with enterprise applications and middleware leading the way. IT services will also see much M&A activity. Several of the larger players, like HP globally and BT here in the UK, would be well advised to add project management and consultancy resources. There are a few 'wounded animals' amongst the top ranking players too that might well succumb to a friendly bid approach. More and more of the mid tier generalist IT services companies will be consolidated into the larger players. Small players will themselves consolidate to become Tier 2 players which will, in turn, get consolidated. Indeed, many of these smaller consolidators readily admit to me that their ambition is to get bought when they grow up.

It certainly looks like we have an exciting year ahead of us. Financially rewarding too if you are involved in the M&A process.

3 2005 - the year of the offshore predator? Lenova's acquisition of IBM's PC operations in December 2004 should serve as a wake-up call to the IT services sector.

Just five years ago it was difficult to get most IT services companies to take offshoring seriously. Now upwards of 15% of the UK's IT services are undertaken offshore. Five years ago most in our sector had never heard of Tata, Infosys, Wipro, Satyam, Patni, Mastek etc. Well, you have now!

First these companies were friendly partners or subcontractors. Then they appeared as direct competitors on UK bids.
Watch out, because in 2005 they will turn predators. TCS and Patni have openly declared their acquisition intentions in Europe. Indeed we know of UK companies that have had serious M&A negotiations with them. With highly rated stocks, raising the resources to pull off some front page deals in Europe would be straightforward. And there are quite a number of 'wounded animals' in Europe which would be easy, if not even welcome, prey for such offshore predators.

4 It's the economy, stupid. Last month I presented my view that IT was the new Cyclical Stock. The absence of either a "Next Big Thing" or an "Event" (the two most important factors affecting the fortunes of the IT sector in the past), meant that IT's fortunes would be more aligned to the economy as a whole just like other cyclicals such as automobiles, construction etc. In turn, I pointed out that other cyclical stocks had average P/Es of c10 and dividend yields of c5%. Rather different from IT with its P/Es of c20 and 1% yields!

But things are changing. 2004 has been a good year for earnings (but not revenue) growth. With a flat stock market, P/Es have indeed reduced. Forward P/Es for companies like HP are now in the low teens and many of the recent IPOs in the UK have been similarly priced. Dividend policies have been reviewed at past laggards, like Sage and Microsoft, with significant dividend increases already announced. Indeed they are both starting to behave like the 'mature' companies they now are.

The 'problem' with all this is that the stock market performance of our sector in 2005 will be much more susceptible to the performance of the economy as a whole. And most commentators are not exactly excited about the economic prospects for the developed world in 2005.

5 Consumer excitement. I do realise that there are many readers who think I've turned into the IT equivalent of a Grumpy Old Man. Mature markets, low growth rates and a concentration on business processes rather than on new technologies, do not always make for exciting reading.

The tech. 'excitement' now is, more than anytime in my lifetime, actually in the consumer sector. Now, at any IT industry lunch or dinner, you are far more likely to get an animated conversation going over i-Pods, BlackBerry, Google, 3G, mobile media centres, digital photography, media on demand et al than any corporate IT subject.

In 1981, the IBM PC was a corporate 'tool' which then dragged in the consumer/home user. What is happening now is the exact reverse. The consumer adopts the new technology and drags the corporate users in their wake. The demands of employees to work *'anytime, anyplace, anywhere'* is a good current example. Digital photography is now revolutionising the work of surveyors, estate agents, health and safety inspectors, police etc.

So, if you want to inject some excitement into your plans for the corporate IT sector, look at today's hottest consumer technologies and try to see how both your company and your customers could benefit from its adoption.

Conclusion
For many years I have linked market themes to songs. Unfortunately they have tended to reflect the fairly gloomy times experienced.
But the really bad days are over. We are growing again and expectations are now realistic.
As Lennon & McCartney wrote:
"I've got to admit it's getting better
A little better all the time."
(It can't get no worse)...can it?

-5.2%
65p

northgate

NORTHGATE FIRST HALF REVENUE UP 90% BOOSTED BY ACQUISITIONS

Northgate Information Solutions has grown revenue by 91% to £96.8m in the first half to the end of October 2004, with operating profit increasing 459% to £13.2m. Profit before tax has grown to £3.9m from £400k in the previous year's first half. Diluted earnings per share grew to 0.24p from 0.10p over the period.

Chris Stone, Chief Executive, commented, *"We will continue to focus on our strategic markets and build on organic growth, and continue to seek further opportunities, through bolt-on acquisitions, to deliver value to shareholders".*

Comment: Northgate's revenue growth was predominantly driven by acquisitions – particularly the acquisition of HR outsourcing player RebusHR. However, organic growth was also impressive at 11%. Across the three business areas, performance was as follows:

- Public services: Total turnover grew by 32% to £32.5m while organic growth was 12% (on a like-for-like basis). EBITA increased by 36% to £2.2m resulting in a profit margin of 6.8%. Profitability in the public services division is skewed towards the second half and the margin for the full year is expected to be more like 11%. Chris Stone commented that there was room for improvement in the margins – perhaps to the c15% level – as this business increases in scale.
- HR Services: Total turnover grew by 274% to £51.9m (it was this business that swallowed most of RebusHR). Organic growth was 14.4%. EBITA increased by an impressive 691% to £11.6m, equating to a margin of 22.4%. Northgate has managed to take significant cost out of the Rebus acquisition, achieving £8m of cost synergies in 2004/2005, and is on track to deliver a further £10m of cost savings in 2005/2006. However, margins are now likely to start to fall as the business increases the proportion of revenues from outsourcing and managed services.
- Corporate: Total and organic revenue growth was 3% to £12.4m while EBITA growth was 90% to £1.3m. Once again, the other two businesses stand out as the stars of the show while the corporate division continues to plod along with little razzmatazz and with little sign of any clear focus. Nonetheless, the business remains profitable delivering a perfectly respectable profit margin of almost 11%.

Northgate has followed a consistent strategy for the past four years i.e. to concentrate on areas where there is potential for it to gain market leadership based on its targeted portfolio of solutions. This continues to be exactly the right approach for a player of Northgate's size in local government – both in local authorities and police forces. The 'big boys' – the likes of IBM and Fujitsu Services – are keen to get their hands on a slice of this market as the contracts get larger and more complex. However, the one thing these players don't have is the proprietary software that Northgate boasts. Now Northgate intends to increase scale while not losing sight of this sensible approach. So far the brave acquisition of Rebus in the HRS business – officially a reverse takeover due to Rebus' size – has paid off with Northgate making a success of the integration. Further acquisitions in the public services market going forward will hopefully do the same. Importantly we are pleased to hear that Northgate will stick to looking for potential targets with 'adjacent' capabilities i.e. software and services that complement the existing portfolio. Additional scale in the public services market will also help Northgate to be taken more seriously as an outsourcing provider. It has already gone some way to achieving this with 13 of the 26 new name clients for its Front Office Solution taking outsourced services as part of their contracts. This will be particularly important as public sector bodies increasingly concentrate on getting the most out of their existing technology in line with the Efficiency Agenda.

(Georgina O'Toole)

Northgate Information Solutions 6 months to 31 October	Turnover £k			Operating profit £k*			Margin	
	2004	2003	Change	2004	2003	Change	2004	2003
Public sector	32,507	24,644	31.9%	2,171	1,597	35.9%	6.7%	6.5%
Northgate HR	51,864	13,885	273.5%	11,647	1,472	691.2%	22.5%	10.6%
Corporate sector	12,445	12,035	3.4%	1,331	699	90.4%	10.7%	5.8%
Administrative costs				–1,964	–1,411	39.2%		
TOTAL	96,816	50,564	91.5%	13,185	2,357	459.4%	13.6%	4.7%

*before exceptional items and goodwill amortisation

0.5%
93p

XANSA: REASONS TO BE CAUTIOUSLY CHEERFUL

Xansa reported revenue down 16% to £189.5m in its first half (the six months to end of October 2004). Total operating profit before exceptional items and goodwill amortisation was down 28% to £10.4m. However, profit before tax was up to £4.9m from a loss of £12.4m in the previous year's first half, due to lower exceptional costs this year.

Comment: We found encouraging signs in these interim results. Behind the headline numbers, Xansa's continuing business is going in the right direction on both revenues (up 4% to £189.5m) and operating margins (up from 5.2% to 5.5%). Meanwhile, the company's wholehearted push into BPO continues to pay dividends, with revenues in that area up 11% (compared to H1 of FY 04) to £37.8m. And that's before any impact from the major F&A shared services contract that Xansa has won with the Department of Health. For the record, Xansa will only start booking DoH revenues when the service kicks off in April, so the impact on the current financial year (which runs to end April) will be minimal.

But if the DoH win is a reason to be cheerful, it also prompts caution. This high-profile 'in perpetuity' contract could net Xansa (which shares 50:50 the JV running the services with the DoH) more than £250m in new revenues over the coming ten years. But everything depends on the number of NHS bodies that sign up to the service. So Xansa has assigned a crack squad of 5-6 sales people, including the leader of the original successful bid to the DoH, to bring on board those NHS trusts and DoH agencies that don't use the existing F&A shared service facilities. That's 628 potential customers – a fair target to aim at one would think, especially when the shared services on offer guarantee cost savings for all customers.

The early signs, we're pleased to say, are reportedly positive, and Xansa hopes to add a number of new customers to the service come April. But the stakes are very high. Xansa is, rightly, investing a lot of time and money in the DoH venture. Should it fail to bring in customers at the required rate, it's an under-statement to say that that would be a disappointment and a serious blow for Xansa.

We really think Xansa is right to be bold and to take on such a challenge. After all, the company didn't get where it is today by sitting on the strategic sidelines and letting industry-changing trends like BPO and offshore pass it by. Now, as they say, it's all about execution, execution, execution.
(Phil Codling)

6.6%
220p

COMINO SEES MARGIN IMPROVEMENT IN FIRST HALF

Comino, a provider of software for local government, social housing and occupational pension administration, has seen operating margins increase from 6.3% to 8.2% for the six months to end of September 2004. Turnover for the period increased 8% to £12.2m, however, an exceptional charge of £407k – the net cost of litigation relating to a contract signed in 2001 with a Social Housing customer – hit profits at the pre-tax level, which declined 7% to £560k. Diluted EPS was 2.2p, dropping from 2.6p in the comparable period last year.

• Comino Techflow, the company's business consultancy, turned 'a small profit'

• Comino Connect, its Computer Telephony Integration software saw sales increase 49%.

In early September, Comino's share price leapt 25% to 230p when it announced it had been approached by a buyer. Related discussions have since terminated.

Comment: Looking at Comino's performance thus far, we can understand why it might stir interest in a potential buyer. The company is continuing to see growth coming through its Local Government business – order intake increased 39% on last year – and it's seeing strong recurring revenues. Specifically, it is seeing continuing success in securing orders for enterprise systems as local authorities look to join up both processes and departments. And it is certainly well positioned to take advantage of ongoing demand in this area. As part of its enterprise approach, it's focusing on the development of electronic social

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care records to complement its document management software. Local government is driving the initial demand, but Comino is likely to look to other sectors in the longer term.

The closure of the litigation is great news for the management – after all, the claim against its Social Housing business has been ongoing for the past three years. The settlement also appears to have brought an up-tick in orders towards the close of the period.

The company's shares were up 6.6% to 220p at the end of December. *(Kate Hanaghan)*

-10.4%
345p

iSOFT

ISOFT INTERIMS SEND MIXED MESSAGES

iSoft this month announced interim results for the six months to 31 October 2004 and Finance Director John Whelan's decision to leave to *"pursue opportunities in the private equity sector"*.

The headline figures showed turnover growth of 130% to £93.5m in H105, but this growth can be entirely explained by the acquisition of Torex. On a pro-forma basis revenues in H105 were actually 3% lower than the comparable period in 2004 (H104: £96.0m).

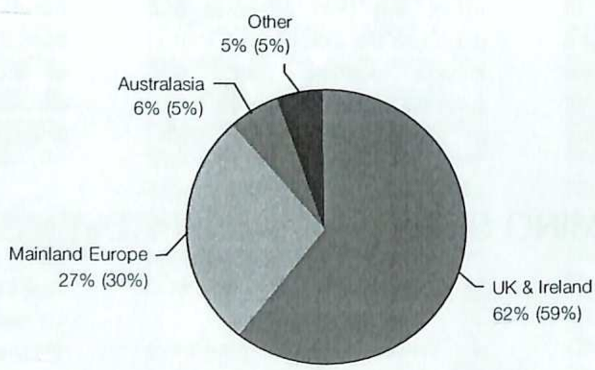
Operating profit excluding goodwill amortisation almost doubled to £18.4m (H104: £9.9m) but PBT including £12m of goodwill amortisation (H104: £2.5m) was down from £6.6m to £4.9m. Diluted EPS came in at 0.22p compared to 3.81p last year.

Commenting on the outlook, CE Tim Whiston said: *"Taking into account the extent of existing contracted revenues and good visibility in respect of opportunities open to us over the coming months, the Board is confident of a satisfactory outcome to the financial year."*

Comment: iSoft is now a significant player in the UK, and indeed European, S/ITS scene with pro-forma revenues for last fiscal year of £245m. Its results for the first half of 2005 take a bit of unpicking however.

Revenue from UK and Ireland was flat compared to H104 at £57m as new NPfIT revenue compensated for a steep decline in non-NPfIT sales. Revenues from the sale and delivery of traditional products (i.e. outside NPfIT) dropped by £20m to just £7m but there was a 100% increase in new NPfIT revenue (over the same period last year) to £18m.

iSoft - H105 Business mix
Total = £93.5m (H104 = £96.0m)



The hiatus in new system delivery in England outside NPfIT is of course to be expected – why buy something you're about to get for free? But iSoft CEO Tim Whiston does not think UK revenues from traditional non-NPfIT systems will disappear completely in the future. We agree. There will, for example, be some opportunities in the regions where iSoft is not the main application provider (London and the South) and from other parts of the UK such as Scotland and Wales. In the meantime, iSoft has great revenue visibility from NPfIT and claims its deliveries to the Programme are continuing to plan. Don't forget that iSoft merely provides the applications for the LSPs (CSC and Accenture), to implement and gets paid once the systems have been successfully tested in a Model Community.

It was a *"softness"* in the German market that actually led total revenues to be slightly down on the comparable period last year. Sales in mainland Europe were 12% down on H104 at £25.5m. But things are now looking up for iSoft in Germany – it recently launched Lorenzo in the market and won a key contract by displacing Siemens at Aachen University Hospital – and growing its 10% share of the German market is a key objective. iSoft also has big ambitions in Asia-Pac. It recently won a large contract in Singapore and is bidding in Hong Kong's NPfIT-style procurement.

Looking ahead, iSoft expects seasonality (a stronger second half) to remain a feature of the business for the time being

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despite NPfIT. We can therefore expect a stronger second half characterised by continued growth in NPfIT revenue but falling 'traditional' revenue in the UK. Do not expect to see 130% headline revenue growth again though!

Finally, John Whelan's decision to step down as Finance Director is unfortunate for iSoft and has unsettled the markets. But we do not read anything untoward into the announcement and take comfort from the fact the John is staying on to recruit his successor and complete the hand-over. iSoft is also in the process of recruiting a COO so if any *SystemHouse* readers are looking for a change now is the time to send your CV in! *(Tola Sargeant)*

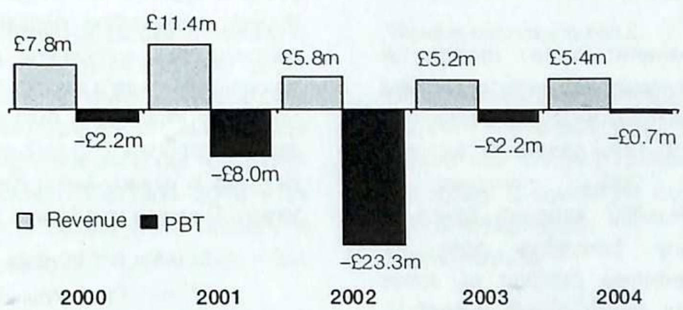
-3.2%
8p

MEDIASURFACE

MEDIASURFACE LOOKS HOPEFULLY TOWARDS 2005

Mediasurface, the content management software company, has reported revenue growth of 4.7% to £5.4m in its first full year results since its flotation on AIM in August 2004. For the full year ended 30 September 2004, the company recorded an operating loss of £732.4k, down 67% on the previous year, with losses before tax reduced by the same percent to £737.4k. Losses per share were reduced by 77% to 0.6p from 2.4p in the previous year.

Mediasurface plc
5 year revenue and PBT record



Year ending 30 September

Comment: 2005 will hopefully be a year of real expansion – both organic and inorganic – for Mediasurface after a few years of lacklustre growth. Heartened by its IPO, the company believes it now has the 'management bandwidth' to embark on an M&A strategy to fuel inorganic growth over the coming years.

Organic growth is expected from version 5.0 of its software, launched in March 2004. Morello, the new .Net based product included in the latest iteration, is a particular focus, and all hopes, as well as funds (including the £2m raised through the IPO), have been invested in marketing and developing the product.

Mediasurface claims that Morello has given it more competitive sales cycles, though what exactly this means is unclear. Although the 'full impact' of Morello has not been felt in the 2004 financials, new clients and product sales have grown to 63% of sales as compared to 41% last year, indicating new client interest.

More importantly the company's US operations grew 27% over 2003 – a promising market for this hopeful content management contender. And since the beginning of the new financial year in October the company reported that it has already won contracts worth £1m with Inter-Continental Hotels & Resorts, Aegon Holdings, University for Industry, and a Benelux media company Studio 100.

(Samad Masood)

12%
229p

civica

CIVICA REVEALS SOLID PERFORMANCE IN UK PUBLIC SECTOR

Civica, the public sector software and IT services group, announced results for the year to 30 September 2004 revealing a solid performance. The statutory results cover the 40-week period since completion of the group restructuring and incorporation of the new holding company (on 23 December 2003). For that period turnover was £75.8m and operating profits were £1.3m.

However, a better picture of the company's performance is provided by the proforma results. They reveal a 17% increase in turnover to £104.1m for the full year. On the same basis,

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operating profits (before goodwill amortisation, exceptional items and LTIP charges) were up 21% to £9.7m and pre-tax profits increased by 25% to £8.3m. Adjusted diluted EPS increased from 9.6p to 12.0p.

Simon Downing, Chief Executive, commented, *"Our plans for 2005 reflect the sustained agenda for change in the public sector, and given our strong market position and the investments made in the last year, we believe the outlook for the business remains positive".*

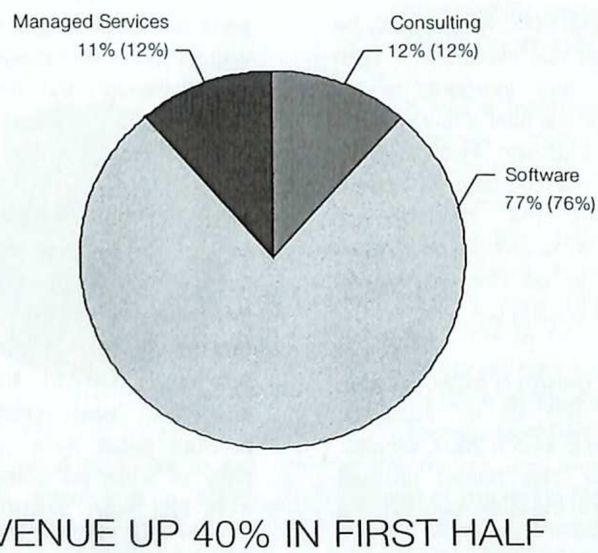
Comment: Civica's maiden full year results are pretty impressive - not many S/ITS companies can boast 17% growth in turnover and 20%+ increases in profitability. Although Civica is clearly benefiting from its established position in some public sector growth markets - notably local government and criminal justice/enforcement - we believe there is more to its success than simply being in the right place at the right time.

Take for example Civica's new 'practitioner consulting' service, which sees domain experts brought in as business change and IT consultants and is already winning Civica new business in local government. This is likely to be a key growth area for the company going forward, particularly in light of 'the Gershon agenda' which will drive business process change as local authorities search for efficiency savings. Civica's managed services are also proving popular with local government and will be an important area for future development - here Civica has a good opportunity to upsell to its existing customer base, which is still relatively untapped.

Radius, the acquisition Civica made back in September, also provides opportunities for growth through cross-selling particularly because the e-payment and procurement system supplier had no consulting or managed services capabilities. In fact, good progress is already being made. Simon Downing confirmed that Radius is now integrated; the first cross-sale has been achieved and trading is ahead of plan.

Going forward Civica's strategy is really just *"more of the same"*. More practitioner consulting, more managed services and more use of partnerships and project bids (Civica is already having success with partners such as Liberata and Steria in the local government market). Continuing to develop its own IPR will also be key to Civica's future, not least in terms of margins. In the last fiscal year, Civica's own software brought in £11m in revenue but made gross margins of 80%, whereas the resale of third party software accounted for £68.8m in revenue but had gross margins of 7%.
(Tola Sargeant)

Civica - 2004 Business mix
Total FY04 = £104.1m (FY03 = £89.1m)



-9.3%
102p
Glotel.

GLOTEL REVENUE UP 40% IN FIRST HALF

Revenue at **Glotel**, the telecommunications and networking sector staffing agency, has grown 39% to £58.1m in the first half to the end of September 2004, with operating profit leaping to £1.2m from £60k in the previous year's half. UK sales grew 15% to £26m, but were overshadowed by growth from the company's international operations, particularly the US and Australia, which grew 68% and 121% respectively.

UK revenue represented 39% of the total, with the US contributing 42%, and the rest from operations in Europe as well as India, Argentina and Australia.

Comment: Glotel is increasingly an international company, with most of its future aspirations in the developing Asian and American markets, where there is still high demand for wireless technology

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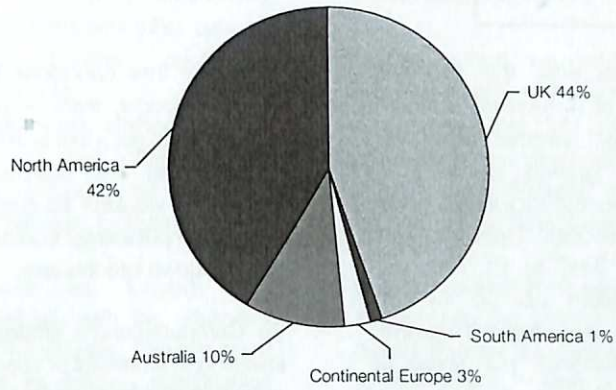
experts to build GSM and GPRS networks - US revenue alone grew 68% in the first half. Moreover, these regions are operating at significantly higher margins than in the UK.

15% growth in the UK market is still nothing to be sniffed at, but the majority of this has come from one large client win in the period, the remainder coming from the UK public sector, where Glotel has a S-CAT listing. The public sector now represents 31% of the UK gross margin, compared with 50% from the telecoms industry.

Again, the US is host to Glotel's most interesting developments in a strategic sense. Glotel is "piloting" a new project focused delivery model there which involves being paid based on project deliverables or service level agreements. The company has six clients working in this way, generating only about $750k of revenue. The model means more risk for Glotel, but also margins that are about 10% higher (between 30% and 35%) than normal staffing work. Definitely a big step up the value chain - but Glotel is not rushing into it.

Glotel plc : Revenue Mix 1H04
Total = £58m



Chairman Les Clark says that the company will expand the model globally over the next 12 months, but mainly alongside the existing US customers needs.

(Samad Masood)

-0.9%
54p
Total Systems plc

TOTAL'S REVENUE CONTINUES PLUNGE

Total Systems, the insurance sector software company, has reported revenue down 15% to £1.7m and operating profits down 82% to £57.4k in the six months to the end of September 2004. Profit before tax fell 64% to £136.9k, with earnings per share of 1.03p. Total Systems proposed a dividend of 1.05p per share, the same as last year, costing £110.5k and pushing the company into a £1.4k loss at the net level.

Comment: Things are looking ever more gloomy for Total, which is struggling to make any headway in the market. The management's statement - *"Until new business materialises there is unlikely to be any significant change in performance"* - certainly does not inspire any confidence.

Total is not explicit about why its profits have fallen so significantly, and we can only assume that part of it is due to what the company describes as a *"considerable investment in management, marketing and specialised training - in order to assist our pursuit of new business"*.

Unfortunately this investment hasn't yet borne fruit. The company's last publicly announced new client win was in February 2004 with Corinthian Insurance. The £2.6m implementation is progressing to time and budget according to Total. However, since then no new client wins have been announced.

Total's Ultima policy management system is marketed to new insurers as well as those insurers *"regretting their outsourcing and/or offshoring strategy"*.

Perhaps the problem is that there are not enough of these clients about. Insurance process outsourcing and offshoring is a rapidly maturing market with many successful players such as Capita, Liberata, Xansa, and Tata Consultancy Services.

This time last year we suggested that the company tries to partner with such outsourcers in an attempt to win new clients - clearly that hasn't occurred or been possible. Despite managing to keep costs down to remain profitable, Total's future as an independent software house is uncertain if it simply can't attract new clients.

(Samad Masood)

COMPUTERLAND INVESTS FOR THE FUTURE

ComputerLand, the AIM-listed supplier of IT hardware, support and project services, announced revenue growth of 16% to £29.8m for the six months to end of October 2004. Operating profit was up 24% to £1.04m, with profit before tax up 14% to £1.02m. The company reported diluted earnings per share up 16% to 7.0p.

The company said it is to increase investment in both its managed services and public sector businesses. The company claims this investment will provide *"handsome returns in the not too distant future"*.

Comment: ComputerLand is predominantly a product-led company turning over just £29.7m. However, it is consistently winning managed services deals (with Ikea and Toyota most recently) and has started to make good progress in the pubic sector. Its managed services business accounts for just 10% of revenues, yet total services (including project services) account for 70% of profits.

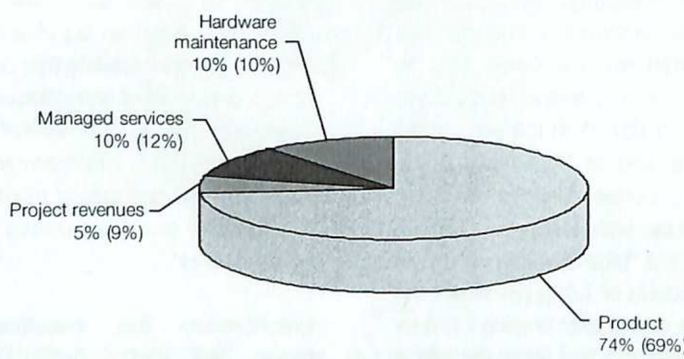
Much of the company's target managed services market (organisations with 1,000 to 3,000 users) still provides desktop services in-house. While we believe only a small proportion of these organisations want to hand over their operations to an external provider, there is still an opportunity to get a foot in the door with the first time outsourcers. Indeed, we wouldn't be surprised to see Computacenter increasingly pushing down into this area.

So ComputerLand's strategy of investing in a handful of specialist managed services sales people (at an estimated cost of £100k per sales person) is a significant but, we believe, worthwhile outlay. It's a bold move but we believe ComputerLand it wise to start building expertise in what is a hugely competitive market.

It's also targeting the public sector, and in particular education. It doesn't seem to be put off by education heavyweight RM and is looking to get a slice of the government's investment in educational Academies. Indeed, it's already seen some success having won an ICT contract with Manchester Academy.
ComputerLand expects to bid for about five of these contracts within the first wave of tenders, with each contract worth £25m+ over five years. However, with each bid costing at least £50k, ComputerLand will take a hit on profits in the short term. It's imperative the company puts together some pretty impressive bids and ensures it gets the right people recruited to its managed services sales team.

We'll have to wait for the dust to settle until this time next year before we can judge whether this investment strategy is paying off.
(Kate Hanaghan)

ComputerLand – H105 Business mix
Total = £29.8m



PHOENIX IT ON TRACK FOR GREATER GROWTH

1.5%
274p

UK IT services company **Phoenix IT Group** has announced results for the six months to 30 September 2004 revealing organic growth of 11% for its UK services revenues to £29.0m – hardware sales accounted for just £400k. Including sales of the acquired Trend business (£10.9m) and revenues from its French business, Phoenix saw total H1 revenues increase 43% to £41.5m.

Operating profit before amortisation of goodwill was up 35% to £8.1m producing very impressive operating margins of some 20%. For the past two full financial years, the company has

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delivered margins of +18%.

Comment: Phoenix is continuing to produce those extremely enviable operating margins due to its cost structure. Its partner-only model enables it to avoid many of the costs associated with bidding for business – and being based in relatively inexpensive Northampton certainly helps. It is also remaining firm on its approach to walk away from low margin business.

The competitive landscape is made up of all the usual suspects. HP ranks as its number one rival, followed by Computacenter. It also comes up against Unisys, Siemens Business Services, Fujitsu Services and Getronics. Phoenix doesn't bid directly to the end user – it only works through partnerships. Partners include:

- LogicaCMG
- EDS
- BT
- IBM
- Lockheed Martin
- Accenture.

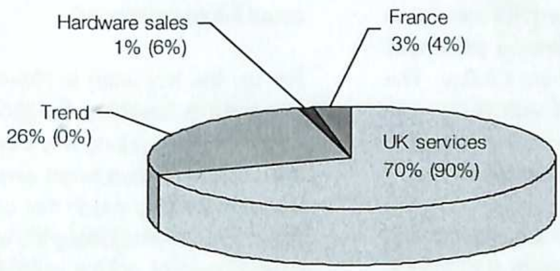
Its attraction, therefore, is that it is not a competitor. An interesting development in the half-year period was the deal it signed with an Indian offshore company. Phoenix will provide the onshore element of a wider outsourcing contract. For many other support services players, such as PinkRoccade and Computacenter, offshore is not a feature of their offering. They remain unconvinced that the model will work for them.

As well as forging new partnerships, with the offshorers and BPO players, Phoenix must not let its existing relationships weaken. Indeed, it must accelerate the business it already has with Dell and Accenture in particular. We understand that one of the drivers for the IPO was to gain credibility with potential partners. This certainly looks to be the case with Accenture, which became a partner once the IPO looked liked becoming a reality.

On the horizon, we would point out a potential fly in the ointment. It does appear that EDS is bringing some business, which previously went through Phoenix, in-house via EDS Global Field Services. But with revenue from numerous contracts signed in H1 due to filter through into the second half, we believe Phoenix is on-track to add at least 10% in organic growth to its FY04 services revenues of £53.6m (total revenues were £58.3m in FY04). Turnover for the full year will of course gain a further lift from Trend sales, acquired last March.

(Kate Hanaghan)

Phoenix IT H1 05 Revenue Split
Total = £41.5m



6.6%
57p

Anite

ANITE STARTS TO TAKE SOME CONSIDERED RISKS AS BUSINESS STABILISES

Anite, the IT solutions and services company, has announced results for the half year to 31 October 2004 revealing an increase in total turnover of 1% to £96.4m. Considering Anite's disposal strategy over the last year or so, the performance of the ongoing businesses is a better indicator of the business as it stands; turnover growth for these businesses was 9% to £92.9m.

At the operating level – before goodwill amortisation and exceptional items and before contract provisions (of £3m) – profits for the ongoing businesses were up by 39% to £8.9m. By division, the story was as follows:

- Public sector: Turnover increased by 1% to £33.1m, while at the operating level a loss of £2.0m was converted to an operating profit of £0.1m (before utilisation of contract provisions of £3.0m) following a period of cost cutting. The operating margin was 0.3%. This business continues to deal with some long-term legacy issues relating to Pericles, its revenue and benefits administration software for local government, and its State of Victoria Contract, a major government contract in Australia. The costs and risks associated with these two issues will not be disappearing in the short-term; the implementation of previously contracted Pericles customers is not due until year ending April 2006 and the State of Victoria implementation will not complete until April 2007.

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• Travel: Turnover grew a pleasing 17% to £16.0m as Anite benefited from some improvement in market conditions. Operating profits increased only marginally from £3.0m to £3.1m as margins were constrained by the inclusion of hardware resale business for MyTravel. Now Anite is hoping for the interest in its new product Anite@comRes suite to continue; it believes this product meets the new requirements for software capable of allowing customers to select individual components of a holiday package separately.

• Telecoms: Turnover increased by an impressive 30% to £21.8m and operating profits increased by 27% to £5.2m (equating to a margin of 23.8%) reflecting an "improving though still competitive outlook". Research and development spending has increased in this division in order to take advantage of current and emerging market opportunities.

• International: Turnover was flat at £22.0m and operating profit was down by 10% at £2.0m. The operating margin was 9.1%. The results reflect continuing difficulties in Germany and Austria.

Total operating losses for the continuing businesses of £13.5m in the previous years H1 were converted to a profit of £3.7m. At the pre-tax level, profits benefited from the elimination of exceptional items and goodwill impairment following the resolution of legacy issues, as well as profits on the sale of Anite Space and a £3m contract provision relating to the State of Victoria contract. This was partly offset by the acceleration of goodwill impairment relating to the acquisition of ICL's government applications business. The company moved from losses of £14.3m to profits of £9.5m – the first reported profit in any period over the last two years. Adjusted PBT increased by 30% to £8.7m. Diluted EPS was 1.9p compared with last year's loss of 4.4p.

Comment: There's no doubt that Anite has come a long way, as these results testify. Over the past couple of years it has managed to resolve a lot of legacy issues resulting in an increased clarity and focus, a lower cost base and a growing order book. Steve Rowley, Chief Executive, comments, *"We are confident in the progress of Anite's recovery and as a result the Board remains cautiously optimistic about future prospects"*.

For us, the key word in Rowley's statement is *"cautiously"*. Although Anite has come a long way there is still much to achieve to get where it wants to be (and much that could potentially go wrong along the way). At the heart of Anite's strategy is the aim of being #1 or #2 in its chosen markets within the public sector, travel and telecoms sectors, while continuing to place Anite-owned software at the core of its solutions. In order to reach this Holy Grail, it will need to rid itself of distractions and also be realistic about its positioning. Currently the travel and telecoms businesses are winning the battle. It's the future of the public sector and international businesses that give us the most cause for concern.

In many ways, the International business is the easy one. Anite will continue to dispose of non-core distracting businesses that sit outside its core verticals. In the short-term this will have a diluting effect but in the long-term freeing up management time to focus on the other businesses can only be positive news. The real weight on the management team's shoulders continues to be the public sector business. Returning this division to profitability has been a priority but in the meantime Anite has struggled to grow the business (the order book fell by c28% in the half) despite its competitors reaping the benefits of increasing government spend. The business will also be weighed down for some time to come by the troublesome State of Victoria contract and the Pericles software development.

There are some bright spots in the public sector. For example Anite is a market leader in the social care, information management and 'mobile' markets. However, the future growth of this business relies on Anite managing to advance its positioning in other areas such as revenue & benefits,

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Anite Group 6 months to 31 October	Turnover £k			Operating profit £k*			Margin	
	2004	2003	Change	2004	2003	Change	2004	2003
International	22.0	22.0	0%	2.0	2.2	-9%	9.3%	6.5%
Solutions	70.9	63.2	12%	11.3	5.1	124%	16.0%	10.6%
Public sector	33.1	32.7	1%	3.1	-2.1	Loss to profit	9.3%	5.8%
Telecoms	21.8	16.8	30%	5.2	4.1	25%	23.8%	6.5%
Travel	16.0	13.7	17%	3.1	3.0	2%	19.1%	21.8%
Corporate Costs				-1.4	-0.9	66%		
Ongoing businesses	92.9	85.2	9%	11.9	6.4	86%	12.8%	7.5%
Closed businesses	3.5	10.4		0.2	1.3			
TOTAL	96.5	95.6	1%	12.1	7.7	57%	12.6%	8.1%

[continued from page twelve]

housing, and enforcement & security. These markets are led by some strong players such as Sx3 and Capita (revenue & benefits and housing) and Detica (enforcement & security), all of which have far fewer distractions than Anite. A combination of acquisition, disposal and organic growth will be required for the public sector business to stabilise and grow.

All in all, Anite has got to a position where it feels the business is stable enough to start taking some considered risks. Indeed, increased investment in development in public sector and telecoms will contribute to a continued decline in margin in H2. Anite sees these risks as necessary if it is to increase the *"momentum of strategic change"*.

The risks may or may not pay off. Shareholders will have to put all their faith in the new management team making the right decisions. So far, by establishing a solid financial position and by successfully slimming down the business, they've given us every confidence in their ability. We'll be watching carefully as the story unravels. *(Georgina O'Toole)*

30.8%
4p

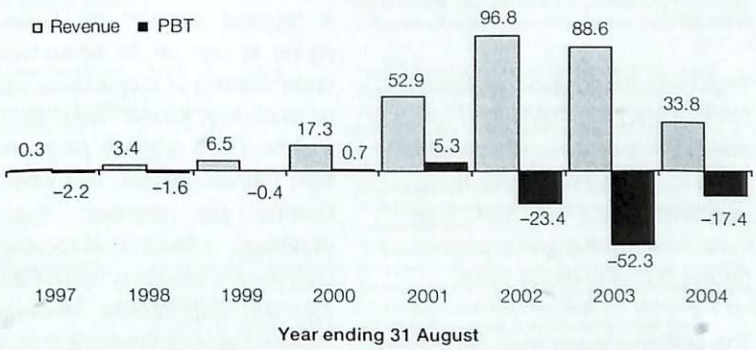
MINORPLANET CONTINUES TO FALTER

Minorplanet Systems, the vehicle management information systems company, has failed to stem losses and falling revenue in its year to end of August 2004. The company has reported preliminary revenue down 61% to £33.8m (2003: £88.6m), due mainly to the closure of its American, Spanish and French businesses over the year. Excluding these discontinued operations, revenue fell 30% to £31.3m (2003: £44.4m).

More worrying is the company's operating performance. Including the divested operations, operating losses grew to £20.7m from £19.0m. However, excluding them shows that operating losses grew almost four times to £18.8m from £5.1m. Losses before tax were 17.4p compared to 52.3p in 2003, while loss per share improved to 22.3p compared to 54.57p in 2003 due to significantly lower exceptional items compared to last year.

Comment: Minorplanet has not had much of a chance to turn itself around since a slew of management departures. Over the year non-executive chairman Michael Abrahams retired, and non-executive director Sir Martin Jacomb, finance director David Best, and finally CEO Rob Kelly all resigned.

Minorplanet Systems plc
8 year revenue & PBT record (£m)
From 1997



In June David Perry filled the position of non-executive chairman while David Meltham joined as finance director. The new CEO Terry Donovan did not join until October this year. Since then the company has secured short term financing arrangements until the end of June 2005 with its largest shareholder, GE Capital Equity Investments, and Donovan. Further long-term funding options are being considered by the group in its attempts to keep its head above water long enough to bounce back.

A number of changes are occurring in the company in the meantime. To improve sales Minorplanet has re-jigged its incentives to sales people and appointed *"key personnel"* to focus on selling to large fleet operators. Running costs have already been reduced by £6m mainly through cutting back staff numbers, which fell to 443 from 772 over the year.

There is no-doubt that revenue and unit sales growth has been hampered by all the restructuring and divestments that have been going on at Minorplanet for the past year or more. At least one bright spot is that the company recently launched its GPRS network capability and a web access upgrade to its VMI product. Minorplanet will have to prove itself over the coming year. The company seems to be working its way out of its hole, but its dark times are not over yet.
(Samad Masood)

Deloitte

DELOITTE GROWS UK CONSULTING PROFITABILITY ON LOWER REVENUES

Deloitte released its FY 2004 UK revenue and profit figures last month, showing greatly improved profitability in its consulting division, which includes a big chunk of IT services business.

Although consulting turnover fell 8.6% to £294m in the year to 31 May, consulting profits rose 46% to £59m, a pre-tax margin of 20% (versus 13% last year). That still leaves consulting with the worst growth and the lowest pre-tax margins of the group, however. Total revenue growth at Deloitte was 5%, and pre-tax margin was 30%.

Worldwide, the company prefers to talk in terms of its *"consulting and advisory"* business, whose UK revenues grew 9% in dollar terms to $890m in financial 2004. That turns into a half-percent revenue decline in local currency terms.

The bottom line seems to be that Deloitte's UK IT services revenue fell in FY 2004 but profitability improved. CEO John Connolly said that the general market upturn that Deloitte expected in mid/late 2003 didn't pan out, but the company *"saw improving signs"* in the later part of its financial year.

Comment: Deloitte has a strong brand in the high-end advisory services market, but its systems-integration business has a mostly onshore (read: high-cost) base. It's doing the right thing in increasing its offshore presence and allying itself to HP, hoping the latter will bring it both advisory and SI work.

Deloitte's chief strength is brand as a *"trusted adviser"* for CxOs, relying in part on its board-level understanding of business as well as technology issues. That creates a niche that's relatively protected from offshore players, and where Deloitte can compete more vigorously with the IT-focused consulting/outsourcing hybrids like IBM and EDS, whose full-range outsourcing story threatens to lock 'standalone' consultants like Deloitte out of key customer accounts.

But a high-end advisory focus sits uncomfortably with the need to feed the SI business. Long term, Deloitte should probably sell the SI business to concentrate on the higher end where it can compete most effectively. In this context, Deloitte's go-to-market alliance with HP is a good medium-term solution that postpones the inevitable.

Deloitte is also hobbled in the SME (small and medium sized enterprise) market, supposedly the fast-growth segment of the IT services market. Because it audits Microsoft's books, it's effectively prohibited from reselling Microsoft products, a huge disadvantage in that space. So its SME strategy is essentially to identify fast-growing companies looking to increase the sophistication of their information needs.

If market conditions improve in 2005, as looks likely, we'd expect to see a strengthened Deloitte at least rising with the tide, if not regaining ground from the competition. *(Douglas Hayward)*

8.5%
11p

IDOX

IDOX'S PROFIT LAGS REVENUE GROWTH

IDOX plc, formerly i-document systems group plc, has reported full year revenue up 113% to £9.6m for the period ended 31 October 2004. Operating profit before amortisation improved to £386k from last year's £587k loss, with profit before tax coming in at £89k, up from a £595k loss. A tax credit of £381k pushed profitability back up, enabling the company to report profit per share of 0.23p compared to a 0.42 loss per share last year.

Comment: The £4m acquisition of recruitment company TPFL in May was the year's highlight for IDOX. The addition has broadened its public sector focused document management technology, consultancy and service proposition with the ability to consult on staff selection for its government projects.

More importantly TPFL has also enabled IDOX to keep its promise of reaching profitability this year – but only just. Excluding the acquisition, IDOX still grew revenue well (43%), but TPFL accounted for almost all of the profit before amortisation over the period.

Unfortunately, TPFL's mix of business has meant IDOX selling a higher proportion of services than software – services having a higher cost of sale. This has been combined with longer sales cycles in the public sector to reduce profitability.

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Mergers & Acquisitions

Buyer	Seller	Seller Description	Acquiring	Price	Comment
Alphameric	Timewave	Provides hospitality sector software	100%	£4.15m	Alphameric is losing a big chunk of its business in selling its retail division to Torex Retail (see below). Timewave, which annually sells about £2m worth of Microsoft Navision based solutions to food and beverage sector clients, will come nowhere near covering that gap. Yet Timewave is profitable, unlike the loss making retail division. It seems competition in the retail sector is just too much for Alphameric, and at least now the company will have a nice wad of cash to invest in its continuing operations, which certainly have good prospects.
Digica	Fox IT	Fox IT is merging its managed services business with Digica in order to focus on the remainng business, its service managememt consultancy.	100%	Not disclosed	The deal means Fox can now focus on the ITSM business while retaining a not insignificant shareholding (22%) in a larger outsourcing business. Within the next twelve months, Digica expects organic growth to take the enlarged business to revenues of £25m - a good step upwards from the c£10m it registered prior to the Fox merger. Operating margins are expected to improve from 10% this year to 15% in two years' time. An impressive achievement if CEO Mark Howling and his team can achieve it.
Serco	ITNET	IT outsourcing and BPO	100%	320p per share valuing INET at £235m	Serco was not the most obvious buyer for ITNET. Frankly our initial thoughts had centred on larger IT-centric outsourcers looking to raise their profile in the UK public sector. First and foremost, the IT services players in UK government will now have a more substantial competitor in Serco+ITNET. In central government, the addition of Serco's scale and resources may help the ITNET business to bounce back from the disappointment of losing its major Cabinet Office during the summer. But we still think it would be best off partnering in that area.
Stilo International	Xia Systems Corp	Canadian company providing consultancy and implementation services. Stilo has acquired certain assets of the content engineering division.	N/a	c£108k	The acquisition introduces Stilo to the North American market and gives it additional project services expertise. At the same time, Stilo announced it has closed its Knowledge Engineering business in an attempt to prevent further losses.
Tikit	Solution 6 Network and Integration Services Ltd	Specialises in the deployment and support of third party network infrastructure solutions to accounting practices and legal firms. Is a subsidiary of MYOB Ltd	100%	c£1m	This is a bite-size acquisition for Tikit, which itself made revenues of nearly £10m in its last full financial year. The deal fits with Tikit's strategy to add specialist services to its portfolio - in this case network security and performance based solutions - and also expands its presence in another professional services industry. Tikit will be able to sell its software application expertise into NIS' client base; the company has revenue support contracts with over 150 UK accountancy firms.
Torex Retail	Alphameric	Provides IT solutions to the retail, hospitality and leisure industries.	100% of Alphameric's retail business	£15m initially (£10m in cash) plus a deferred consideration of up to £15m.	For both companies this is a logical move. There will obviously be an overlap between the two companies' EPoS (Electronic Point of Sale) offerings, but Torex Retail believes it can strip out costs and make substantial savings here. The other benefit, of course, is that Torex Retail will gain increased critical mass on its hardware maintenance activities, where economies of scale are so crucial to success.
XKO	FWL Group Limited	XKO is acquiring subsidiary FWL Manchester, a supplier of software to the distribution and builders' merchant market.	100%	£1.4m	XKO's software division saw sales decrease 8% to £11.2m in the first half of FY05. However, its licence sales in the builders' merchants sector were good and we understand the current pipeline looks encouraging. The company has been looking to expand its customer base in this vertical and claims that with FWL Manchester, its position in the builders' merchant market has now doubled.

Recent IPOs

Name	Activity	S/ITS or Dotcom	Index Class	Market	Issue Price	Market Cap.	IPO Date	Price end Dec 04	Change since IPO
India Outsourcing Services	Indian BPO shell	SITS	CS	AIM	10p	£1.5m	06-Dec-04	27p	165%
Sanderson Group	Enterprise application software	SITS	SP	AIM	50p	£120.0m	14-Dec-04	61p	22%
DAT Group	Mobile phone device management software	SITS	SP	AIM	130p	£25.0m	15-Dec-04	160p	23%

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But to be fair the low profitability now is really just the short-term pain while IDOX gears up for the coming years. IDOX has grown staff by 49% to 140 people over the past year as it builds up a force big enough to deal with the anticipated revenue that is expected to flow in from the government agencies as the Freedom of Information Act (which requires a FoI solution in all departments) kicks in. 2005 should be another positive year for the company if synergies and operational efficiencies between itself and TPFL can be further developed. *(Samad Masood)*

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 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£10,031,000	£19,648,000	£8,017,000	-20.1%
PBT	£1,030,000	£2,018,000	£1,558,000	+51.3%
EPS	3.59p	7.49p	2.87p	-20.1%

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

Alterian plc
	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£1,825,000	£5,668,000	£2,511,000	+37.6%
PBT	-£2,449,000	-£3,232,000	-£1,808,000	Loss both
EPS	-5.40p	-7.10p	-3.60p	Loss both

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

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

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

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

AttentiV Systems Group
	Final - Sep 03		Final - Sep 04	Comparison
REV	£25,655,000		£32,071,000	+25.0%
PBT	£1,130,000		£3,322,000	+194.0%
EPS	5.90p		4.60p	-22.0%

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

Aveva Group plc
	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£16,837,000	£38,113,000	£24,368,000	+44.7%
PBT	£1,363,000	£6,109,000	-£163,000	Profit to loss
EPS	5.19p	22.42p	-1.94p	Profit to loss

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

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

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

Business Systems Group Holdings plc
	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£10,457,000	£22,643,000	£12,624,000	+20.7%
PBT	-£407,000	-£117,000	£196,000	Loss to profit
EPS	-0.52p	-0.15p	0.46p	Loss to profit

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

Charteris plc
	Final - Jul 03		Final - Jul 04	Comparison
REV	£12,174,000		£13,822,000	+13.5%
PBT	-£625,000		£541,000	Loss to Profit
EPS	-1.26p	-1.26p	0.81p	Loss to profit

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

Civica plc
	Final - Sep 03		Final - Sep 04	Comparison
REV	£90,304,000		£75,760,000	-16.1%
PBT	£9,317,000		-£2,059,000	-122.1%
EPS	11.30p		-8.70p	-177.0%

Clarity Commerce plc
	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£4,853,000	£13,325,000	£8,236,000	+69.7%
PBT	£194,000	£511,000	£306,000	+57.7%
EPS	1.12p	2.49p	1.41p	+25.9%

Clinical Computing plc
	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£1,150,000	£1,858,828	£728,000	-36.7%
PBT	-£397,000	-£1,236,892	-£631,000	Loss both
EPS	-1.60p	-4.50p	-2.00p	Loss both

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

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

Comino Group plc
	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£11,323,000	£24,507,000	£12,229,000	+8.0%
PBT	£603,000	£1,713,000	£560,000	-7.1%
EPS	2.60p	6.90p	2.20p	-15.4%

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

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

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

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

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

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

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

Detica Group plc
	Interim - Sep 03	Final - Mar 04	Interim - Sep 03	Comparison
REV	£22,304,000	£53,523,000	£32,620,000	+46.3%
PBT	£3,160,000	£8,775,000	£3,617,000	+14.5%
EPS	10.00p	35.30p	13.40p	+34.0%

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

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

Dimension Data plc
	Final - Sep 03		Final - Sep 04	Comparison
REV	£1,287,248,741		£1,386,910,700	+7.7%
PBT	-£244,385,906		-£2,449,390	Loss both
EPS	-17.68p		-1.56p	Loss both

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

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

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

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

Electronic Data Processing plc
	Final - Sep 03		Final - Sep 04	Comparison
REV	£8,686,000		£8,319,000	-4.2%
PBT	£284,000		£1,032,000	+263.4%
EPS	3.97p		2.61p	-34.3%

Empire Interactive plc
	Interim Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£18,826,000	£30,438,000	£12,127,000	-35.6%
PBT	£2,101,000	£611,000	-£883,000	Profit to loss
EPS	3.10p	1.57p	-1.30p	Profit to loss

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

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

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

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

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

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

Focus Solutions Group plc
	Interim - Sep 03	Final - Mar 04	Interim Sep 04	Comparison
REV	£2,581,000	£5,388,000	£1,921,000	-25.6%
PBT	-£663,000	-£382,000	-£809,000	Loss both
EPS	-2.10p	-1.00p	-2.80p	Loss both

GB Group plc
	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£5,537,000	£11,916,000	£5,232,000	-5.5%
PBT	-£242,000	-£10,000	-£231,000	Loss both
EPS	-0.30p	0.00p	-0.20p	Loss both

Gladstone Plc
	Final - Aug 03		Final - Aug 04	Comparison
REV	£7,935,138		£7,649,463	-3.6%
PBT	£183,583		£498,926	+171.8%
EPS	0.45p		1.19p	+164.4%

Glotel plc
	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£41,796,000	£90,499,000	£58,141,000	+39.1%
PBT	£135,000	£754,000	£1,170,000	+766.7%
EPS	0.10p	1.20p	2.10p	+2000.0%

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

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

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

Harvey Nash Group plc
	Interim - Jul 03	Final - Jan 04	Interim - Jul 04	Comparison
REV	£64,317,000	£130,911,000	£78,907,000	+22.7%
PBT	-£4,448,000	-£4,536,000	£292,000	Loss to profit
EPS	N/a	-8.75p	0.18p	Loss to profit

Highams Systems Services Group plc
	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£4,754,000	£8,559,000	£4,496,000	-5.4%
PBT	-£102,000	-£293,000	-£195,000	Loss both
EPS	-0.52p	-1.50p	-0.83p	Loss both

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

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

IDOX plc
	Final - Oct 03		Final - Oct 04	Comparison
REV	£4,472,305		£9,555,000	+113.6%
PBT	-£595,060		£89,000	Loss to Profit
EPS	-0.42p		0.23p	Loss to Profit

Innovation Group plc (The)
	Final - Sep 03		Final - Sep 04	Comparison
REV	£58,514,000		£58,051,000	-8%
PBT	-£24,088,000		-£7,349,000	Loss both
EPS	-7.67p		-1.98p	Loss both

InTechnology plc
	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£80,058,000	£221,868,000	£132,420,000	+65.4%
PBT	-£3,547,000	-£4,080,000	-£2,167,000	Loss both
EPS	-0.98p	-0.35p	-1.61p	Loss both

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

Interactive Digital Solutions plc
	Interim - Mar 03	Final - Sep 03	Interim - Mar 04	Comparison
REV	£165,741	£191,153	£76,243	-54.0%
PBT	-£545,498	-£1,143,000	-£556,463	Loss both
EPS	-0.33p	-0.65p	-0.31p	Loss both

Intercede Group plc
	Interim - Sep 03	Final - Mar 04	Interim - Sep 03	Comparison
REV	£878,000	£1,605,000	£535,000	-39.1%
PBT	-£269,000	-£661,000	-£558,000	Loss both
EPS	-0.80p	-2.90p	-1.10p	Loss both

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

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

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

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

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

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

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

K3 Business Technology Group plc
	Final - Dec 02		Final - Dec 03	Comparison
REV	£8,088,000		£7,002,000	-13.4%
PBT	£266,000		-£199,000	Profit to Loss
EPS	0.70p		-0.60p	Profit to Loss

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

Kewill Systems plc

	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£10,530,000	£22,147,000	£13,198,000	+25.3%
PBT	£499,000	£1,529,000	£741,000	+48.5%
EPS	0.60p	2.70p	1.00p	+66.7%

Knowledge Technology Solutions Plc

	Final - Jun 03		Final - Jun 04	Comparison
REV	£160,708		£770,185	+379.2%
PBT	-£705,651		-£904,161	Loss both
EPS	-0.73p		-0.71p	Loss both

LogicaCMG plc

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

Lorien plc

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

Macro 4 plc

	Final - Jun 03		Final - Jun 04	Comparison
REV	£32,394,000		£31,240,000	-3.6%
PBT	-£5,165,000		£1,042,000	Loss to profit
EPS	-21.20p		1.90p	Loss to profit

Manpower SoftWare plc

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

Marlborough Stirling plc

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

Mediasurface plc

	Final - Sep 03		Final - Sep 04	Comparison
REV	£5,160,933		£5,403,482	+4.7%
PBT	-£2,229,267		-£737,394	Loss both
EPS	-2.40p		-0.60p	Loss both

Microgen plc

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

Minorplanet Systems Plc

	Final - Aug 03		Final - Aug 04	Comparison
REV	£88,600,000		£33,800,000	-61.9%
PBT	-£52,300,000		-£17,400,000	Loss both
EPS	-54.57p		-22.23p	Loss both

Misys plc

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

Mondas plc

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

Morse plc

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

MSB International plc

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

NCC Group plc

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

Ncipher Plc

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

Netcall plc

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

Netstore plc

	Final - Jun 03		Final - Jun 04	Comparison
REV	£14,197,000		£20,681,000	+45.7%
PBT	-£5,265,000		-£687,000	Loss both
EPS	-5.33p		-0.14p	Loss both

Northgate Information Solutions plc

	Interim - Oct 03	Final - Apr 04	Interim - Oct 04	Comparison
REV	£50,564,000	£93,611,000	£96,816,000	+91.5%
PBT	£402,000	-£10,086,000	£3,881,000	+865.4%
EPS	0.10p	-2.86p	0.24p	+140.0%

NSB Retail Systems plc

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

OneclickHR plc

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

Parity Group plc

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

Patsystems plc

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

Phoenix IT

	Interim - Sep 03	Final - Mar 03	Interim - Sep 04	Comparison
REV	£29,100,000	£58,300,000	£41,500,000	+42.6%
PBT	£5,310,000	£9,314,000	£6,423,000	+21.0%
EPS	N/a	N/a	N/a	N/a

Pilat Media Global plc

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

PC Medics Group Plc

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

Pixology plc

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

Planit Holdings plc

	Final - Apr 03		Final - Apr 04	Comparison
REV	£20,417,000		£26,926,000	+31.9%
PBT	-£571,000		£1,547,000	Loss to profit
EPS	-0.60p		1.00p	Loss to profit

Prologic plc

	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£3,225,000	£7,542,000	£3,628,000	+12.5%
PBT	N/a	£676,000	-£18,000	#VALUE!
EPS	N/a	N/a	N/a	Profit to Loss

PSD Group plc

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

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

Raft International plc

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

Retail Decisions plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£14,723,000	£30,227,000	£15,430,000	+4.8%
PBT	£1,103,000	£2,947,000	£2,502,000	+126.8%
EPS	0.69p	0.50p	0.76p	+10.1%

RM plc

	Final - Sep 03		Final - Sep 04	Comparison
REV	£215,494,000		£263,264,000	+22.2%
PBT	£6,219,000		£7,054,000	+13.4%
EPS	5.20p		4.30p	-17.3%

Royalblue Group plc

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

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

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

ServicePower Technologies plc

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

Sirius Financial Systems plc

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

Sirvis IT plc

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

Sopheon plc

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

Spring Group plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£145,749,000	£360,197,000	£229,194,000	+57.3%
PBT	-£4,538,000	-£18,946,000	£1,548,000	Loss to profit
EPS	-2.67p	-12.92p	1.03p	Loss to profit

StatPro Group plc

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

Stilo International Plc

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

Superscape plc

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

SurfControl plc

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

Synstar plc

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

Systems Union Group plc

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

Tadpole Technology plc

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

Telecity plc

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

Tikit Group plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£3,880,000	£9,558,000	£5,890,000	+51.8%
PBT	£235,000	£713,000	£429,000	+82.6%
EPS	0.80p	2.90p	2.90p	+262.5%

Torex Retail

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

Total Systems plc

	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£2,000,586	£3,843,856	£1,696,642	-15.2%
PBT	£381,061	£715,938	£136,878	-64.1%
EPS	2.50p	4.94p	1.03p	-58.8%

Touchstone Group plc

	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£6,953,000	£14,901,000	£7,749,000	+11.4%
PBT	£159,000	£555,000	-£196,000	Profit to loss
EPS	3.50p	1.50p	-2.41p	Profit to loss

Trace Group plc

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

Triad Group plc

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

Tribal Group plc

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

Ultima Networks plc

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

Ultrasis Group plc

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

Universe Group plc

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

Vega Group plc

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

Vianet Group plc

	Final - Sep 03		Final - Sep 04	Comparison
REV	£33,714		£291,507	764.6%
PBT	-£2,056,476		-£1,806,949	Loss both
EPS	-3.10p		-1.50p	Loss both

VI Group plc

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

Warthog plc

	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£4,955,746	£5,674,899	£1,762,001	-64.4%
PBT	-£2,624,064	-£9,242,673	-£2,617,496	Loss both
EPS	-5.37p	-12.87p	-0.25p	Loss both

Wealth Management Software plc

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

Workplace Systems International plc

	Final - Mar 03		Final - Mar 04	Comparison
REV	£14,241,000		£10,664,000	-25.1%
PBT	-£3,555,000		-£7,398,000	Loss both
EPS	-1.52p		-4.80p	Loss both

Xansa plc

	Interim - Oct 03	Final - Apr 04	Interim - Oct 04	Comparison
REV	£225,700,000	£419,500,000	£189,500,000	-16.0%
PBT	-£12,400,000	-£29,000,000	£4,900,000	Loss to profit
EPS	-4.75p	-11.92p	1.15p	Loss both

XKO Group plc

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

XN Checkout Holdingsplc

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

Xpertise Group plc

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

Holway/SYSTEMHOUSE S/ITS Share Prices and Capitalisation

	SCS Cat.	Share Price 31-Dec-04	Capitalisation 31-Dec-04	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 31-Dec-04	Share price move since 30-Nov-04	Share price % move in 2004	Capitalisation move since 30-Nov-04
AIT Group	CS	£0.31	£16.25m	4.3	0.93	204	-10.79%	-48.76%	-£1.97m
Alphameric	SP	£0.80	£94.74m	-	1.37	367	8.84%	-8.05%	£8.85m
Alterian	SP	£1.03	£40.16m	-	6.40	513	9.63%	49.64%	£3.87m
Anite Group	CS	£0.57	£200.14m	-	1.00	332	6.57%	12.38%	£12.35m
Argonaut Games	SP	£0.03	£3.04m	-	0.57	33	0.00%	-50.00%	£0.00m
Atlantic Global	SP	£0.38	£8.70m	31.1	4.73	1288	-6.17%	-54.76%	-£0.55m
AttentiV Systems	SP	£0.65	£39.38m	13.5	1.56	956	-1.52%	18.18%	-£0.60m
Autonomy Corporation	SP	£1.68	£181.22m	64.1	4.87	51	11.06%	-29.75%	£17.66m
Aveva Group	SP	£6.59	£142.56m	43.0	3.62	3295	3.37%	37.29%	£4.65m
Axon Group	CS	£1.48	£77.08m	23.9	1.49	846	2.78%	-8.64%	£2.09m
Bond International	SP	£0.82	£20.68m	20.6	26.01	1262	13.10%	72.63%	-£162.14m
Brady	SP	£0.91	£25.25m	-	104.65	1117	1.12%	11.73%	-£224.45m
Business Systems	CS	£0.15	£12.63m	12.9	0.60	126	-7.69%	13.21%	-£1.05m
Capita Group	CS	£3.66	£2,427.20m	36.1	2.19	98870	2.45%	50.51%	£58.07m
Charteris	CS	£0.39	£16.56m	47.5	1.09	428	24.19%	45.28%	£3.23m
Chelford Group	CS	£1.28	£8.48m	18.3	8.63	22261	-0.78%	70.67%	-£76.93m
Civica	CS	£2.29	£103.41m	-	1.02	1305	12.01%	30.57%	£11.09m
Clarity Commerce	SP	£0.68	£10.76m	23.8	1.67	540	1.50%	-4.26%	£0.16m
Clinical Computing	SP	£0.33	£10.25m	-	5.09	262	8.33%	-15.58%	£0.79m
CMS Webview	CS	£0.02	£1.30m	-	0.98	116	-18.75%	-86.79%	-£0.30m
CODASciSys	CS	£3.38	£85.72m	26.8	1.20	2616	4.65%	14.41%	£3.81m
Comino	SP	£2.20	£30.51m	32.8	1.17	1688	6.55%	8.93%	£1.88m
Compel Group	CS	£0.92	£30.34m	-	0.48	732	-1.08%	18.06%	-£0.33m
Computacenter	R	£2.91	£549.81m	11.3	0.27	434	7.38%	-38.09%	£37.37m
Computer Software Group	SP	£0.62	£27.05m	18.0	6.42	523	6.96%	44.71%	£1.77m
Corpora	SP	£0.16	£5.59m	-	13.73	408	-18.42%	-48.33%	-£1.26m
DCS Group	CS	£0.11	£2.63m	-	0.04	175	35.48%	-22.22%	£0.69m
Dealogic	SP	£1.35	£94.45m	-	3.18	587	-3.57%	-36.02%	-£3.50m
Delcam	SP	£1.96	£11.85m	8.6	0.64	754	-10.09%	18.07%	-£1.33m
Detica	CS	£7.73	£172.67m	19.3	2.95	1931	9.57%	25.61%	£15.09m
Dicom Group	R	£8.19	£170.63m	42.4	1.07	2509	2.12%	18.88%	£3.55m
Dimension Data	R	£0.38	£510.10m	-	0.35	67	13.43%	1.33%	£60.45m
DRS Data & Research	SP	£0.41	£14.17m	8.1	0.89	373	17.99%	-34.92%	£2.16m
Earthport	SP	£0.02	£9.28m	-	15.59	12	10.34%	-44.83%	£1.30m
Easyscreen	SP	£0.15	£14.31m	-	7.18	88	-17.81%	-28.57%	-£1.52m
Eidos	SP	£0.80	£113.85m	-	0.67	3998	0.00%	-42.86%	£0.00m
Electronic Data Processing	SP	£0.75	£18.18m	28.5	2.02	2281	3.47%	21.14%	£0.62m
Empire Interactive	SP	£0.10	£6.79m	-	0.29	167	-6.98%	-16.67%	-£0.50m
Epic Group	CS	£0.93	£21.66m	23.1	2.95	881	0.54%	-3.65%	£0.12m
Eurolink Managed Services	CS	£0.37	£129.14m	30.9	18.03	365	-2.67%	30.36%	-£3.53m
Ffastfill	SP	£0.06	£12.41m	-	5.14	53	-8.93%	13.84%	-£1.22m
Financial Objects	SP	£0.52	£14.33m	-	1.52	224	-9.65%	112.37%	-£1.52m
Flightstore Group	SP	£0.02	£1.88m	-	5.04	170	36.36%	-82.95%	£0.50m
Flomerics Group	SP	£0.67	£9.74m	22.1	0.94	2558	1.53%	9.92%	£0.15m
Focus Solutions Group	SP	£0.40	£10.98m	-	2.04	203	0.00%	12.86%	£0.01m
GB Group	SP	£0.25	£20.18m	-	1.49	163	13.48%	-17.21%	£2.43m
Gladstone	SP	£0.23	£10.01m	18.8	1.10	569	5.81%	82.00%	£0.56m
Glotel	A	£1.02	£38.99m	30.0	0.48	530	-9.33%	3.03%	-£4.01m
Gresham Computing	CS	£2.76	£137.06m	-	16.67	2968	-19.42%	-17.24%	-£33.02m
Group NBT	CS	£1.04	£19.99m	28.8	2.50	518	4.02%	168.83%	£0.78m
Harrier Group	CS	£0.19	£5.57m	14.5	0.54	148	13.43%	-11.63%	£0.67m
Harvey Nash Group	A	£0.91	£56.73m	-	0.38	517	13.13%	19.87%	£7.27m
Highams Systems Services	A	£0.06	£1.75m	-	0.17	153	-8.33%	-55.10%	-£0.16m
Horizon Technology	CS	£0.78	£84.78m	35.6	0.40	285	0.65%	18.32%	£3.69m
I S Solutions	CS	£0.15	£3.60m	-	0.60	540	0.00%	66.67%	£0.01m
ICM Computer Group	CS	£4.10	£85.27m	28.7	0.95	2278	15.49%	72.63%	£11.44m
IDOX	SP	£0.11	£20.20m	48.4	4.16	14	8.54%	3.49%	£1.60m
In Technology	CS	£0.76	£105.56m	-	0.67	3040	0.00%	25.62%	£0.00m
Innovation Group	SP	£0.35	£152.55m	-	2.87	152	-9.15%	26.36%	-£15.36m
Intelligent Environments	SP	£0.06	£9.17m	-	3.30	66	4.17%	-28.57%	£0.37m
Interactive Digital Solutions	SP	£0.02	£3.24m	-	14.9	650	-10.34%	-41.96%	-£0.37m
Intercede Group	SP	£0.19	£9.31m	-	4.8	308.3	7.25%	5.71%	£0.63m
Invu	SP	£0.23	£18.12m	-	7.09	2421	41.54%	70.37%	£3.96m
IQ-Ludorum	SP	£0.02	£1.22m	-	0.52	20	-7.58%	-15.28%	-£0.09m
iSoft Group	SP	£3.45	£800.03m	113.8	5.98	3136	-10.39%	-6.95%	-£92.53m
ITNET	CS	£3.28	£240.58m	-	1.06	936	20.85%	8.80%	£41.60m
iTrain	SP	£0.08	£6.40m	-	8.27	96	-9.72%	-90.44%	-£0.68m
K3 Business Technology	SP	£1.05	£13.98m	10.5	2.16	802	-7.49%	75.00%	-£1.13m
Kewill	SP	£0.57	£46.77m	17.3	2.40	1131	-11.92%	-2.14%	-£6.33m
Knowledge Technology Solutions	SP	£0.06	£8.16m	-	46.31	1100	10.00%	-45.00%	£0.75m
LogicaCMG	CS	£1.93	£1,446.38m	-	0.81	2640	4.47%	-24.78%	£61.91m
Lorien	A	£0.53	£9.78m	-	0.11	525	-1.87%	-38.95%	-£0.18m

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Holway/SYSTEMHOUSE S/ITS Share Prices and Capitalisation

	SCS Cat.	Share Price 31-Dec-04	Capitalisation 31-Dec-04	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 31-Dec-04	Share price move since 30-Nov-04	Share price % move in 2004	Capitalisation move since 30-Nov-04
Macro 4	SP	£1.83	£33.96m	96.1	1.38	736	-1.35%	15.14%	-£9.06m
Manpower SoftWare	SP	£0.32	£14.01m	31.5	2.78	325	-2.33%	34.04%	-£0.32m
Marlborough Stirling	SP	£0.36	£80.48m	35.5	0.82	254	-14.46%	-19.32%	-£13.60m
Mediasurface	CS	£0.08	£5.74m	-	0.99	551	-3.23%	-46.43%	-£0.18m
Microgen	CS	£0.57	£57.39m	-	2.12	241	2.73%	3.67%	£1.52m
Minorplanet Systems	SP	£0.04	£6.32m	-	0.05	87	30.77%	-87.31%	£1.49m
Misys	SP	£2.09	£1,169.26m	47.6	1.17	2603	-1.41%	-1.18%	-£16.75m
Mondas	SP	£0.19	£4.84m	-	1.54	247	-21.28%	-51.32%	-£1.30m
Morse	R	£0.96	£125.83m	19.6	0.34	384	-4.00%	-32.63%	-£5.24m
MSB International	A	£0.83	£17.02m	61.5	0.25	437	1.22%	-7.26%	£0.21m
NCC Group	CS	£1.93	£62.76m	-	4.04	1153	1.32%	13.24%	£0.82m
Ncipher	SP	£2.11	£56.78m	-	4.53	844	-3.43%	38.82%	-£2.01m
Netcall	SP	£0.19	£12.47m	-	3.94	384	31.03%	-26.92%	£2.96m
Netstore	CS	£0.38	£36.77m	-	2.29	252	14.39%	-2.58%	£4.32m
Northgate Information Solutions	CS	£0.65	£320.71m	-	2.47	248	-5.15%	11.69%	-£16.16m
NSB Retail Systems	SP	£0.27	£93.15m	-	1.54	2304	-6.19%	55.88%	-£6.14m
OneclickHR	SP	£0.04	£5.21m	-	13.18	88	-17.65%	-57.58%	-£58.01m
Parity	A	£0.10	£15.16m	39.4	0.09	1646	-1.25%	-8.14%	-£0.19m
Patsystems	SP	£0.12	£18.13m	-	2.01	114	-15.52%	-30.00%	-£3.32m
PC Medics Group	CS	£0.01	£1.75m	-	1.50	236	0.00%	62.50%	£0.01m
Phoenix IT	CS	£2.74	£169.63m	-	2.69	1015	1.48%	16.60%	£12.63m
Pilat Media Global	SP	£0.37	£18.68m	8.0	2.14	1850	-7.50%	12.12%	-£1.51m
Pixology	SP	£1.92	£38.30m	-	10.99	1372	37.77%	32.07%	£10.50m
Planit Holdings	SP	£0.24	£21.99m	24.0	1.14	1000	-5.88%	-15.79%	-£1.37m
Prologic	CS	£0.78	£7.75m	-	1.03	934	0.00%	-6.63%	£0.00m
PSD Group	A	£2.60	£64.99m	52.0	1.73	1182	0.00%	-11.86%	£0.01m
QA	CS	£0.03	£8.95m	-	0.28	14	8.70%	-26.47%	£0.72m
Quantica	A	£0.47	£18.90m	15.5	0.82	375	-11.43%	-4.12%	-£2.44m
Raft International	SP	£0.09	£5.63m	-	0.62	135	6.25%	-43.33%	£0.34m
Red Squared	CS	£0.09	£2.55m	-	1.54	495	-28.00%	-52.63%	-£0.99m
Retail Decisions	SP	£0.29	£82.84m	33.1	2.36	385	15.15%	123.53%	£10.90m
RM	SP	£1.74	£155.63m	39.4	0.66	4957	10.16%	30.94%	£14.36m
Royalblue Group	SP	£4.45	£145.42m	18.0	2.60	2618	-1.11%	-12.40%	-£1.63m
Sage Group	SP	£2.02	£2,599.75m	20.4	4.41	77788	4.79%	15.08%	£126.62m
SDL	CS	£1.34	£74.92m	-	1.03	893	11.20%	58.58%	£8.50m
ServicePower	SP	£0.34	£25.05m	-	5.34	340	4.62%	-13.92%	£1.11m
Sirius Financial	SP	£0.84	£14.50m	-	0.70	557	-1.18%	12.08%	£0.14m
SiRViS IT plc	CS	£0.06	£6.99m	10.0	2.3	53.3	-5.77%	-18.33%	-£0.42m
Sopheon	SP	£0.24	£26.45m	-	3.68	342	6.74%	48.44%	£1.67m
Spring Group	A	£0.92	£144.65m	-	0.44	1022	-4.66%	-20.35%	-£7.07m
StatPro Group	SP	£0.34	£11.07m	37.2	1.35	419	-2.90%	8.06%	-£0.29m
Stilo International	SP	£0.05	£4.06m	-	1.88	90	-5.26%	-26.23%	-£0.22m
Superscape VR	SP	£0.60	£43.32m	-	35.1	300.5	12.26%	112.50%	£4.74m
SurfControl (was JSB)	SP	£5.50	£164.84m	35.6	3.59	2750	-0.54%	-26.72%	-£7.02m
Systems Union	SP	£1.16	£123.70m	23.6	1.70	888	5.00%	13.24%	£6.05m
Tadpole Technology	SP	£0.10	£37.48m	-	7.40	241	-4.76%	-20.00%	-£1.87m
Telecity	CS	£0.19	£51.02m	-	1.59	24	36.36%	31.58%	£13.61m
Tikit Group	CS	£1.61	£19.87m	30.9	2.17	1396	-4.18%	42.04%	-£0.86m
Torex Retail	SP	£0.76	£247.13m	-	25.37	1894	-1.62%	89.38%	-£4.08m
Total Systems	SP	£0.54	£5.63m	15.4	1.48	1009.4	-0.93%	-6.96%	-£0.05m
Touchstone Group	SP	£0.93	£10.29m	-	0.76	886	-5.10%	-7.92%	-£0.55m
Trace Group	SP	£0.81	£12.23m	17.2	0.79	644	0.00%	24.81%	£0.01m
Triad Group	CS	£0.58	£14.65m	37.8	0.43	426	-5.74%	-2.54%	-£0.88m
Tribal Group	CS	£1.44	£107.74m	-	0.58	873	-2.37%	-56.50%	£0.60m
Ultima Networks	R	£0.02	£3.83m	11.7	1.89	46	0.00%	-6.25%	£0.00m
Ultrasis Group	SP	£0.00	£3.00m	-	3.72	7	-8.22%	-33.00%	-£0.27m
Universe Group	SP	£0.20	£12.36m	-	0.28	900	3.85%	-20.59%	£0.46m
Vega Group	CS	£1.95	£39.69m	34.0	0.99	1598	12.72%	11.43%	£4.49m
VI group	SP	£0.14	£5.31m	-	0.59	285	1.79%	7.55%	£0.10m
Vianet	CS	£0.06	£3.87m	-	239.51	48	-6.12%	-23.33%	-£4.01m
Wealth Management Software	SP	£0.12	£5.82m	-	0.88	92	-9.43%	-33.33%	-£0.60m
Workplace Systems	SP	£0.17	£30.70m	-	2.75	0	4.62%	44.68%	£1.36m
Xansa	CS	£0.93	£317.49m	8.5	0.75	2385	0.54%	9.41%	£1.72m
XKO Group	SP	£0.73	£19.97m	-	0.45	483	3.57%	-14.20%	£0.69m
XN Checkout Holdings	SP	£1.51	£35.82m	-	1.92	1536	34.98%	53.57%	£9.29m
Xpertise Group	CS	£0.01	£3.13m	-	0.80	30	-14.29%	-40.00%	-£0.52m

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2005: HOW TO BEAT THE AVERAGE

31-Dec-04	S/ITS Index	4925.46
	FTSE IT (SCS) Index	485.77
	techMARK 100	1196.40
	FTSE 100	4814.30
	FTSE AIM	1005.80
SCSI Index =1000 on 15th April 1989	FTSE SmallCap	2758.18

Changes in Indices	S/ITS Index	FTSE 100	techMARK 100	FTSE IT SCS Index	FTSE AIM Index	FTSE Small Cap
Month (01/12/04 to 31/12/04)	+1.91%	+2.36%	+1.20%	+1.82%	+1.34%	+2.74%
From 15th Apr 89	+392.55%	+134.43%				
From 1st Jan 90	+435.32%	+103.82%				
From 1st Jan 91	+595.81%	+122.84%				
From 1st Jan 92	+371.40%	+93.10%				
From 1st Jan 93	+209.08%	+69.13%				+98.81%
From 1st Jan 94	+195.01%	+40.83%				+47.60%
From 1st Jan 95	+228.54%	+57.05%				+57.93%
From 1st Jan 96	+118.09%	+30.49%	+51.59%		+5.49%	+42.06%
From 1st Jan 97	+83.96%	+16.89%	+30.80%		+3.04%	+26.34%
From 1st Jan 98	+62.29%	-6.25%	+25.41%	-51.42%	+1.39%	+19.23%
From 1st Jan 99	+24.96%	-18.16%	-17.83%	-66.41%	+25.47%	+33.19%
From 1st Jan 00	-57.06%	-30.53%	-68.34%	-86.93%	-47.96%	-10.96%
From 1st Jan 01	-41.17%	-22.63%	-53.37%	-75.08%	-30.05%	-13.35%
From 1st Jan 02	+2.65%	-7.73%	-18.76%	-42.46%	+12.03%	+6.94%
From 1st Jan 03	+81.56%	+22.18%	+84.41%	+42.78%	+66.83%	+51.50%
From 1st Jan 04	+5.33%	+7.54%	+17.87%	-3.54%	+20.40%	+11.44%

End Dec 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 Nov 04
System Houses	11.9%	-56.4%	-41.4%	5.6%	110.5%	9.7%	2.5%
IT Staff Agencies	-68.0%	-72.1%	-55.6%	-19.9%	20.6%	-21.0%	-2.5%
Resellers	81.4%	-12.6%	15.6%	28.7%	74.0%	-9.2%	3.8%
Software Products	69.5%	-59.2%	-70.4%	-4.6%	58.0%	-2.6%	2.0%
Holway S/ITS Index	25.0%	-57.1%	-41.2%	2.6%	81.6%	5.3%	1.9%

In 2004, one of Ovum's key slogans was "average isn't good enough anymore". It was meant to apply to the modest growth of the UK IT services market, but it applies equally well to share price performance.

In general terms, it wasn't a particularly good twelve months for S/ITS stocks in either the UK or Europe. The FTSE UK S/ITS Index ended down 3.4% in the year while the FTSE Euro S/ITS Index ended down 3.4%. The Ovum S/ITS Index, which is not weighted, ended the year 5% up on twelve months ago.

Anyone whose share portfolio tracked the average would have been better off (yet again) keeping their savings in a high interest deposit account. As around half of the 150 UK S/ITS stocks we track fell, you really did have to work hard (or be very lucky) to beat the average. With the benefit of hindsight, the way to the best share performances in 2004 were:

- Back the IPOs – If you had managed to get a share allocation in each of the 20 or so S/ITS IPOs in 2004 your portfolio would be some 16% up. Contrary to many people's expectations, backing IPOs of Jon Molton's Alchemy investments would have proved particularly rewarding: Civica (up 30%), Sanderson (up 20%) and Phoenix (up 17%).
- Spot the takeover candidates – If you had spotted that London Bridge Software (up 79%), ITNET (up 78%), Synstar (up 53%), Merant (up 45%), Staffware (up 45%) and Diagonal (up 36%) were likely takeover candidates at the start of the year, you would have done spectacularly well.
- Back "boring" companies - Our two Ovum Holway Boring Award holders, Capita (up 51%) and Sage (up 15%), were joined by the next potential holder, Detica (up 26%), in producing decidedly non-boring share price performances.

2005...

As in 2004, we suspect gains in the first part of the year will be eroded in the second half. So, again, just like 2004, you might be better off leaving your savings in the deposit account unless you are confident you can spot the "above average" performers. And, the reasons for the winners and losers will almost certainly be for the same sort of reasons as in 2004. *(Richard Holway)*