

System House

The monthly review of the financial performance of the UK computing services industry
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The big...get bigger

The "average" UK CSI company increased revenues by a modest 5% in 1991/92 - marginally lower than the 6% increase recorded in 1990/91. However, the revenues earned in the UK by the largest companies - i.e. those with UK revenues

in excess of £100m - increased nearly four times faster - by 19%.

Software and Computing Services Top Suppliers to the UK Market in 1992				
Rank	Company	1991	1992	Growth
1	ICL CSI Revenues	£250m	£365m	46%
2	EDS-Scicon	£232m	£255m	10%
3	Andersen Consulting	£172m	£215m	25%
4	IBM CSI Revenues	£170m	£207m	22%
5=	BT Customer Systems	£160m	£172m	8%
5=	Sema Group	£145m	£172m	19%
7	Hoskyns	£165m	£163m	-1%
8	Cray Electronics/Dowty IT	not comparable	£160m	not comparable
9	AT&T Istel - Business Unit	£150m	£150m	0%
10	McDonnell Douglas Info. Systems	not comparable	£108m	not comparable
11=	ACT Group	£91m	£106m	16%
11=	Logica	£101m	£106m	4%
11=	Oracle	£91m	£106m	16%
14	DEC CSI Revenues	£79m	£102m	30%
15=	Data Sciences	not comparable	£100m	not comparable
15=	Microsoft	£67m	£100m	50%

ICL's UK CSI revenues grew by 46% to £365m as a result of acquisitions (e.g. MMI, Lola) and organic growth. The FM operations - CFM - increased revenues by over 50% to £45m and claims forward contracted revenues in excess of £200m. ICL has now opened a lead in excess of £110m on its nearest rival - the combined EDS and SD-Scicon operations. EDS-Scicon increased UK revenues by a rather more modest 10%.

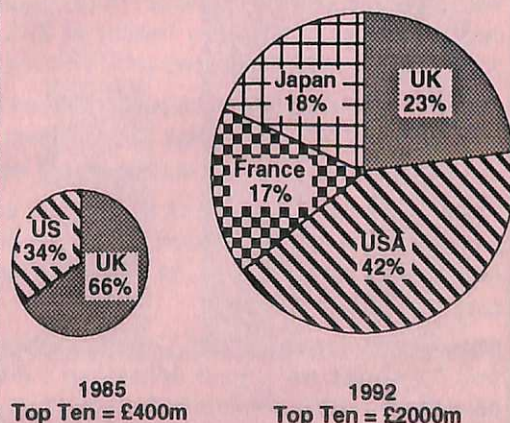
The conventional UK CSI suppliers would do well not to underestimate the major hardware manufacturers for too much longer. They are currently

registering the fastest growth rates - IBM up 22%, DEC up 30% and, lower down the scale, Unisys and Bull are also recording above average CSI growth. Andersen Consulting is the undoubted star performer over the last 7 years. In 1985, they had UK revenues of just £15.8m when Hoskyns, the probable lead supplier in that year, had UK revenues of £52m. This year, Hoskyns' revenues earned in the UK declined by 1% to £163m whereas Andersen has grown by 25% to £215m. But the fastest growth rate is reserved for Microsoft. UK revenues increased by at least 50% to £100m. They, rightly, point out that a significant amount of MS product delivered into the UK market is bundled at source by hardware vendors and is therefore not included. However, if you had suggested in the mid-1980s to any conventional CSI company that Microsoft would be in these hallowed listings, your career prospects would have been adversely affected.

Last year we demonstrated how the UK had lost ownership and control of the UK computing services scene. The picture is little different today. In fact UK ownership of Top Ten UK CSI revenues has slipped from 25% to 23% in the last year, as UK owned companies recorded lower than average growth. But the signs are far more positive. McDonnell Douglas Information Systems is now UK owned, BT Customer Systems is poised for major growth. Cray Electronics could well exceed £200m UK CSI revenues in 1993...and ACT and Misys are growing fast.

The UK has another real star. Micro Focus is the most profitable UK-owned CSI company - £22.3m PBT in the year to 31st January 1993. Their nearest rival (albeit French owned) is Sema (£19.5m) and the second most profitable UK-owned CSI company is ACT (£17m). We look forward to their latest full year results, due to be announced on 8th June, with great interest

Change in Ownership of Top Ten Suppliers of Computing Services to the UK Market 1985 - 1992



the Holway Report

1993 Holway Report Headlines

We have now completed our review of the financial performance of software and computing services (SCSI) companies operating in the UK in 1992. The 1993 Holway Report will be delivered to the many subscribers, who have already ordered their copy, in mid June.

The main findings of the report are as follows:

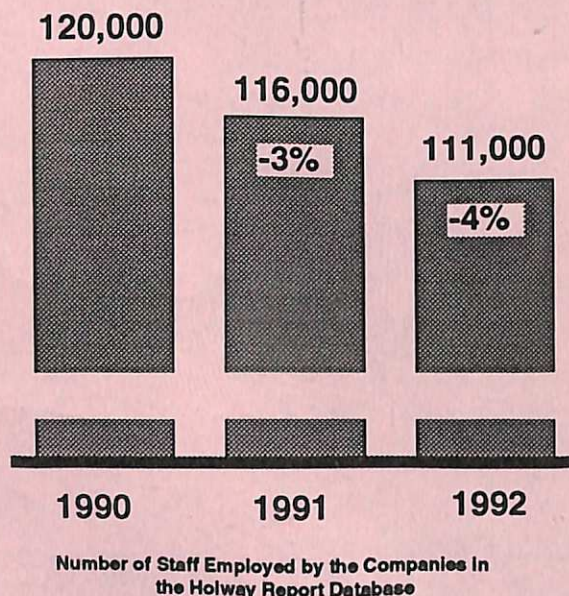
- average revenue growth has slipped from 6% (1990/91) to 5% (1991/2).
- the UK SCSI market was estimated to be worth £6.1 billion in 1992.
- PBT staged a major recovery. A 44% average PBT growth was recorded - compared with a 10% and 22% reduction in the two preceding years.
- 57% of companies improved their financial performance in 1992 but 23% still announced losses. In 1992, unlike the previous year, the larger companies were mainly responsible for the profits surge - many smaller companies had a rotten time.
- the Top Ten suppliers represent a third of the total UK market and the Top Forty represent over 70%.
- average profit margins increased from 4.4% to 5.4%. Macro 4, with a margin of 46%, led the rankings for the eighth consecutive year.
- revenue per employee increased by a modest 2.7% to £74.4K but the rather more important PBT per employee increased by 5% to an average of £4,133.
- average staff costs per employee increased by just 2.2%. Even directors held back, with a 3.2% increase for the average Highest Paid Director. Peter Rigby, who owns most of Specialist Computer Holdings, was the highest paid - £477K. Indeed, he also received dividend payments of £382K making a total of £859K. Geoff Squire at Oracle received a well deserved 31% increase; taking his remuneration to £416K.
- average debtor days reduced from 95 days to 88 days.
- major reduction in average interest paid was due more to the fall in interest rates as borrowing stayed at much the same level.
- this year, at the request of the CSA Accountants Group, we have added several new ratios. The average return on capital employed looks very healthy at 37%, but CSI companies do not usually need substantial capital.
- the average ratio of current assets to current liabilities - a standard test of liquidity - was 1.25. However, over one third of all companies had a current ratio of less than 1.
- there has been a resurgence in both new entries and performance of listed CSI companies. Sector share prices increased by 39% and Gresham Telecomputing was up a massive 900% in the period.
- on a long term basis, Admiral, Capita and Macro 4 are the only companies not to have announced a performance reversal since 1985. Capita is the best long term performer, with an average 65% p.a. increase in EPS since 1985.

"Where have all the IT staff gone..."

Our database now contains over 1000 companies which employed c120,000 staff in 1990. Analysis shows that staff employed reduced by 3% in 1991 followed by a further 4% fall in 1992.

The severity of this problem cannot be overstated. Our figures show that there are now over 9,000 fewer people working for the 1000 companies in our database than two years ago in 1990. We expect considerable movement of staff from one of those 1000 companies to other companies in our database. But for so many staff to fall out completely is unknown. *Where are they? Have they formed new small businesses? Are they subcontracting? Have they found jobs with IT users? Have they gone out of IT altogether? Or are they now part of the 3m UK unemployed?*

"9,000 fewer staff were employed by the c1000 CSI Companies in the Holway Report Database in 1992 than in 1990"



A report from outplacement consultants Drake Beam Morin (DBM) found that a third of its clients were from the IT industry. *"Some of them with specialist skills are getting snapped up by different industries, like banking and retail. Only 19% have been re-employed in IT and quite a few of those have become contract employees".* DBM added that the average redundant employee took over 7 months to find a new job.

In our analysis, the largest number of job losses were recorded at Sema (down 537), Logica (-295) and Hoskyns (-200) - coincidentally these are also the largest employers in our rankings. Fraser Williams reduced staff by 21% or 142 people. There were greatly reduced staff numbers reported at Cray Electronics (-404) and BT Customers Systems (-250); but these were largely due to disposals and reorganisations.

More positively, **Oracle (UK) created 226 new jobs.** Indeed, this month Oracle announced plans to recruit 150 extra consultants in the next year *"in an aggressive bid to expand its UK consultancy business"*. JBA increased staff by 183. Increases at ACT (up 261) and Capita (up 161) were due mainly to acquisitions.

AT&T Istel- growth by acquisition

Istel was created in 1978 as the communications and computing services division of British Leyland. Istel became an independent systems house in 1987, by way of an MBO, and was acquired by AT&T in 1989 for £180m - representing a return in excess of 400% over the MBO cost. Since then AT&T Istel has grown both organically and by the AT&T assisted acquisitions in 1991 of Infoplan (Germany), Belmin Systems (UK), Qa Business Services (assets from receiver - UK) and in 1992 of Dataid (France) and CAB (Germany). They also disposed of Failsafe ROC to Comdisco.

Like many UK CSI companies which are now wholly owned by US companies, the results you get from Companies House are "not very meaningful for someone attempting to track the performance of AT&T Istel". (Their words not ours). The "problem" is that although AT&T Istel manages all of AT&T's European CSI operations - the acquisitions listed above seem to be owned by AT&T not AT&T Istel. "AT&T Istel Business Unit" supplied figures show revenues up 15.5% at £201m but apparently this "understates full year revenue as Dataid was not fully taken over until the end of Q1. Full year revenues would be £230m". No profit figures were provided but an FT article said they were "not thought to have made a profit". Source - FT 8th Jan. 1993. AT&T Istel Ltd.'s 1991 R&A, lodged at Companies House, had reported a loss (before tax) of £11.8m.

The group now employs "just under 4000 people in Europe" - at least 300 less than a year ago. 2200 are employed in the UK which "accounts for 25% (i.e. £175m) of total revenues". The dependence on Rover has reduced each year. In 1991, 25% of total revenues came from the previous parent - in 1992 this had reduced to 22%.

UK revenues seem to have been static - at about £150m in 1992. "It was a hard year with very little growth, if any, in the core business". In Jan. 93, it was announced that the UK was undertaking a fundamental restructuring exercise - a "delaying" of the organisation. 375 jobs were at risk but it is now felt the number will be nearer to 275. Peter Teague became the new CEO as John Leighfield retired.

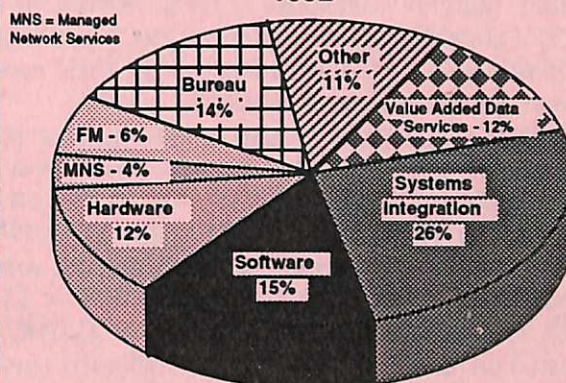
In March 1992, AT&T announced its pan-European managed network service, headed by Dennis Roth. This will be supplied through AT&T Istel; with management centres in the UK, USA and the Netherlands. AT&T expects a boost to revenues of about 20% as users look to concentrate on their core businesses and contract out their peripheral activities.

AT&T claims to be the largest supplier of software and services to the UK health market with revenues exceeding £22m, which would represent about 5% of that market.

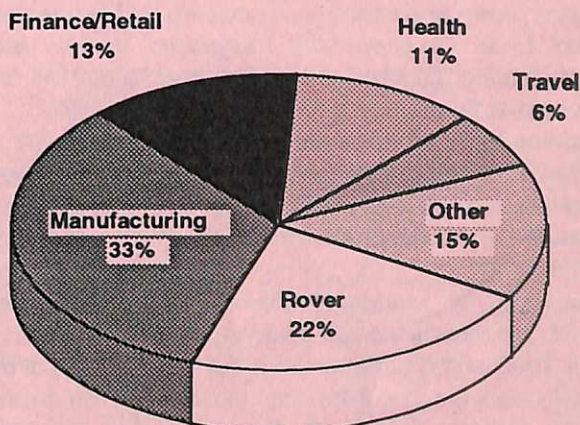
AT&T Istel has been operating a facilities management service since 1979 when it began operating the data centres for BL. It is now one of the larger operators in the UK with over £40m revenues from a variety of sources including seven health care contracts.

The corporate aim, as stated last year, was to become "one of the top three European IT services companies, with a revenue of over £1.5 billion". That is not now the primary objective. "Size isn't everything. We simply want to be the best"

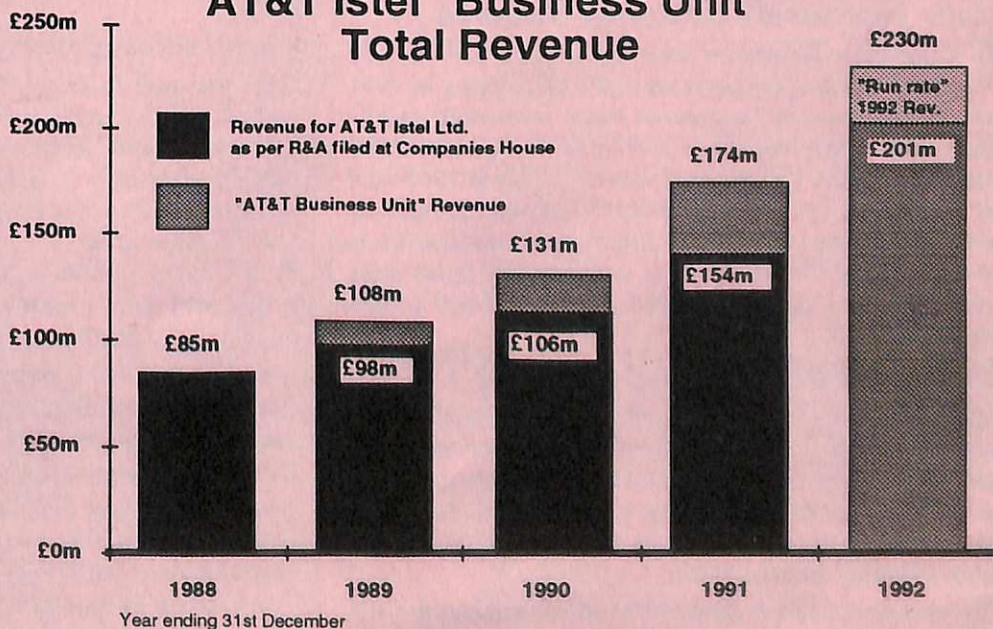
**AT&T Istel - Business Unit
Breakdown of Revenue by Product/Service
1992**



**AT&T Istel Business Unit
Breakdown of 1992 Revenue
By Market**



**AT&T Istel "Business Unit"
Total Revenue**



First year for Maddox

Just like Headland and EIT, **Maddox** was created by a reversal into a quoted "shell" company - Pathfinders in Feb. 92. Again with some similarity, Maddox then went on the acquisitions trail. In Mar 92 they acquired the cable distribution companies - Cable & Flexibles (UK) and Seacoast Inc. (US). But *"during the second half of the year conditions deteriorated rapidly and both these operations reported a significant reduction in activity and substantially poorer results than had been budgeted."* If shareholders approve, Maddox will dispose of these subsidiaries in an MBO for an *"aggregate consideration of \$30.2m (approx. £19.9m) payable on completion"*. Maddox will now *"be focused on the IT support sector"*.

In the IT sector their largest purchase was of PC maintenance operation, **Wakebourne**, for £13m in Aug. 92. In Feb. 93 they acquired the UNIX software development house - **Computer Profiles** for £150K.

Latest results for the year to 31st Dec. 92 are not comparable with the previous period. PBT of £1.1m, which included an exceptional credit of £491K, was reported on revenues of £24.2m. Wakebourne made an operating profit of £906K in the four months from Sept. to Dec.; rather better than the net profits of £2.3m reported in their last full year as an independent.

"The performance of Wakebourne in the first four months of 1993 has matched expectations and the Company has made profits ahead of those budgeted". Computer Profiles has been *"successfully integrated and is already contributing"*. Chairman Hugo Biermann says 1993 *"should compare favourably with the out turn for 1992"*. He is looking for small acquisitions in the support sector which will contribute to his target of a 25% growth this year. This comment might also seem strangely familiar to those who studied the corporate ambitions of EIT, Ferrari and Headland.

Last Aug. 92, Maddox' brokers Williams de Broe issued a BUY for Maddox at 8p. They also forecast PBT of £3.4m for 1992 and £6.5m for 1993. As can be seen, it did not quite work out that way, even though the year in question was already two-thirds through. Now *"brokers are forecasting PBT of c£3.4m"*. The shares have since slipped by a third to 5.25p.

Static year for BT Customer Systems

BT Customer Systems was the largest UK owned provider of computing services to the UK market in 1991 and 1992. However, revenues have remained static - according to the company £197m in the year to 31st December 1992. UK revenue was £172m and 1500 staff are employed. The figures are not directly comparable as some businesses have been discontinued and there has been a change in accounting practices for fixed price contracts - an activity which has caused not a little problem for BT.

Further growth for Computacenter

Computacenter is the largest PC dealer in the UK with a payroll of 1100. Their financial record has been excellent. Latest results for the year to 31st Dec. 92 show revenues up 14% at £256m and PBT up 6% at £8.6m. The 3.4% margin may look small, but it's a whole lot better than most other dealers made in 1992.

The real exception is **Specialist** which achieved a 6% margin on its £83m revenue in 1992.

Increased confidence at INSTEM...

INSTEM, which focuses on computerised control systems for public utilities and others, was badly hit when three of its customers appointed the receiver, creating an exceptional charge of £386K. This contributed to a 43% reduction in PBT to £575K in the year to 31st Dec. 92.

At the AGM this month Chairman David Gare announced new orders worth £5m and performance for the first four months *"broadly in line with the business plan"*. He has increased confidence that INSTEM would *"regain its position on the growth curve in 1993"*.

...and Enterprise

Despite suffering the ignominy of having its report and accounts for the year to Mar. 92 qualified by KPMG, **Enterprise** (which has changed significantly since then under the leadership of Shaun Dowling) was confident that it had the financial resources to avoid a similar qualification this year. Part of this confidence arises from the expected cash injection of £5.3m from the pending merger of **Teltronics** and **Systems Reliability** (where Enterprise still holds a 25% stake after the MBO undertaken in 1991).

Further advances at MMT Computing

MMT Computing has reported PBT up 21% at £865K on revenues little moved at £3.17m for the six months to 28th Feb. 93. EPS advanced 23%.

However, the PBT was struck after making a capital gain of £225K when it reduced its Total Systems shareholding from 6.5% to under 3% just before the period end. Without this PBT would have reduced by 10% to £640K.

It was however a period of mixed fortunes:

- branch companies South-East (consultancy in the insurance market) and AS (IBM AS/400), *"performed exceptionally well"*
- the core business, located in London, *"failed to match the sort of buoyant performance...that looked possible at the beginning of the period"*.
- the MMT training activity continued to trade at a loss
- MMT has still not found a tenant for its previous central London premises although it is now reusing 30% of this itself
- cash, buoyed by the Total sale, stands at over £4m.

MMT still makes 80% of its revenues from mainframe related development work. You may remember Mike Tilbrook's classic remark in May 1990 *"The market is difficult at present and utilisation of fee earning staff is currently 95% as opposed to nearly 100% in earlier years"*. He admits that utilisation fell to 90% last year! Even Tilbrook now sees *"open systems as a major growth area"* and has recently setup an in-house Oracle development facility. One could say *"where have they been these last five years?"*

But readers know of our support to the application software maintenance services (software FM) that now generates 25% of MMT's revenues.

"We have become accustomed to a more difficult trading environment and feel strong and positive about future opportunities". After their strategic and highly profitable investments in Quotient and Total, we will watch with interest for new targets.

ACT Group plc	Results Revenue PBT EPS	Interim - Sep 91 £ 52,588,000 £ 7,648,000 5.13p	Final - Mar 92 £ 119,447,000 £ 17,020,000 10.83p	Interim - Sep 92 £ 72,120,000 £ 9,543,000 5.34p	Interim Comparison +37.1% +24.8% +4.1%
Admiral plc	Results Revenue PBT EPS	Final - Dec 91 £ 26,104,000 £ 3,472,000 21.9p		Final - Dec 92 £ 30,870,000 £ 3,886,000 24.2p	Final Comparison +18.3% +14.8% +10.5%
Capita Group plc	Results Revenue PBT EPS	Final - December 91 £ 24,711,830 £ 3,448,487 15.71p		Final - Dec 92 £ 33,098,452 £ 4,406,012 19.3p	Final Comparison +33.9% +27.8% +22.9%
Computer People Group plc	Results Revenue PBT EPS	Final - Dec 91 £ 67,660,000 £ 1,006,000 5.48p		Final - Dec 92 £ 62,735,000 £ 145,000 (0.97p)	Final Comparison -7.3% -85.6% Profit to Loss
Cray Electronics Holding plc	Results Revenue PBT EPS	Interim - Oct 91 £ 40,044,000 £ 536,000 0.47p	Final - Apr 92 £ 84,786,000 £ 4,787,000 3.2p	Interim - Oct 92 £ 81,862,000 £ 17,833,000 10.33p	Interim Comparison not comparable not comparable not comparable
EIT Group plc	Results Revenue PBT EPS	Final - Mar 91 £ 485,052 (£ 246,437) (4.15p)		Final - Mar 92 £ 7,028,738 (£ 190,510) (1.3p)	Final Comparison +1349% Loss both Loss both
Electronic Data Processing plc	Results Revenue PBT EPS	Final - Sep 91 £ 17,420,000 £ 4,083,000 32.83p		Final - Sep 92 £ 15,455,000 £ 4,877,000 38.4p	Final Comparison -11.3% +19.4% +17%
Enterprise Computer Holdings plc	Results Revenue PBT EPS	Interim - Sep 92 £ 57,604,000 (£ 3,398,000) (4.6p)	Final - 15 mos to Mar 92 £ 157,857,000 (£ 8,330,000) (9.8p)	Interim - Sep 92 £ 35,524,000 (£ 3,392,000) (4.3p)	Interim Comparison -38.3% Loss both Loss both
Gresham Telecomputing plc	Results Revenue PBT EPS	Final - Oct 91 £ 6,296,000 £ 355,000 1.0p		Final - Oct 92 £ 7,250,000 £ 767,000 1.94p	Final Comparison +15.2% +116.1% +94.0%
INSTEM plc	Results Revenue PBT EPS	Final - Dec 91 £ 15,810,000 £ 1,010,000 15.2p		Final - Dec 92 £ 14,272,000 £ 575,000 8.5p	Final Comparison -9.7% -43.1% -44.1%
Kalamazoo Computer Group plc	Results Revenue PBT EPS	Interim - Sep 91 £ 26,488,000 £ 1,554,000 2.7p	Final - 8 mos- Mar 92 £ 38,300,000 £ 611,000 Nil	Interim - Sep 92 £ 27,576,000 (£ 86,000) Loss	Interim Comparison +4.1% Profit to Loss Profit to Loss
Kewill Systems plc	Results Revenue PBT EPS	Interim - Sep 91 £ 21,459,000 £ 1,685,000 13.56p	Final - Mar 92 £ 41,824,000 £ 2,421,000 19.91p	Interim - Sep 92 £ 15,418,000 (£ 172,000) (3.58p)	Interim Comparison -28.2% Profit to Loss Profit to Loss
Kode International plc	Results Revenue PBT EPS	Final - Dec 91 £ 15,693,000 £ 486,000 3.9p		Final - Dec 92 £ 18,335,000 £ 1,031,000 8.6p	Final Comparison +16.8% +112.1% +120.5%
Learmonth & Burchett Management Systems plc	Results Revenue PBT EPS	Interim - Oct 91 £ 10,051,000 (£ 281,000) (1.7p)	Final - Apr 92 £ 21,404,000 £ 303,000 0.7p	Interim - Oct 92 £ 10,713,000 £ 753,000 3.1p	Interim Comparison +6.6% Loss to Profit Loss to Profit
Logica plc	Results Revenue PBT EPS	Interim - Dec 91 £ 98,575,000 £ 2,155,000 2.1p	Final - Jun 92 £ 200,383,000 £ 7,062,000 7.0p	Interim - Dec 92 £ 104,208,000 £ 4,136,000 3.7p	Interim Comparison +5.7% +91.9% +76.2%
MR Data Management plc (was Microfilm Reprographic)	Results Revenue PBT EPS	Interim - Dec 91 £ 16,338,000 £ 3,809,000 4.58p	Final - Jun 92 £ 33,711,000 £ 8,227,000 10.6p	Interim - Dec 92 £ 18,629,000 £ 4,020,000 4.89p	Interim Comparison +14.0% +5.5% +6.8%
Macro 4 plc	Results Revenue PBT EPS	Interim - Dec 91 £ 8,829,000 £ 3,828,000 11.5p	Final - Jun 92 £ 19,016,000 £ 8,750,000 26.5p	Interim - Dec 92 £ 11,213,000 £ 4,935,000 14.8p	Interim Comparison +27.0% +28.9% +28.7%
Maddox Group plc	Results Revenue PBT EPS	Final - Dec 91 £ 222,809 (£ 311,542) (1.43p)		Final - Dec 92 £ 24,171,000 £ 1,134,000 0.39p	Final Comparison Not comparable Loss to Profit Loss to Profit
Micro Focus plc	Results Revenue PBT EPS	Final - Jan 92 £ 55,869,000 £ 18,146,000 83.1p		Final - Jan 93 £ 67,700,000 £ 22,300,000 110.1p	Final Comparison +21.1% +23.2% +27.4%
Microgen Holdings plc	Results Revenue PBT EPS	Final - Oct 91 £ 47,735,000 £ 7,283,000 12.2p		Final - Oct 92 £ 49,316,000 £ 8,243,000 13.8p	Final Comparison +3.3% +13.2% +13.1%

Richard Holway Results Service

Microvitec plc	Results Revenue PBT EPS	Final - Dec 91 £ 36,873,000 (£ 3,847,000) (5.3p)		Final - Dec 92 £ 49,888,000 (£ 2,137,000) (3.4p)	Final Comparison +35.3% Loss both Loss both
Misys plc	Results Revenue PBT EPS	Interim - Nov 91 £ 32,304,000 £ 3,585,000 7.0p	Final - May 92 £ 68,023,000 £ 9,118,000 17.8p	Interim - Nov 92 £ 41,147,000 £ 6,757,000 11.9p	Interim Comparison +27.4% +88.5% +70.0%
MMT Computing plc	Results Revenue PBT EPS	Interim - Feb 92 £ 3,009,000 £ 712,000 3.9p	Final - Aug 92 £ 6,220,000 £ 1,500,000 7.9p	Interim - Feb 93 £ 3,165,000 £ 865,000 4.8p	Interim Comparison +5.2% +21.5% +23.1%
P & P plc	Results Revenue PBT EPS	Final - Nov 91 £ 228,324,000 £ 711,000 0.9p		Final - Nov 92 £ 222,752,000 £ 2,012,000 1.9p	Final Comparison -2.4% +183.0% +111.1%
P-E International plc	Results Revenue PBT EPS	Final - Dec 91 £ 68,750,000 £ 1,622,000 4.9p		Final - Dec 92 £ 71,108,000 £ 160,000 (0.22p)	Final Comparison +3.4% -90.1% Profit to Loss
Pegasus Group plc	Results Revenue PBT EPS	Final - Jul 91(Restated) £ 8,493,000 £ 1,512,000 18.1p		Final - Dec 92 £ 10,269,000 £ 620,000 7.3p	Final Comparison (Note yr end) +20.9% -59.0% -59.7%
Proteus International plc	Results Revenue PBT EPS	Interim - Sep 91 £ 2,000 (£ 1,119,000) (5.12p)	Final - Mar 92 £ 3,000 (£ 2,408,000) (11.05p)	Interim - Sep 92 £ 0 (£ 1,205,000) (4.73p)	Interim Comparison Not comparable Loss both Loss both
Quality Software Prod. Holdings plc	Results Revenue PBT EPS	Final - Dec 91 £ 11,105,698 £ 1,501,039 21.9p		Final - Dec 92 £ 13,118,000 £ 1,201,000 16.2p	Final Comparison +18.1% -20.0% -26.0%
Radius plc	Results Revenue PBT EPS	Final - Nov 91 £ 28,115,000 £ 366,000 0.8p		Final - Nov 92 £ 24,012,000 £ 1,231,000 2.9p	Final Comparison -14.6% +236.3% +262.5%
Real Time Control plc	Results Revenue PBT EPS	Interim - Sep 91 £ 3,002,000 £ 507,000 4.9p	Final - Mar 92 £ 6,835,000 £ 1,192,000 11.1p	Interim - Sep 92 £ 3,134,000 £ 258,000 2.5p	Interim Comparison +4.4% -49.1% -49.0%
Rolfe & Nolan Computer Services plc	Results Revenue PBT EPS	Final - Feb 92 £ 6,737,000 £ 1,390,000 15.9p		Final - Feb 93 £ 11,232,000 £ 1,216,000 17.7p	Final Comparison +66.7% -12.5% +11.3%
Sage Group plc	Results Revenue PBT EPS	Interim - Mar 92 £ 14,489,000 £ 4,340,000 14.53p	Final - Sep 92 £ 27,274,000 £ 8,853,000 30.9p	Interim - Mar 93 £ 20,983,000 £ 5,380,000 17.68p	Interim Comparison +44.8% +24.0% +21.7%
Sanderson Electronics plc	Results Revenue PBT EPS	Final - Sep 91 £ 20,503,000 £ 2,403,000 19.2p		Final - Sep 92 £ 21,398,000 £ 2,805,000 24.0p	Final Comparison +4.4% +16.7% +25%
Sema Group plc	Results Revenue PBT EPS	Final - Dec 91 £ 412,501,000 £ 14,015,000 11.02p		Final - Dec 92 £ 416,675,000 £ 19,458,000 13.22p	Final Comparison +1.0% +38.8% +20.0%
Sherwood Computer Services plc	Results Revenue PBT EPS	Final - Dec 91 £ 22,321,000 £ 2,446,000 19.6p		Final - Dec 92 £ 21,103,000 £ 3,004,000 27.5p	Final Comparison -5.5% +22.8% +40.3%
Total Systems plc	Results Revenue PBT EPS	Interim - Sep 91 £ 1,285,264 £ 351,002 2.38p	Final - Mar 92 £ 2,796,777 £ 756,880 5.11p	Interim - Sep 92 £ 1,361,536 £ 424,536 2.85p	Interim Comparison +5.9% +20.9% +19.7%
Trace Computers plc	Results Revenue PBT EPS	Interim - Nov 91 £ 9,715,000 £ 221,000 1.52p	Final - May 92 £ 19,491,000 £ 502,000 2.89p	Interim - Nov 92 £ 8,835,000 £ 105,000 0.78p	Interim Comparison -9.1% -52.5% -48.7%
Vega Group plc	Results Revenue PBT EPS	Interim - Oct 91 £ 2,756,000 £ 517,000 2.5p	Final - Apr 92 £ 6,269,000 £ 1,433,000 7.23p	Interim - Oct 92 £ 3,623,000 £ 631,000 2.9p	Interim Comparison +31.5% +22.1% +16%
Vistec Group plc	Results Revenue PBT EPS	Interim - Oct 91 £ 14,271,000 £ 1,010,000 0.56p	Final - Apr 92 £ 32,287,000 £ 2,714,000 1.52p	Interim - Oct 92 £ 18,703,000 £ 1,305,000 0.73p	Interim Comparison +31.1% +29.2% +30.4%

Acquisitions, disposals and liquidations

Share sales at Admiral

In May 1993, Clay Brendish and Ceri James, the two founder directors at Admiral, sold a third of their stake - realising some £5.6m in the process "The company maintains the sales were part of an attempt to convince the City that Admiral is no longer dominated by a small group of directors. The move means that half the stock is now in the market, giving the shares a much greater liquidity". Source - Sunday Times 9th May 1993. Director share sales often come before a performance fall. But, for once, we would be very surprised if this happened in Admiral's case.

Kalamazoo goes Dutch

Kalamazoo has acquired the Dutch systems company, CBA/Nederland for £962K cash. CBA is a leading supplier to some 250 motor dealers in Holland - just as Kalamazoo is in the UK. In 1992, CBA had profits of £90K on revenues of £3.8m. Mike Langmore, Kalamazoo's CEO, said that it was important that their first motor trade acquisition outside the UK was the right one and that "considerable effort had been put in to identifying the right partner".

EDS-Scicon, Computer Sciences (CSC) and IBM on two important short-lists

The BAe and Inland Revenue outsourcing contracts are two of the biggest currently on offer - worth an estimated £1.5b. EDS-Scicon, CSC and IBM have been short-listed for both. Interestingly, IBM have teamed up with DEC on the BAe tender and CSC for the Inland Revenue.

It is an interesting fact of UK economic reality that no UK-owned company reached the short-list for these two strategically important contracts. Even European majors, CGS/Hoskyns and Sema, failed to get through to the last round. But perhaps even more surprisingly, ICL - which is still the major IT supplier to Government and a leading UK FM supplier - also didn't make it. As they say, they wouldn't allow that to happen in France.

A tale of two studies

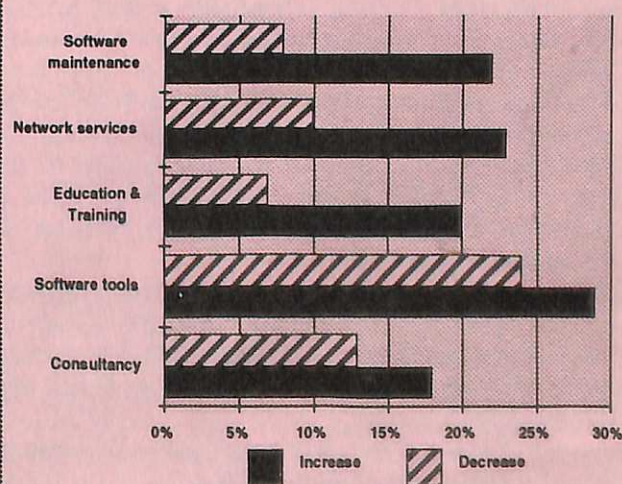
Two studies were published this month which came to remarkably similar conclusions. The CSA Buy IT In survey is now in its third year. A part of the survey asked IT directors in the major corporates the service areas where they expected to increase spend in the next year. A similar study was undertaken with 135 corporates by Business Marketing Services on behalf of RHM Computing.

Both studies put application software maintenance high in the rankings. This will be further music to the ears of FI Group and MMT. Network services, particularly the fast growing network support sector, was the second fastest growth area in both studies. Training figures third in both rankings. This is particularly encouraging as we recorded in 1992 the third consecutive year when IT training spend declined. IT consultancy is also set for significant growth.

Conversely, both studies find users cold about FM with the CSA study finding no buyers expecting to increase their FM usage. In the BMS survey only 4% expect to increase FM spend. Our findings show the exact opposite with a forecast 25% p.a. increase in FM spend through to 1996.

The others... Sheffield based PC dealer ACT Computer Solutions (no connection with ACT Group plc) has gone into liquidation. Touchstone Computers has bought VAR - Sapphire ASC. It was also Systems Union's sole UK distributor. Direct PC supplier, MJN Technology has gone into liquidation owing £2.9m. The Dudley based Icon Computer Superstore has also appointed the receiver only two months after it opened. Proteus International, the computer-aided molecular modelling specialist, has formed a joint venture, Bioprobe Ltd., with University College Dublin to produce diagnostics for vets. Misys has announced that it has failed to agree terms to acquire insurance broker systems competitor, Burns Anderson Independent Network (BAIN). Logica has sold its Callserver UNIX-based speech and call processing activities in an MBO for £187K plus a max. of £1.3m over the next five years. Reuters has paid £7m cash for Effix Holdings of France which supplies dealing room software. Last year Reuters bought a 35% stake in Effix' software marketing subsidiary for £3m. Guildford based Interactive Development Environments has acquired Programming Environments, a US developer of tools for automatically generating test cases for software projects. Lloyds Development Capital has backed a £2.5m MBO of Systemcare. The company is targeting £3m revenue in 1993 and specialises in warehousing and distribution systems. Ian McNeill (ex of Kernel) becomes Chairman. Geac Computer Corp (Canada) has acquired the MAI (UK) Ltd. and Tekserv Computer Services Ltd., which had combined revenues of around £1.2m, in a deal valued at around £500K. Dutch Sydec Holdings appointed the receivers leaving Sydec UK "fighting for survival". Sydec forecasts 1993 revenues of £15m in the UK including £5m from its systems unit. An MBO is being discussed. Sherwood Computer Services has taken on 34 of the former employees of Premier Systems (London) which called in the receivers last month. Premier blamed their collapse on the Taurus fiasco. Microgen, via its Swedish Capella subsidiary, has acquired the COM business of EDB A/S in Norway. Consideration is £1.14m - £950K now, the remainder after a year. EDB has revenues of £2.85m.

CSA Buy IT In survey 1993
Bought in services
Changes expected in next 12 months



The Gainers

CSI Companies turn to the Stock Exchange

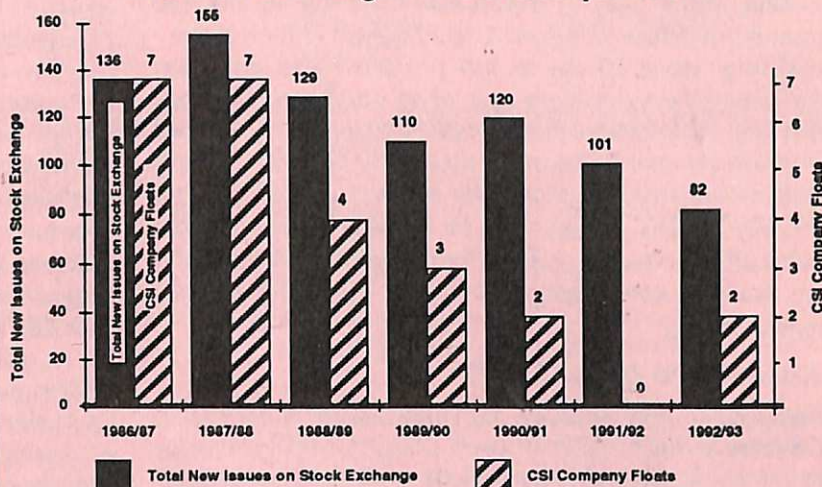
The launch of virtual reality systems specialist, the **Division Group** and **Phonelink** (see below) is a precursor of several other launches planned for 1993.

CSI floatations had been out of fashion. As the chart shows, although total floatations have reduced since Black Monday, CSI floatations had almost dried up. Indeed, quoted companies been acquired greatly exceeded new entrants. In 1988 there were 49 quoted CSI companies - there were just 39 in April 1993.

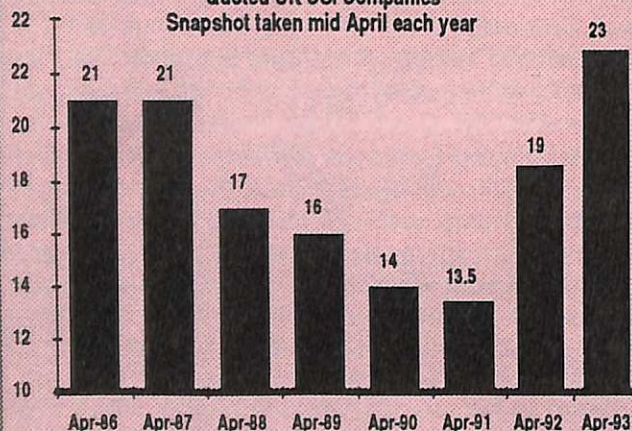
But has the last year (May 92 - Apr. 93) seen the start of an upsurge? Two new CSI entries - **Vega** and **QSP** - were both well received. Purists might well add **Maddox** to the list - although they bought an existing non CSI company (Pathfinders) to obtain their quote. Quoted CSI stocks are now in favour. Our

CSI Index has risen by 140% since 1st Jan. 91. As can be seen P/E's of profitable quoted CSI companies have never been higher. P/E's measure the market's view of anticipated future profits.

Resurgence of interest in Stock Exchange for CSI Companies?



Historic P/E's of Profit Making Quoted UK CSI Companies
Snapshot taken mid April each year



Although we would welcome a return to more CSI listings, companies so tempted should remember that there are disadvantages too. The publicity may be exciting when the company is doing well - but can be very damaging when it is not. Policies of open information to staff have to be reviewed. Much time has to be taken briefing the City - time which many feel could be better used advancing their business. And the whole listing process costs a fortune anyway. But it is good to see UK CSI companies gaining the City backing which has been so lacking in the past.

Back to reality with Phonelink

Phonelink shares commence trading on 1st June. They were formed in August 1989 to develop a "unique and sophisticated information retrieval system" for telephones. The first use of their technology was Datacare for business customers and this has accounted for the majority of Phonelink's revenue to date of £923K for the year to 31 Mar. 93 - up 13% on the 1992 revenue. Phonelink has made reasonable profits since incorporation; £140K in 1992 but only £31K in 1993. This was mainly due to nearly doubled development costs, at £414K. Brokers Allied Provincial are placing 25% of the shares at 155p to raise nearly £10m; giving Phonelink a quite incredible capitalisation of £55m. Again working out the P/E is pointless.

But Phonelink do have a huge potential market. They have a minimum six year contract with BT for a Teledirectory which will enable BT customers to obtain telephone numbers through a connected PC. The directors have estimated that total accesses to BT databases and their equivalents could be approx. 1billion annually. Another product - Tel-Me - is planned for launch in 1994 and the company has established a strategic link with IBM which will not only pre-load Phonelink software on all IBM PCs, but also market Tel-Me. Many other related applications are planned.

If Phonelink does "fundamentally change the way information is obtained and used by businesses and individuals in the future", maybe all the hype will be justified.

Division Group comes to the market

Division Group's virtual reality software "enables the user to 'pass through' the flat computer display window and become part of a three dimensional world". Division has a chequered financial record with losses of over £100K each year since 1990 but the five month figures to 31 Mar. 93 do show a small PBT of £19K on revenue of £746K. Revenue for the last full financial year to 31 Oct. 92 was meagre £1.1m. This record is hardly inspiring but brokers Henry Cooke Lumsden are placing some 15.4m shares (around 45% in all) at 40p which means a capitalisation of £13.5m at the placing price. Working out a P/E on this is beyond us.

But according to the placing document "the level of interest in Virtual Reality is phenomenal and the Group is experiencing a rapidly increasing demand for its product. Sales for the first half of the year have been in line with Directors' expectations".

As is now the norm with HCD share issues (remember Tadpole), the share price went into the virtual stratosphere. The 40p issue price reached a high of 102p before settling back slightly to end the month on 96p.

A month of modest change

Movement in the CSI Index and the FTSE 100 was restricted to an increase of less than 1% in May.

The market reacted to record results at **Sherwood Computer Services**, which reported a 40% increase in EPS in April....by marking the shares down 19% in May - the largest fall in the month. **Trace Computer** was down 14% on anticipation of full year results to be announced soon. **ACT Group** lost 8%, also in anticipation of full year results due on 8th June

At the other end of the scale, **Real Time Control**, rose 20%; this time in anticipation of recovery when full year results, due in the next month. **P-E International** also continued its share price recovery with a 19% gain in May; making a total increase of 51% so far this year. However, P-E still has a rather unrealistically low capitalisation of just £16.2m for a company with annual revenues in excess of £71m. **Computer People** also continued its recovery - up 15% on the month making 55% so far in 1993. If the "green shoots" really are there this time, Computer People could be the first to benefit.

Micro Focus had gone into a rather unusual share price dive in recent months. There had been talk of problems with the relationship with Microsoft. For the last five years, Micro Focus had provided the COBOL technology behind Microsoft's COBOL Professional Development System.

MS has now decided to confirm the relationship and to sell the Micro Focus product to users developing Windows' based systems in COBOL. Micro Focus shares rose 180p on the announcement.

Directors major share sales at **Admiral** (see page 7) were clearly well orchestrated as their shares were unchanged on the month.

New entry, **Quality**, put on another 6% - that's a 41% gain since the launch. Next month, we will include **Division** (up a massive 150% since its launch) and **Phonelink**.

Computing Services Index 31st May 1993

April 15th 1989 = 1000

Changes in Indices	CSI Index	FTSE 100	FTSE Small Cap
Month - 30/4/93 - 31/5/93	+0.74%	+0.98%	+1.72%
From 15th Apr 89	+72.64%	+38.33%	
From 1st Jan 90	+87.63%	+20.27%	
From 1st Jan 91	+143.89%	+31.49%	
From 1st Jan 92	+65.23%	+13.94%	
From 1st Jan 93	+8.33%	-0.20%	+17.38%

System House CSI Share Prices and Capitalisation

	Share Price 31/5/1993 (£p)	Capitalisation 31/5/1993 (£m)	Historic P/E	CSI Index 31/5/93	Share price % move since 30/4/93	Share price % move in 1993	Capitalisation move (£m) since 30/4/93	Capitalisation move (£m) in 1993
ACT	£1.53	£215.70m	14.13	2428.57	-7.83%	3.38%	-£ 18.40m	£7.00m
Admiral	£4.36	£47.10m	18.02	3159.42	-0.46%	13.25%	-£ 0.20m	£5.80m
Capita	£1.75	£82.90m	9.07	5255.26	3.55%	24.11%	£3.10m	£19.00m
Computer People	£1.15	£16.00m	Loss	473.25	15.00%	55.41%	£2.10m	£5.70m
Cray Electronics	£1.53	£310.00m	47.81	894.74	6.99%	40.37%	£20.30m	£89.50m
EIT Group (Suspended)	£0.10	£4.75m	Loss	82.61	0.00%	-38.71%	£0.00m	-£ 3.00m
Electronic Data Processing	£5.55	£48.30m	14.45	5663.27	-0.54%	15.63%	-£ 0.20m	£6.50m
Enterprise	£0.28	£22.40m	Loss	220.00	10.00%	34.15%	£2.00m	£7.20m
Gresham Telecomputing	£1.60	£51.00m	82.47	1720.43	-6.43%	451.72%	-£ 3.50m	£41.76m
INSTEM	£1.35	£6.07m	15.88	1350.00	8.00%	58.82%	£0.45m	£2.25m
Kalamazoo	£0.51	£9.40m	Loss	1457.14	0.00%	92.45%	£0.00m	£4.52m
Kewill	£1.73	£20.70m	8.69	683.79	9.49%	214.55%	£1.80m	£14.13m
Kode International	£2.02	£18.80m	23.49	939.53	13.48%	102.00%	£2.30m	£9.51m
Learmonth & Burchett	£3.00	£53.80m	428.57	2500.00	-9.91%	136.22%	-£ 6.00m	£32.60m
Logica	£2.30	£141.40m	32.86	630.14	1.77%	39.39%	£2.40m	£40.10m
Macro 4	£6.53	£146.90m	24.64	2633.06	-1.80%	24.86%	-£ 2.70m	£29.20m
Maddox Group	£0.07	£29.00m	16.67	1444.44	0.00%	-10.34%	£0.00m	-£ 3.30m
Micro Focus	£22.80	£316.90m	20.71	11014.49	11.22%	-15.24%	£31.90m	-£ 51.60m
Microgen	£1.88	£74.10m	13.62	803.42	-5.05%	0.00%	-£ 3.90m	£0.80m
Microvitec	£0.25	£16.30m	Loss	609.76	-7.41%	4.17%	-£ 1.30m	£0.60m
Misys	£5.07	£196.20m	28.48	1261.19	6.29%	41.62%	£11.60m	£58.40m
MMT	£1.19	£12.60m	15.06	708.33	9.17%	7.21%	£1.00m	£0.80m
MR Data Management	£1.80	£98.60m	16.98	714.29	-2.70%	-7.22%	-£ 2.80m	-£ 7.70m
P&P	£0.70	£38.80m	77.78	313.90	-4.11%	141.38%	-£ 1.70m	£22.70m
P-E International	£0.74	£16.20m	Loss	304.53	19.35%	51.02%	£2.60m	£5.50m
Pegasus	£1.58	£10.20m	21.64	430.52	-5.95%	37.39%	-£ 0.60m	£2.89m
Proteus	£3.44	£92.90m	Loss	4095.24	-11.79%	-17.11%	-£ 12.40m	-£ 18.60m
Quality Software	£5.19	£40.40m	32.04	1365.79	5.70%	36.58%	£2.11m	£10.80m
Radius	£0.60	£16.40m	20.69	434.78	1.69%	39.53%	£0.30m	£4.70m
Real Time Control	£0.77	£5.39m	6.94	1571.43	20.31%	-10.47%	£0.91m	-£ 0.63m
Rolfe & Nolan	£2.60	£14.70m	14.69	1547.62	-1.89%	8.33%	-£ 0.30m	£1.10m
Sage Group	£5.62	£115.20m	18.19	4323.08	-5.86%	15.16%	-£ 7.20m	£15.20m
Sanderson	£3.18	£28.00m	13.25	1353.19	5.65%	40.09%	£1.50m	£8.00m
Sema Group	£3.02	£274.80m	22.84	949.69	2.03%	-5.63%	£5.40m	-£ 16.40m
Sherwood	£2.50	£15.30m	9.09	2083.33	-19.35%	-1.96%	-£ 3.60m	-£ 0.50m
Total	£0.83	£8.30m	16.24	1566.04	0.61%	9.21%	£0.00m	£0.70m
Trace	£0.42	£5.91m	14.53	336.00	-14.29%	16.67%	-£ 0.94m	£0.91m
Vega Group	£1.27	£17.90m	17.57	1040.984	0.00%	13.39%	£0.00m	£2.10m
Vistec	£0.34	£40.70m	22.04	1456.522	15.52%	36.73%	£5.50m	£12.90m

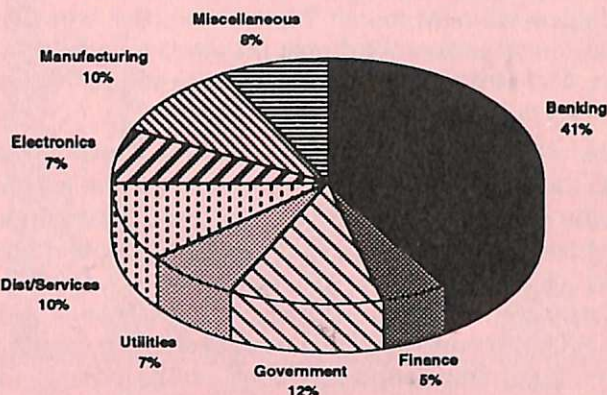
Note: CSI Index set at 1000 on 15th April 1989. Any new entrants to the Stock Exchange are allocated an index of 1000 based on the issue price. The CSI Index is not weighted; a change in the share price of the largest company has the same effect as a similar change for the smallest company.

Return to profits for BIS

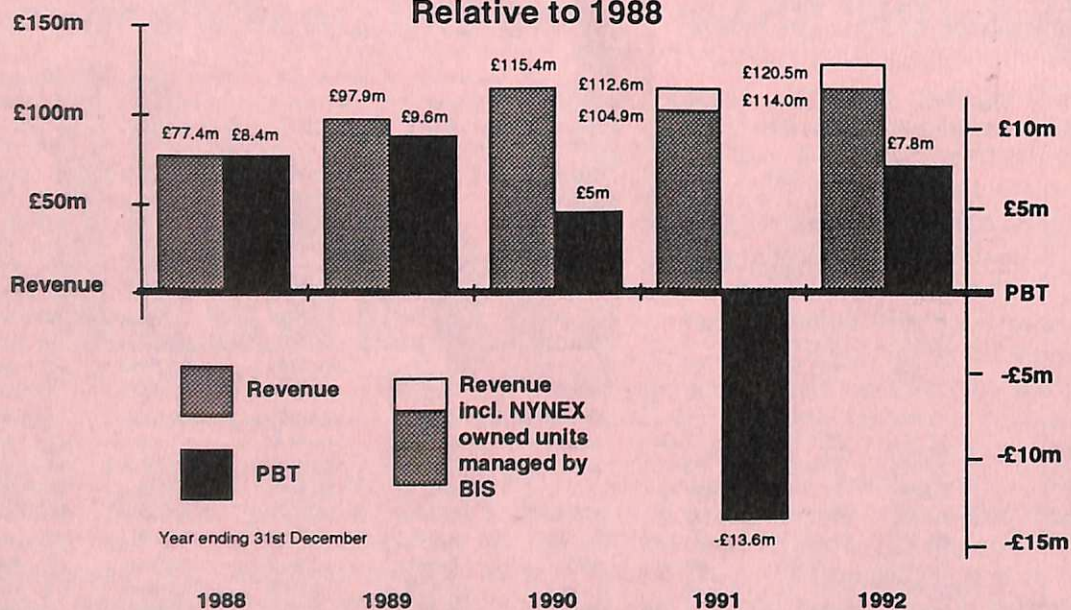
BIS is one of the oldest established and most international of UK computing services companies. The company services over 2000 organisations in 70 countries and employs 2000 people based in 35 international locations. Almost half (46%) of their revenues are earned outside the UK; in Europe (23%) and the US (10%). Historically BIS has been closely associated with banking, particularly via their Midas system now used in over 700 client sites. But, as shown in the pie chart, banking, insurance and finance now constitute less than half of BIS revenues. FM is now a major area for BIS. Perthcrest, acquired in 1990 from GW Thornton for £3.5m, "achieved a 100% renewal rate with local authority FM customers" and an £8m FM deal was signed with John Laing. Other major activities include Brann Direct Marketing and the marketing consultancy division, Strategic Decisions, where renewal rates for their syndicated market services reached 79%.

BIS was acquired by US Nynex in the 1980s. As BIS manage several units for Nynex, there can be minor differences between BIS filed financial results and those claimed in press releases. 1991 had not been a good year for BIS as "restructuring charges" plunged the group into a loss both at the operating profit level and before tax. But the results for the year ending 31st Dec. 92 show a major return to profits. Including Nynex managed units, revenues increased by 7% to £120.5m and an operating profit of £8.7m was reported. BIS Group Ltd. has filed a PBT of £7.8m. In the climate

**BIS Group
1992 Revenue by Market Sector**



**The BIS Group Limited
Five Year Revenue and PBT Record
Relative to 1988**



of 1992, this was a truly creditable performance and is a further illustration of substantial profits recovery on stable revenues experienced by the industry as a whole in the last year. We have reported before on the possible sale of BIS by Nynex. In the 18 months since the report first appeared in the Wall Street Journal, there has been no further firm news. Clearly these excellent results could make the process both easier and more expensive for any purchaser. We still hope that BIS will return to UK ownership.

Clarke & Tilley, which specialises in systems for financial services companies, increased PBT by 70% to £556K in 1992 on revenues up from £4.8m to £5.1m. C&T are still privately owned, so their decision to issue a press release on their latest results is interesting.

CODA say they have "once again produced record financial results". Indeed, revenues increased 34% to £9.07m in the six months to 30th Apr. 93 but PBT was £430K compared with £1m last time. US operations boosted revenues by 40% to \$5.7m. DEC based systems still represent over 60% of CODA's revenues.

PI Holdings, the acquisitive group established by ex-CMG Bryan Mills, reported revenues from continued business up 17% at £9.8m. PBT was £509K compared with a massive restated loss of £7.8m in 1991.

Footnote...

We quote from a study by Coopers & Lybrand released this month covering 50 acquisitions worth £13b. This "showed that about half were regarded by management as unsuccessful. Failure was most often blamed on management attitudes. The study also showed a remarkable number of acquiring companies which admitted they did little or no planning before the takeover for post-acquisition integration". System House readers will not be surprised. But we must stress that the converse of the findings are that 50% of acquisitions were considered to have been successful. We must stress that there is considerable evidence that well planned and executed acquisitions are of substantial benefit to CSI companies.

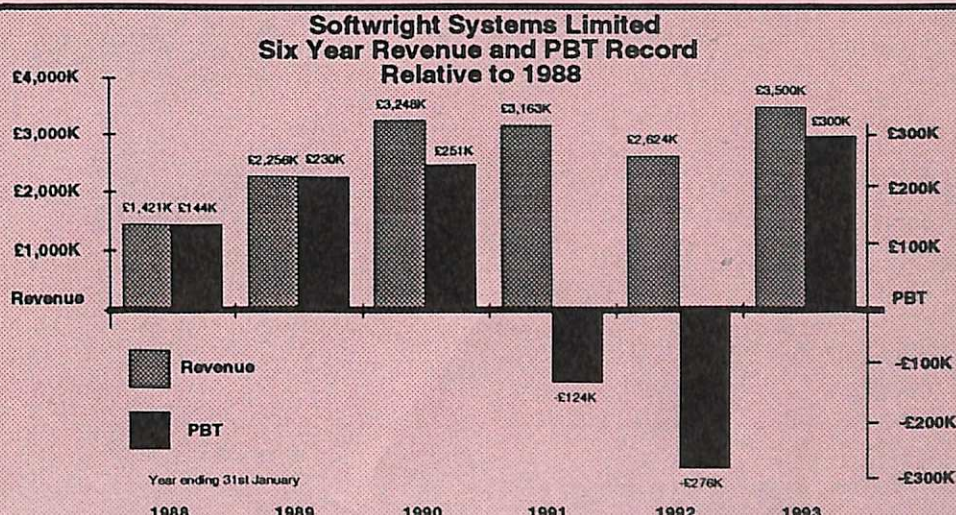
Return to profits at Softwright Systems

Softwright Systems is headed by Jane Tozer (CEO) and founder Martin Anderson (Chairman). The company specialises in distributed and cooperative processing systems and is one of the companies in the right place to benefit from the downsizing to networked systems. It is a recognised authority in the field of client/server systems. One of Softwright's closest partners is IBM on a variety of projects including object orientation, video telephony and the development and marketing of the open systems based In-Store EPOS systems. Nick Temple, IBM (UK) CEO, describes Softwright as a "creative, responsive, high quality organisation". We are pleased to report that other less involved parties would also agree.

Micro Focus had taken a stake in 1984 but sold their 54% holding to the staff/management in 1991 for £741K as part of a refinancing package involving Syntech and some private investors. Softwright was then in the midst of two years of losses, but latest results for the period to 31st Jan. 93 show a 33% increase in revenue to £3.5m and a reversal from last year's loss of £276K to a PBT of £300K. End year cash was £479K.

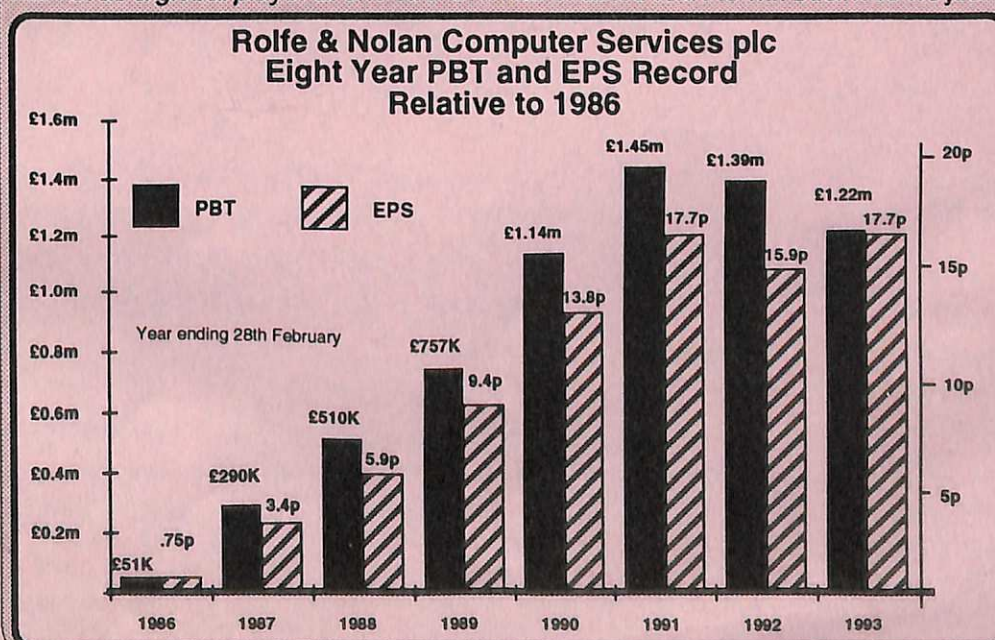
Given the current success, and the price at which Micro Focus sold two year's ago, it is not surprising that the internal share market continues to thrive "with both market days oversubscribed". A floatation had originally been muted but must still be some years away even though the market is fortunately currently very receptive to companies like Softwright.

"This financial year has been our best ever and we are pleased to report record figures for revenue, PBT, cash...A tremendous achievement in the current economic climate"



Rolfe & Nolan affected by US acquisition

Rolfe & Nolan "the leading futures and options computer bureau and software specialist" has announced revenue increased 66% to £11.2m due to the addition of £3m revenues from Brokerage Systems Inc (BSI). Even without this contribution, Rolfe & Nolan's revenue went up by 18% to nearly £8m in the year ending 28th Feb. 93. However under current accounting rules, Rolfe & Nolan have had to take the US subsidiary's operating loss of £414K into account (even though they owned just 19.9% of the equity at the time). This has reduced PBT by 12% to £1.2m. To be fair, this was fully forecast at the interim stage. In addition, to make matters worse, BSI's losses were not relievable against tax. Despite this, EPS increased 11%. Rolfe & Nolan ended the year in a strong financial position with cash and short term deposits up nearly a £1m to £3.2m despite the acquisition. This was before the acquisition last month of the remaining 80.1% of US BSI. All the main newspapers headlined the BSI acquisition as the reason for the PBT reduction. Readers know of our views about acquisitions but BSI seemed right for R&N. We repeat Mike Warburg's comment when asked if he would do the deal again "definitely...it was a golden opportunity to establish R&N in the all important North American market as a global player at one stroke. It has enabled R&N to win business we just could not have won if we had not



been a global player". R&N reported fewer new licence sales in the second half "because of the currency and political uncertainties and the recession in mainland Europe". However their recurring revenue from bureaux, FM and software support "increased significantly to nearly £5.9m, 74% of turnover". Chairman Tim Hearley says that "prospects for new licence sales are good although orders are slow in coming through. In Q1 of 1993/94 bureau trading volumes and sales of modules in both Europe and the USA remain healthy".

A sad, but predictable, story

Chapter One. EIT formed by Mike Burden, Mike Dart and Bernard Fisher after "backing into" Maxiprint. Jun. 91.

Chapter Two. "I would be very disappointed if EIT did not have revenues of over £50m within two years". Mike Burden CEO in Nov. 91.

"A Serious Case of deja vu" - *System House* headline Dec. 91 which listed the many similarities between EIT and Headland.

"EIT is, and intends to remain, a low geared operation". Mike Burden's "right of reply" to *System House* article.

EIT (1991 revenues = £1.2m) buys Sintrom (1991 revenues = £28.6m, losses in excess of £2m) for £1.7m. EIT raises £2m from institutional investors. Jan. 92.

"EIT - The Cradle to Grave Communications Company" opening slide of Mike Burden's company presentation. June 92.

EIT buys Apple dealer, Second City Systems for £400K. Apple writes off debts of £1m as part of deal. Sept. 92.

Chapter Three. EIT shares

suspended at 9.5p "pending clarification of financial position". Feb. 93. Apparently, EIT's bank had whipped away all the funds raised from the institutions and a dispute with Sintrom's (one of EIT's many acquisitions) bankers froze credit facilities.



EIT GROUP plc

EUROPEAN
INFORMATION
TECHNOLOGY

Second City went into liquidation on 18th Feb. 93. Apple loses another £660K.

EIT creditor, DataProducts, applies for winding up order. EIT argues for

administration. Justice Ferris says "the whole thing is becoming a bit of a shambles" Mar. 93.

Chapter Four...The End?

Administrators appointed to EIT on 9th May 93 after a majority of creditors, owed some £3.6m, agreed to convert each £ of debt into 50p of debenture stock. This £1.8m would be repaid in three tranches starting in July 94.

As part of the Company Voluntary arrangement (CVA), EIT forecasts profits of £295K on revenues of £4.4m in 11 months to Mar. 94.

It is revealed that EIT owes Apple, which joined in the CVA, a further £550K - thus making a total of £2.2m exposure to SCS/EIT.

Mike Burden says he is "delighted".

EIT announces loss of £950K for the six months to 30th Sept. 1992 on revenues increased from £1.25m to £8.6m.

If every thing runs smoothly from here on, EIT shares *could* be relisted later this year. **But how will the new EIT differ from the old?**

21st July - A date for your diary

Richard Holway is repeating his evening seminar, presenting the findings of our latest analysis of the financial performance of the UK computing services industry, on behalf of the CSA. This will start at 6.00 pm on Wednesday 21st July at the London Portman Hotel. **Early bookings have been exceptionally high** - breaking all previous CSA records!

The 1993 Holway Report will be published in June 1993. Richard Holway Limited will provide a "free" place at the seminar for every 1993 Holway Report purchaser.



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