System House

The monthly review of the financial performance of the UK computing services industry

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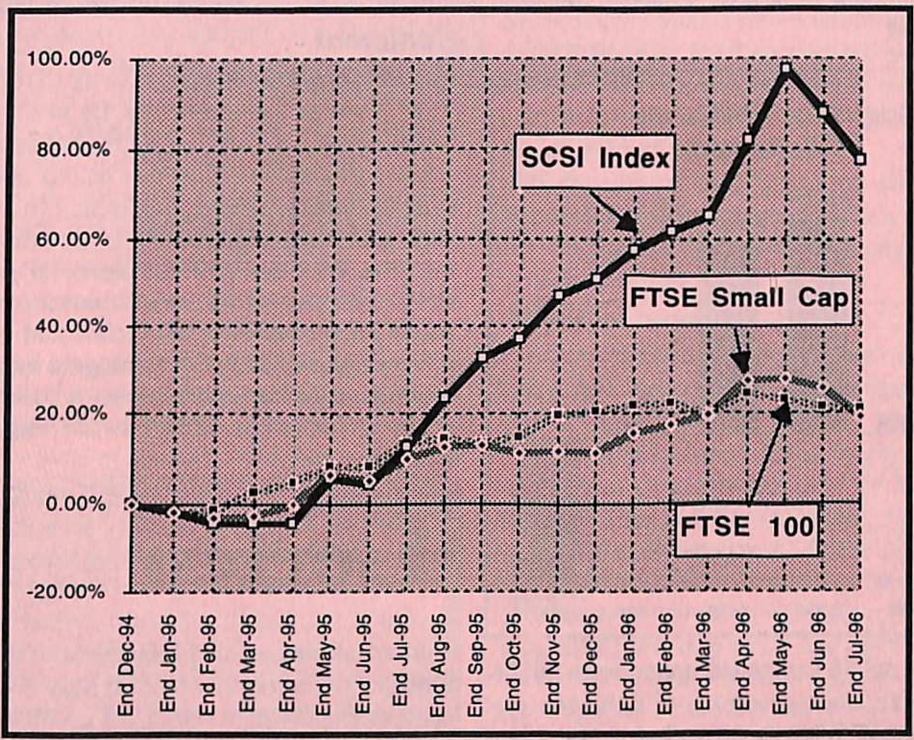
SCSI Index falls 10% in two months

It has been a crazy couple of months. We are sure our readers get bombarded with learned analysis on the state of US high-tech. stocks. Since the beginning of June 96, the heavily IT-oriented NASDAQ index has fallen 15% from a high of 1249 to end July on 1068. That meant that the *"poor"* CEOs at such companies as Netscape, Dell and Microsoft had seen their fortunes reduce by hundreds of millions *(nay billions)* of $. *We wept.*



It was the hardware vendors - Compaq, DEC, Dell, HP, Sun etc. - which led the share price dives as PC price competition has meant dramatic reductions in unit prices and impossible pressure on margins. But, as Wall Street investors have little understanding of the dynamics of our industry, this led to share price reductions across the board including IT services stocks like EDS and CSC.

In what might appear at first sight to be a knee-jerk reaction to the US falls, in the same two month period (1st June to 31st July 96) our UK SCSI Index has fallen by 10% compared with a mere 2% fall in the FTSE100 or a 7% fall in the FTSE Small Cap - which covers almost all the size of company in our SCSI Index. Even the FTSE Support Services Index is off only 2% in the same period.

The share price reductions were across the board. Indeed around 75% of all the companies in our index saw a share price decline.

But, although the companies shown in the table have seen their value reduce by over a third in that period, in most cases falls would have occurred whatever the market sentiment. Most have announced profits warnings, poor results or analyst re-rating future prospects downwards.

Clinical	-34%
Coda	-50%
Cray	-38%
LBMS	-64%
MDIS	-34%
Phonelink	-42%
RTC	-33%
Rebus	-33%
SiR	-36%
Virtuality	-34%

There has been some profit taking in some of the new issues - like **CMG** (-10%), **FI Group** (-12%) and **Triad** (-16%) - however the fundamentals of these companies are as sound today as ever. But these new issues are all still showing considerable premiums to their new issue price. Indeed, against the trend, 25% of companies managed share price increases with our IT services favourites like **Admiral** (+13%), **Logica** (+5%), **RM** (+10%) and **Sema** (+9%) leading the way.

We should remember that although our SCSI Index may be down 10% in two months ***it is still showing an 77% gain since the start of 1995***. Given that earnings have risen by around 20% in the period, that still represents a re-rating of valuations in our sector of nearly 60%.

If anything we have become MORE confident about the prospects for our sector in the coming few years with major one-off opportunities like the Year 2000 and the move to a single currency all providing a further boost to an already healthy industry.

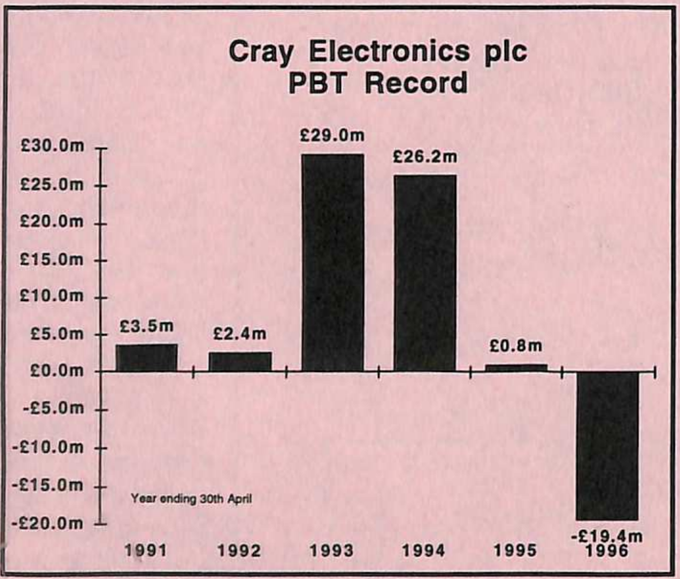
But although earnings growth is set fair, it is external factors that will more likely than not influence share prices. But we do still live in hope that investors might one day realise that a glut of DRAMs might cause a US IT manufacturer's share price to tumble but might just be ***a buying opportunity for a UK IT services company***. We could argue that reductions in hardware prices are very good news for IT services. It either means more system units will be installed - each requiring implementation, training and support - or more of a finite IT budget is available to be spent on services.

Cray

Electronics

There are just a handful of companies where you meet the management and really believe in them. You write positive reviews, because that's what you think, and for a time your faith is rewarded. Then everything goes spectacularly wrong and you are left contemplating your own vulnerability. **Coda** and **Cray Electronics** are, perhaps, our two classic mistakes.

It was only just over a year ago, in April 95 when Cray issued what Jon Richards suggested to us was *"the Mother of all profits warnings"*. It actually turned out to be the Father, Son and Holy Ghost as well. We will not repeat the saga - it is too painful. (If you want a copy of the Cray review from the 1996 Holway Report which spells it all out in graphic detail, give us a call). Anyway, the PBT chart below says it all.



In the year to 30th April 96 losses increased from £835K to £19.4m on roughly static revenues of £262.8m. Net assets reduced from £58.7m to £39m but gearing has dropped from 69% to 43% in the last six months.

The poor performance in the past has almost exclusively related to **Cray Communications** which lost £21.8m on revenues of £150.3m in the year. We have always been more interested in the SCSI bits - Cray Systems and P-E International.

Cray Systems, under the stewardship of Mike Shone, showed revenues up 4% at £76.5m but profits reduced from £6.8m to £4.8m. The reduction was, in part, due to a doubling of R&D to £3.2m. When we talked with Shone he was in ebullient mode *"I cannot tell you how excited I am"*. There were a number of reasons for this. The Microsoft Development Centre in Scotland, launched in Oct. 95, has already attracted 15 new customers and 25 projects. The Earth Observation division had won eight contracts. The ABS open billing systems, travel/reservations and retail/finance were all doing well for new business and Cray Systems entered the new year with a £30m order book.

About a third of Cray Systems business is IT agency staff which makes a margin of c4%. The remaining £50m of systems business already returns a better than industry average 7.4% margin.

The remaining part of the revenue largely related to **P-E International**. Cray had bought the previously main market quoted - and loss making - P-E international in Sept. 93 for £16.2m plus the assumption of £7m of debt. The management consultancy was retained under the P-E banner but P-E's c£35m SCSI revenues were transferred to Cray Systems. In FY95, P-E seems to have made profits of around £1.8m on revenues of £36m. Then in Feb. 96 Cray sold a 75% stake in **The IT Management Programme** (ITMP) - a part of P-E - in a Phoenix backed MBO for £4.5m. ITMP had revenues of just £1.35m and PBT of £208K in FY 95 - so Cray got a "full" price.

This month Cray has sold the remaining management consultancy part of P-E to **Lorien** (see below) for £7.8m cash plus the transfer of Cray's interest in two properties for £3.2m. This part of P-E had made operating profits of £452K on revenues of £33.6m in FY96. So if you add it all up, Cray got back most of what they paid plus Cray Systems retains a sizable chunk of revenue.

Comment

As a whole, analysts expect Cray to report PBT of £6m in FY97. Even so the shares fell by another 31% to 29p this month - a far cry from the high of 202p in 1994. That puts a value of just £69m on the whole shooting match. But Cray Systems seems capable of both revenue growth this year, and more importantly, better than market average margins. We have said on plenty of past occasions that Cray Systems is worth more than the whole. As the Cray share price continues to decline, as SCSI stock ratings advance and as Cray Systems gets into gear, we are even more sure that a sale or even a "demerger" is the best route to maximise shareholder value and satisfy all interests.

Lorien

IT staff agency **Lorien** was one of the first AIM placings in Aug. 95 at 100p. They have also been about its best performer with the shares ending July 96 on 270p.

Results for six months to 31st May 96 show revenues up a massive 56% at £18m, PBT up 45% at £600K (a pretty minimal 5% margin) and EPS up 14.1%. Much of the increased revenues were due to the acquisition of **Telfast** (an IT agency with revenues of £8m) which coincided with the AIM launch. As we have reported before, the agency market is experiencing strong growth and Lorien expect *"strong organic growth for the remainder of the financial year"*.

However, the real news was the acquisition of P-E International from Cray (see above) for £7.8m + £3.2m for property. This is to be financed by a 1-for-1 rights issue at 250p raising £14.25m before expenses. The deal will double Lorien's revenue to an annualised £70m+ and the enlarged group will have a market capitalisation of £28m+. P-E will move Lorien into new areas of management consultancy like human resources, market research and quality compliance.

Comment

It's a bold move for a company the size of Lorien.

The problem is that most others who have attempted such a large *"meal"* have then suffered *"acquisition indigestion"*. On the other hand the price paid looks reasonable, Lorien have good positive cash flow and their core market is booming. If Lorien can quickly return P-E to industry average margins the deal will be earnings enhancing.

Electronic trade

Gemini Consulting (part of **CGS - Hoskyns'** parent) reckons that by 2005 *"at least 8% and possibly 30%"* of all shopping will be undertaken electronically. They, of course, warn of the affect that this will have on conventional retailers. But as we have reported on many times before, we think readers should be aware of the effect that this switch will have on SCSI companies *(like Hoskyns!)*.

We believe that such electronic trade will wreak more change on our industry than the PC in the early 1980s. You can ignore it, but your customers will not. They will go elsewhere for such help and assistance if you cannot respond. ***You have been warned!***

A MAID in every hotel bedroom

MAID shares advanced by10% this month initially on the announcement that it was to supply Thorn's Guestlink with an Internet service to over 100,000 hotel bedrooms in Europe. So now when you are alone in the bedroom you have an alternative to the late night erotic video...you can surf the Internet instead. We are not quite sure which is likely to damage your health the most!

But perhaps the share price was also helped by growing rumours that **Reuters** was likely to make a bid.

Systems Integrated Research (SiR)

SiR develops educational software and was only launched onto AIM at 115p in Mar. 96 - valuing the group at £15.4m. The prospectus had anticipated a profit of £50K in the year to 31st May 96. You can understand the annoyance of investors when SiR announced this month that actually they would make a loss of £400K. *"Trading in the final quarter of the financial year was very disappointing compared with expectations at the time of the AIM flotation"*. The announcement was hardly helped by news that Singapore Times Publishing Ltd had bought a 9.9% stake in SiR from Berg & Berg for 103.5p per share - a 10% discount on the placing price.

SiR shares have since fallen to 78p. This kind of announcement so soon after launch is simply unacceptable and has echoes of other new issues which have severely damaged the sector.

Spargo advances

Spargo was one of last new issues of the last surge. Launched at 95p in June 94, the shares have risen by nearly 70% since to end July 96 on 159p. This despite PBT in 1995 slumping by 26%. You may remember they were hit by a PAYE/NIC bill on round sum expense allowances. But these have now been paid in full and a recovery now seems underway. Results for the six months to 30th June 96 show revenues up 21% at £4m, PBT up 213% at £602K and EPS up 244%.

Spargo - which majors on "application management" - reckons it will be a major beneficiary of the problems/ workload created by the Year 2000. It has now joined forces with an Indian systems integrator to provide such conversion services.

Virtuality faces reality

Shares in virtual reality software developer **Virtuality** fell by 31% this month when shareholders were told at their AGM that the profits they were led to expect in the current financial year would actually be losses - probably no better than last year's £565K loss. Shipping delays in their Total Recoil product were blamed.

Virtuality shares have fluctuated wildly and had been as high as 360p. Even so an end of July 96 valuation of £57m is not bad for a £12.6m revenue company which continues to be loss-making.

Pegasus receives offer

Pegasus - the accounting software developer - announced that it had received *"an unsolicited offer which may or may not lead to a bid"*.

Several parties (indeed some *System House* subscribers) have made unsuccessful bids for Pegasus in the past. Jonathan Hubbard-Ford's *"raison d'etre"* when appointed back in 1991/92 was to ready the company for sale. If he now achieves it we can only say *"what took you so long?"* ***The bidder?***. We were quoted in the FT (27th July 96) suggesting *"the approach had come either from a non-UK company or a private UK company hoping to reverse into Pegasus"*. But now rumour is rife that the bidder is **Sage**. But there would be significant overlap with their **Multisoft** product range.

Real Time Control *"A satisfactory performance"*

RTC is a leading supplier of retail systems. Last month we described the 40% reduction in RTC's share price on the announcement of the resignation of CEO Brian Emerson as *"knee-jerk"*.

As it turned out the results for the year to 31st Mar. 96 were not as bad as all the pessimists expected. Although we are not sure we would go along with Chairman BE Carrell's pleasure at describing *"a satisfactory performance"*. Sure revenues declined by 11.6% to £11.9m *"due to the uneven nature of the element of our business which is project based"*, operating profit reduced by 7% to £1.4m, PBT (before exceptionals) was static at £1.77m and EPS grew by just 4%. However, because of an exceptional credit of £438K *"arising from the settlement of a legal dispute "*, PBT rose by 24% to £2.2m. Cash increased by £1.5m to £8.6m.

RTC is continuing to *"increase the proportion of revenues derived from software and services"* rather than hardware - which we applaud.

RTC shares ended July up 15% at 212p.

CMG CEO leaves

Call us a cynic if you wish but we always get concerned when CEOs resign for *"personal reasons"*. It's a bit like Conservative ministers deciding to *"spend more time with their families"*. This month Gerard Lucassen announced that he is leaving as CEO of **CMG** for *"personal reasons"* and that he is *"fed up with all the travelling"*.

But just for once, we doubt there are any ulterior motives. We can see the *"lifestyle logic"* of quitting when you are 48 years old and have made yourself over £2m as a result of the CMG float and start enjoying life. CMG shares fell 5% in July.

Proteus International

Stupid as it sounds, **Proteus** made something of a breakthrough this month by announcing its first ever revenues...just £1.1m in the year to 31st Mar. 96. But given that they floated onto the USM (at 90p) as long ago as 1990, this was truly newsworthy. Of course, they are still loss-making. But at least the losses have been reduced from £7.9m to £5.4m.

The really important event of the year, of course, was that Proteus was rescued by **ML Laboratories** and its CEO **Kevin Leach** by a major cash injection (see *System House* May 96).

We were always rather interested in the Proteus trading model of taking stakes in the drugs developed using their modelling software rather than charging licensed fees (as their prospectus had indicated in 1990). So far it has hardly been a resounding success. Proteus shares ended July up 13% at 71p - still a 21% reduction on their issue price six years ago.

"The last 15 months have been a period of unprecedented activity in the history of Eidos"

We are never really quite sure what is - or is not - a UK SCSI company. **Eidos** started off producing video editing software. Then, in July 95, they bought *("reversed into?")* computer games developers **Domark/Simis/Big Red Software** for £12.9m.

In Mar. 96 they *"rescued"* games distributor **CentreGold** in a share swop worth £17m and in Jun. 96 sold the distribution bit - **CentreSoft** - for £7.5m.

Eidos' results for the 15 months to 31st Mar. 96 are therefore largely academic. Losses of £1.95m on £3.7m revenues - £3.5m of which came from Domark etal.

Free software? *Oh, how you all laughed a few years ago!* Eidos *"anticipated strong sales performance from BIG RED RACING, a 3D multi-player off-road racing game...Indeed it proved to be one of the most popular games downloaded from the Internet"*. Eidos blamed this free downloading of software for at least half its losses. Personally we reckon that all games will be *"multi player"* on the Internet before too long. CentreGold had an incredible knack of being caught out with EVERY change in technology. We hope they fare better with Eidos.

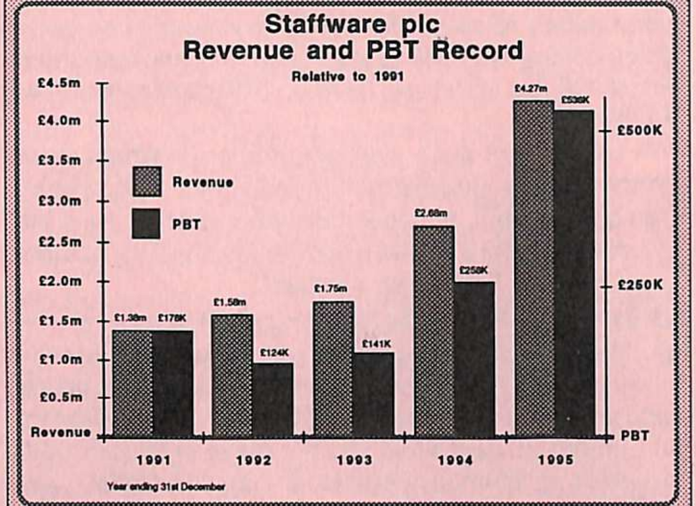
Obviously other investors do not share our concerns. Eidos shares are one of the best performers in the last few years - but fell 12% in Juy 96.

Reuters SCSI activities prosper

Reuters is the largest UK-owned SCSI company - *by some people's definitions*. In the six months to 30th June 96 revenues increased by 11% to £1.44b. Their Transaction Products activity (e.g. Instinet and Dealing 2000 which even fewer could deny were SCSI operations) did particularly well with a 28% increase in revenues.

Staffware

We had so much news last month that we did not have room for **Staffware** - one of the latest new entrants to the AIM market.



Staffware, founded in 1980, provides workflow automation software - a market which BIS estimates will grow by 60% p.a. to $255m in 1999. Staffware has boosted its revenues by 60% to £4.3m and PBT more than doubled to £536K. Part of the increase in revenue was due to the acquisition of various subsidiaries - revenues would have been £6.8m if included for the full year. In 1996 Staffware acquired the **Software Group Ltd.** for shares in Staffware worth an initial £1.3m.

Staffware shares were launched at 225p valuing the group at £26m and raising £4.6m of new money for the company. The shares ended July up 23% at 277p.

WS Atkins completes float *"at last"*

The issue of around 30% of the equity in **W S Atkins** was three times oversubscribed. We reported last month (and on many other occasions) on this engineering consultancy. We do NOT intend to include them in our index, but their involvement in FM and the importance of computing in most of their activities cannot be overlooked.

The new issue - at 215p - valued WS Atkins at £198m which equated to a historic P/E of c17. Shares have risen 7% to 230p since.

LBMS losses deepen

Exactly one year ago, Chairman Rainer Burchett announced that **LBMS** *"faces the future in excellent shape"*. LBMS share price ended June 95 on 273p, the HQ and development centres were naturally being relocated to the US (how can you possibly do this from the UK?) and LBMS *"began to rebalance licence versus service revenues"* (I.e. away from those *boring* services revenues). The respected Techinvest newsletter quoted a US analyst suggesting a price of 612p in 1996. In Sept. 95, together Learmonth and Burchett sold 2.5m shares at 340p on the NASDAQ listing - *so they are alright!*

After a series of warnings and poor performance, on 26th July 96 LBMS announced that it was likely to report a \$3m (c£2m) loss in Q1. LBMS shares fell by a further 26% this month to just 92p.

Any subscriber can re-read our reviews on LBMS over the years. We happen to think they had enormous potential to use their expertise, supported by their tools, by offering their clients related services. *They didn't listen then...we doubt they will now.*

Quoted Companies - Results Service

Note: Shaded = Results announced this month.

Action Computer Supplies plc

	Interim - Mar 95	Final - Sep 95	Interim - Mar 96	Comparision
REV	£ 699,119	£ 1,068,905	£ 721,106	+3.1%
PBT	-£ 314,850	-£ 625,546	-£ 427,844	Loss both
EPS	-1.50p	-2.40p	-1.40p	Loss both

Admiral plc

	Interim - Jun 95	Final - Dec 95	Interim - Jun 96	Comparision
REV	£ 30,204,000	£ 65,460,000	£ 43,009,000	+42.4%
PBT	£ 5,589,000	£ 9,832,000	£ 5,180,000	-7.3%
EPS	6.40p	10.72p	5.50p	-14.1%

AFA Systems plc

	Final - Dec 95		Final - Apr 96	Comparision
REV	£ 0		£ 217,000	n/a
PBT	-£ 121,000		-£ 133,000	Both loss
EPS	n/a		n/a	n/a

Azlan Group plc

	Final - Mar 95		Final - Mar 96	Comparision
REV	£ 90,488,000		£ 196,459,000	+117.1%
PBT	£ 3,906,000		£ 10,507,000	+169.0%
EPS	12.50p		30.30p	+142.4%

British Data Management plc

	Interim - Dec 94	Final - Jun 95	Interim - Dec 95	Comparision
REV	£ 8,599,000	£ 17,042,000	£ 9,485,000	+10.3%
PBT	£ 535,000	£ 1,575,000	£ 1,561,000	+191.8%
EPS	1.47p	3.80p	4.28p	+191.2%

Capita Group plc

	Interim - Jun 95	Final - Dec 95	Interim - Jun 96	Comparision
REV	£ 43,418,000	£ 86,994,000	£ 50,067,000	+15.3%
PBT	£ 4,011,000	£ 9,420,000	£ 4,588,000	+14.4%
EPS	5.00p	11.80p	5.50p	+10.0%

Cedardata plc

	Final - Mar 95		Final - Mar 96	Comparision
REV	£ 8,932,000		£ 12,071,000	+35.1%
PBT	£ 3,572,000		£ 4,384,000	+22.7%
EPS	7.90p		9.50p	+20.3%

Clinical Computing plc

	Final - Dec 94		Final - Dec 95	Comparision
REV	£ 1,471,684		£ 2,209,023	+50.1%
PBT	-£ 688,596		-£ 546,832	Loss both
EPS	-4.30p		-3.40p	Loss both

CMG plc

	Final - Dec 94		Final - Dec 95	Comparision
REV	£ 146,283,000		£ 196,484,000	+34.3%
PBT	£ 14,057,000		£ 18,460,000	+31.3%
EPS	13.90p		18.20p	+30.9%

Coda Group plc

	Interim - Apr 95	Final - Oct 95	Interim- Apr 96	Comparision
REV	£ 15,229,000	£ 32,791,000	£ 15,264,000	+0.2%
PBT	£ 993,000	£ 1,030,000	-£ 3,688,000	Profit to loss
EPS	2.70p	2.50p	-13.90p	Profit to loss

Compel Group plc

	Interim - Dec 94	Final - Jun 95	Interim - Dec 95	Comparision
REV	£ 28,272,000	£ 70,019,000	£ 40,421,000	+43.0%
PBT	£ 1,194,000	£ 2,684,000	£ 1,441,000	+20.7%
EPS	5.56p	11.10p	6.06p	+9.0%

CFS Group plc

	Final - Dec 94		Final - Dec 95	Comparision
REV	£ 3,120,711		£ 2,986,520	-4.3%
PBT	£ 319,718		£ 384,675	+20.3%
EPS	3.29p		4.77p	+45.0%

Cray Electronic Holdings plc

	Final - Apr 95		Final - Apr 96	Comparision
REV	£ 264,838,000		£ 262,838,000	-0.8%
PBT	£ 835,000		-£ 19,378,000	Profit to loss
EPS	-0.30p		-8.40p	Loss both

CRT Group plc

	Interim - Oct 94	Final - Apr 95	Interim - Oct 95	Comparision
REV	£ 29,187,000	£ 72,762,000	£ 48,079,000	+64.7%
PBT	£ 1,288,000	£ 5,972,000	£ 1,748,000	+35.7%
EPS	1.42p	6.30p	1.71p	+20.4%

DCS Group plc

	Interim - Dec 94	Final - Jun 95	Interim - Dec 95	Comparision
REV	£ 4,007,000	£ 8,694,833	£ 14,335,000	+257.7%
PBT	£ 105,000	£ 609,530	£ 1,204,000	+1046.7%
EPS	0.88p	5.02p	4.27p	+385.2%

DRS Data & Research Services plc

	Final - Dec 94		Final - Dec 95	Comparision
REV	£ 8,798,000		£ 6,468,000	-26.5%
PBT	£ 1,487,000		£ 594,000	-60.1%
EPS	3.07p		1.33p	-56.7%

Delphi Group plc

	Final - Dec 94		Final - Dec 95	Comparision
REV	£ 97,685,000		£ 175,006,000	+79.2%
PBT	-£ 391,000		£ 9,015,000	Loss to profit
EPS	-7.76p		25.42p	Loss to profit

Division Group plc

	Final - Oct 94		Final - Oct 95	Comparision
REV	£ 5,270,000		£ 4,830,000	-8.3%
PBT	-£ 1,440,000		-£ 3,893,000	Loss both
EPS	-4.00p		-9.20p	Loss both

Eidos plc

	Final - Dec 94		Final - Mar 96	Comparision
REV	£ 254,225		£ 3,706,000	n/a
PBT	-£ 107,623		-£ 1,949,000	Loss both
EPS	-4.16p		-44.60p	Loss both

Electronic Data Processing plc

	Interim - Mar 95	Final - Sep 95	Interim - Mar 96	Comparision
REV	£ 6,326,000	£ 12,605,000	£ 7,894,000	+24.8%
PBT	£ 1,807,000	£ 3,083,000	£ 1,505,000	-16.7%
EPS	4.55p	7.53p	3.93p	-13.6%

F.I. Group plc

	Final - Apr 95		Final - Apr 96	Comparision
REV	£ 61,703,000		£ 78,824,000	+27.7%
PBT	£ 3,260,000		£ 3,763,000	+15.4%
EPS	7.60p		7.70p	+1.3%

Firecrest Group plc

	Final - Dec 94		Final - Dec 95	Comparision
REV	£ 7,126,671		£ 6,609,068	-7.3%
PBT	£ 414,929		£ 603,027	+45.3%
EPS	2.30p		2.30p	+0.0%

Flomerics Group plc

	Final - Dec 94		Final - Dec 95	Comparision
REV	£ 3,098,672		£ 4,147,187	+33.8%
PBT	£ 406,900		£ 415,565	+2.1%
EPS	11.00p		11.00p	+0.0%

Gresham Computing plc

	Interim - Apr 95	Final - Oct 95	Interim - Apr 96	Comparision
REV	£ 3,803,000	£ 7,895,000	£ 4,579,000	+20.4%
PBT	£ 521,000	£ 1,281,000	£ 708,000	+35.9%
EPS	0.98p	2.36p	1.32p	+34.7%

INSTEM plc

	Final - Dec 94		Final - Dec 95	Comparision
REV	£ 16,812,000		£ 21,324,000	+26.8%
PBT	£ 1,153,000		£ 1,244,000	+7.9%
EPS	16.80p		18.10p	+7.7%

Intelligent Environments Group plc

	Final - Dec 94		Final - Dec 95	Comparision
REV	£ 3,517,241		£ 4,000,000	+13.7%
PBT	-£ 167,211		£ 200,000	Loss to profit
EPS	n/a		n/a	n/a

JBA Holdings plc

	Final - Dec 94		Final - Dec 95	Comparision
REV	£ 90,687,000		£ 124,693,000	+37.5%
PBT	£ 6,131,000		£ 8,714,000	+42.1%
EPS	12.13p		16.31p	+34.5%

Kalamazoo Computer Group plc

	Final - Mar 95		Final - Mar 96	Comparision
REV	£ 60,719,000		£ 66,665,000	+9.8%
PBT	£ 6,815,000		£ 5,882,000	-13.7%
EPS	11.80p		10.20p	-13.6%

Kewill Systems plc

	Final - Mar 95		Final - Mar 96	Comparision
REV	£ 33,667,000		£ 35,242,000	+4.7%
PBT	£ 5,067,000		£ 6,061,000	+19.6%
EPS	28.39p		33.70p	+18.7%

Learmonth & Burchett Management Systems plc

	Final - Apr 95		Final - Apr 96	Comparision
REV	£ 23,761,000		£ 25,855,000	+8.8%
PBT	-£ 5,251,000		-£ 539,000	Loss both
EPS	-24.70p		-2.30p	Loss both

Logica plc

	Interim - Dec 94	Final - Jun 95	Interim - Dec 95	Comparision
REV	£ 113,565,000	£ 250,135,000	£ 128,919,000	+13.5%
PBT	£ 7,220,000	£ 20,310,000	£ 9,035,000	+25.1%
EPS	7.80p	21.70p	9.80p	+25.6%

Lorien plc

	Interim - May 95	Final - Nov 95	Interim - May 96	Comparision
REV	£ 11,527,000	£ 29,109,000	£ 17,997,000	+56.1%
PBT	£ 414,000	£ 971,000	£ 600,000	+44.9%
EPS	6.17p	12.10p	7.05p	+14.3%

Lynx Holdings plc

	Interim - Mar 95	Final - Sep 95	Interim - Mar 96	Comparision
REV	£ 12,605,000	£ 3,201,800	£ 38,133,000	+202.5%
PBT	£ 741,000	£ 2,564,000	£ 2,069,000	+179.2%
EPS	1.27p	4.70p	1.73p	+36.2%

M.A.I.D plc

	Final - Dec 94		Final - Dec 95	Comparision
REV	£ 8,887,000		£ 13,642,000	+53.5%
PBT	£ 1,285,000		-£ 4,045,000	Profit to loss
EPS	1.14p		-4.42p	Profit to loss

MMT Computing plc

	Interim - Feb 95	Final - Aug 95	Interim - Feb 96	Comparision
REV	£ 6,442,000	£ 13,957,949	£ 8,255,000	+28.1%
PBT	£ 1,387,000	£ 3,075,053	£ 2,372,000	+71.0%
EPS	7.40p	16.30p	13.00p	+75.7%

MR Group plc

	Interim - Dec 94	Final - Jun 95	Interim - Dec 95	Comparision
REV	£ 21,305,000	£ 41,429,000	£ 18,560,000	-12.9%
PBT	£ 3,136,000	£ 1,309,000	£ 2,174,000	-30.7%
EPS	4.00p	1.60p	2.60p	-35.0%

McDonnell Information Systems Group plc

	Final - Dec 94		Final - Dec 95	Comparision
REV	£ 148,911,000		£ 146,805,000	-1.4%
PBT	£ 7,157,000		-£ 39,420,000	Profit to loss
EPS	3.10p		-37.02p	Profit to loss

Macro 4 plc

	Interim - Dec 94	Final - Jun 95	Interim - Dec 95	Comparision
REV	£ 12,285,000	£ 25,035,000	£ 12,635,000	+2.8%
PBT	£ 5,685,000	£ 11,602,000	£ 5,956,000	+4.8%
EPS	16.70p	35.20p	17.90p	+7.2%

Micro Focus plc

	Final - Jan 95		Final - Jan 96	Comparision
REV	£ 89,885,000		£ 77,258,000	-14.0%
PBT	£ 8,723,000		-£ 6,542,000	Profit to loss
EPS	32.00p		-43.60p	Profit to loss

Microgen Holdings plc

	Interim - Apr 95	Final -Oct 95	Interim - Apr 96	Comparision
REV	£ 34,868,000	£ 69,029,000	£ 38,291,000	+9.8%
PBT	£ 4,470,000	£ 8,383,000	£ 4,875,000	+9.1%
EPS	7.30p	14.80p	8.00p	+9.6%

Quoted Companies - Results Service

Note: Shaded = Results announced this month.

Microvitec plc

	Final - Dec 94		Final - Dec 95	Comparision
REV	£ 44,146,000		£ 55,050,000	+24.7%
PBT	£ 2,560,000		£ 3,411,000	+33.2%
EPS	3.00p		3.10p	+3.3%

Misys plc

	Final - May 95		Final - May 96	Comparision
REV	£ 153,395,000		£ 279,867,000	+82.4%
PBT	£ 26,345,000		£ 50,437,000	+91.4%
EPS	35.10p		44.00p	+25.4%

Moorepay Group plc

	Interim - Jun 95	Final - Dec 95	Interim - Jun 96	Comparision
REV	£ 2,342,152	£ 4,632,538	£ 2,717,246	+16.0%
PBT	£ 666,324	£ 1,142,110	£ 851,417	+27.8%
EPS	5.88p	10.22p	7.52p	+27.9%

MSB International plc

	Final - Dec 94		Final - Dec 95	Comparision
REV	£ 18,087,000		£ 38,555,000	+113.2%
PBT	£ 1,417,000		£ 3,420,000	+141.4%
EPS	1.82p		4.90p	+169.2%

OmniMedia plc

	Final - Dec 94		Final - Dec 95	Comparision
REV	£ 124,594		£ 275,275	+120.9%
PBT	-£ 421,354		-£ 1,023,344	Loss both
EPS	-3.84p		-6.06p	Loss both

On Demand Information plc

	Interim - Jan 95	Final - Jul 95	Interim - Jan 96	Comparision
REV	£ 5,120,000	£ 8,786,000	£ 5,677,000	+10.9%
PBT	-£ 1,333,000	-£ 3,646,000	-£ 1,284,000	Loss both
EPS	-2.60p	-7.20p	-2.50p	Loss both

Oxford Molecular plc

	Final - Dec 94		Final - Dec 95	Comparision
REV	£ 2,765,000		£ 6,179,000	+123.5%
PBT	-£ 2,906,000		-£ 3,693,000	Loss both
EPS	-8.60p		-7.40p	Loss both

P & P plc

	Interim - May 95	Final - Nov 95	Interim - May 96	Comparision
REV	£ 171,100,000	£ 341,990,000	£ 179,200,000	+4.7%
PBT	£ 6,200,000	£ 12,574,000	£ 6,500,000	+4.8%
EPS	5.30p	11.00p	5.80p	+9.4%

Parity plc

	Final - Dec 94		Final - Dec 95	Comparision
REV	£ 88,791,000		£ 127,711,000	+43.8%
PBT	£ 4,176,000		£ 6,540,000	+56.6%
EPS	7.19p		10.34p	+43.8%

Pegasus Group plc

	Final - Dec 94		Final - Dec 95	Comparision
REV	£ 4,808,000		£ 6,426,000	+33.7%
PBT	£ 243,000		£ 893,000	+267.5%
EPS	12.70p		10.30p	-18.9%

Persona plc

	Final - Dec 94		Final - Dec 95	Comparision
REV	£ 31,537,000		£ 53,375,000	+69.2%
PBT	£ 2,059,000		£ 2,832,000	+37.5%
EPS	12.69p		15.70p	+23.7%

PhoneLink plc

	Final - Mar 95		Final - Mar 96	Comparision
REV	£ 2,085,000		£ 4,358,000	+108.9%
PBT	-£ 3,702,000		-£ 6,711,000	Loss both
EPS	-10.40p		-17.30p	Loss both

Proteus International plc

	Final - Mar 95		Final - Mar 96	Comparision
REV	Nil		£ 1,063,000	n/a
PBT	-£ 7,925,000		-£ 5,395,000	Loss both
EPS	-25.47p		-16.49p	Loss both

Quality Software Products Holdings plc

	Final - Dec 94		Final - Dec 95	Comparision
REV	£ 16,494,732		£ 21,385,842	+29.7%
PBT	£ 2,512,400		£ 502,697	-80.0%
EPS	26.90p		5.20p	-80.7%

RM plc

	Interim - Mar 95	Final - Sep 95	Interim -Mar 96	Comparision
REV	£ 33,596,000	£ 80,691,000	£ 45,162,000	+34.4%
PBT	£ 1,041,000	£ 5,023,000	£ 1,322,000	+27.0%
EPS	4.00p	18.80p	5.00p	+25.0%

Radius plc

	Final - Dec 94		Final - Dec 95	Comparision
REV	£ 24,866,000		£ 26,052,000	+4.8%
PBT	£ 1,451,000		£ 1,809,000	+24.7%
EPS	2.87p		4.37p	+52.3%

Real Time Control plc

	Final - Mar 95		Final - Mar 96	Comparision
REV	£ 13,463,000		£ 11,903,000	-11.6%
PBT	£ 1,782,000		£ 2,207,000	+23.8%
EPS	20.00p		20.80p	+4.0%

Rebus Group plc

	Final - Mar 95		Final - Mar 96	Comparision
REV	£ 56,963,000		£ 60,041,000	+5.4%
PBT	£ 6,535,000		£ 1,969,000	-69.9%
EPS	5.85p		0.33p	-94.4%

Recognition Systems Group plc

	Final - Sep 94	Interim - Mar 96	Final - Sep 95	Comparision
REV	£ 625,000	£ 245,000	£ 669,000	+7.0%
PBT	-£ 6,000	-£ 292,000	-£ 397,000	Loss both
EPS	0.00p	-1.40p	-2.10p	Loss both

Riva Group plc

	Final - Dec 94		Final - Dec 95	Comparision
REV	£ 58,007,000		£ 73,022,000	+25.9%
PBT	-£ 610,000		£ 182,000	Loss to profit
EPS	-1.50p		0.10p	Loss to profit

Rolfe & Nolan plc

	Final - Feb 95		Final - Feb 96	Comparision
REV	£ 14,288,000		£ 17,128,000	+19.9%
PBT	£ 1,512,000		£ 2,517,000	+66.5%
EPS	6.70p		12.33p	+84.0%

Romtec plc

	Final - Jan 94		Final - Jan 95	Comparision
REV	£ 2,702,839		£ 3,290,384	+21.7%
PBT	-£ 73,624		£ 185,840	Loss to profit
EPS	n/a		n/a	n/a

Sage Group plc

	Interim - Mar 95	Final - Sep 95	Interim - Mar 96	Comparision
REV	£ 50,622,000	£ 102,234,000	£ 71,836,000	+41.9%
PBT	£ 11,740,000	£ 22,362,000	£ 16,116,000	+37.3%
EPS	7.46p	13.88p	9.92p	+33.0%

Sanderson Electronics plc

	Interim - Mar 95	Final - Sep 95	Interim - Mar 96	Comparision
REV	£ 27,078,000	£ 57,801,000	£ 30,583,000	+12.9%
PBT	£ 2,805,000	£ 5,305,000	£ 3,317,000	+18.3%
EPS	4.60p	8.80p	5.30p	+15.2%

Sema Group plc

	Final - Dec 94		Final - Dec 95	Comparision
REV	£ 596,111,000		£ 677,726,000	+13.7%
PBT	£ 29,518,000		£ 36,927,000	+25.1%
EPS	20.98p		24.79p	+18.2%

Sherwood International plc

	Final - Dec 94		Final - Dec 95	Comparision
REV	£ 27,067,000		£ 26,246,000	-3.0%
PBT	£ 79,000		£ 6,850,000	+8570.9%
EPS	-10.73p		66.20p	Loss to profit

Spargo Consulting plc

	Interim - Jun 95	Final - Dec 95	Interim - Jun 96	Comparision
REV	£ 3,329,000	£ 7,379,000	£ 4,040,000	+21.4%
PBT	£ 192,000	£ 902,000	£ 602,000	+213.5%
EPS	0.90p	4.43p	3.10p	+244.4%

Staffware plc

	Final - Dec 94		Final - Dec 95	Comparision
REV	£ 2,679,469		£ 4,267,000	+59.2%
PBT	£ 257,792		£ 536,000	+107.9%
EPS	1.70p		3.90p	+129.4%

Superscape VR plc

	Interim - Jan 95	Final - Jul 95	Interim - Jan 96	Comparision
REV	£ 478,000	£ 1,590,000	£ 1,589,000	+232.4%
PBT	-£ 843,000	-£ 1,746,000	-£ 897,000	Loss both
EPS	-14.90p	-30.70p	-13.10p	Loss both

Systems Integrated Research plc

	Final - May 94		Final - May 95	Comparision
REV	£ 2,258,320		£ 1,901,000	-15.8%
PBT	-£ 798,139		-£ 41,000	Loss both
EPS	n/a		n/a	n/a

Total Systems plc

	Final - Mar 95		Final - Mar 96	Comparision
REV	£ 2,289,437		£ 2,892,802	+26.4%
PBT	£ 53,516		£ 222,329	+315.4%
EPS	0.34p		1.60p	+370.6%

Trace Computers plc

	Interim - Nov 94	Final - May 95	Interim - Nov 95	Comparision
REV	£ 9,472,000	£ 19,676,832	£ 10,269,000	+8.4%
PBT	£ 223,000	£ 482,746	-£ 50,000	Profit to loss
EPS	1.19p	2.55p	-0.35p	Profit to loss

Triad Group plc

	Final - Mar 95		Final - Mar 96	Comparision
REV	£ 6,699,570		£ 11,680,000	+74.3%
PBT	£ 1,059,350		£ 2,131,000	+101.2%
EPS	3.30p		7.09p	+114.8%

Vega Group plc

	Final - Apr 95		Final - Apr 96	Comparision
REV	£ 12,516,000		£ 16,032,000	+28.1%
PBT	£ 2,910,000		£ 3,452,000	+18.6%
EPS	13.49p		16.16p	+19.8%

Virtuality Group plc

	Final - Dec 94		Final - Dec 95	Comparision
REV	£ 9,126,000		£ 12,779,000	+40.0%
PBT	-£ 1,397,000		-£ 565,000	Loss both
EPS	-5.30p		-2.10p	Loss both

Wakebourne plc

	Final - Dec 94		Final - Dec 95	Comparision
REV	£ 35,336,000		£ 36,714,000	+3.9%
PBT	£ 1,865,000		-£ 3,384,000	Profit to loss
EPS	5.70p		-12.20p	Profit to loss

Zergo Holdings plc

	Interim - Oct 94	Final - Apr 95	Interim - Oct 95	Comparision
REV	£ 2,986,000	£ 7,074,520	£ 4,005,000	+34.1%
PBT	£ 46,000	£ 12,769	-£ 479,000	Profit to loss
EPS	n/a	n/a	n/a	Profit lo loss

Over 250 CEOs turned up for Richard Holway's presentation for the CSSA on the financial state of the UK SCSI sector on 17th July. *Thanks to all involved.*

UK M&A

Hot on the heels of its acquisition of EDI supplier Meadowhouse, **Kewill** has bought the software business of **SITPRO** and its EDI engine, Interbridge. **Technology House** has acquired **Dictaphone**'s PC TPM **QSD** thus boosting their revenues by c£750K to c£3m.

Syntegra has also continued its Asian push after last months link with Singapore based **CSA Holdings**. This month they have formed a new strategic alliance with Tokyo-based **Fusion Systems**.

CAD specialist **AFT Premier** has called in the receivers. Former managers have bought part of the business. **Servo Computer Services** has bought the assets of PC reseller **Holdene Group** which appointed the receivers at the end of June. **GT Interactive** has bought **FormGen** (the publishers of a PC game called Duke Nukem 3D!) for a reputed £18m. Source - MicroScope 10th July 96.

Rothwell Group, which was acquired by Allan Harle (Formscan and Xavier) in Apr. 96, has acquired **ACS** - known as **AppleCentre Solent** - which had revenues of c£1.5m.

AT&T Istel undertakes MBO

In Nov. 89 **AT&T** acquired **Istel** from the Rover Group for £180m. AT&T's involvement in IT has been - well, let's admit it - troubled. The acquisition of **NCR** and its split in 1995 seems to leave Istel out in the cold and we have since suggested on several occasions that it is ripe for yet another MBO.

This month, AT&T Istel's **Visual Interactive Systems** division (AIVIS), which has revenues of c£8m, has been bought in a 3i. backed £6m MBO brokered by **KPMG Corporate Finance**. The main product of the newly named Lanner Group is the WITNESS simulation product launched in 1986. *"The MBO was led by MD Roger Hearn who was supported by NED Chairman Robin Lodge"* - also the Chairman of DCS.

This is the second deal in a month for KPMG Corporate Finance. In June they *"brokered"* the $84m purchase of UK **Holistic Systems** by **Seagate Technology**. Holistic, which develops volume data analysis software, had revenues of £16.7m and profits of around £2m in the year to 31st Mar. 96. *"Holistic will continue to the headquartered in London with R&D in Ipswich"*. We hope they stick to this firm statement.

KPMG see IT M&A activity as a particular area of growth for the future - Broadview and Regent take note!

PC Docs buys Quintec

Canadian **PC Docs** (a NASDAQ-quoted provider of document management systems with revenues currently running at c$20m per quarter) has acquired its UK distributor - **Quintec International.** Unfortunately no price was disclosed. Quintec had revenues of around £2.5m in 1995.

Debis to take control of CGS?

After several years of reporting on the possibility of German **Daimler-Benz** (via **Debis**) taking a controlling stake in **CGS**, we finally put the story to rest with the financial restructuring announced just a few months ago. However, according to an interview in Die Weld with chairman Klaus Mangold, Debis still wants to take a majority stake. CGS shares jumped 6%+ on the news. Source - Computergram - 26th July 96.

Sema greatly extends outsourcing

"Anglo-French" **Sema Group** announced this month one of the largest, but long anticipated, SCSI acquisitions of the year so far with the purchase of **Olivetti**'s outsourcing activity **Syntax.** Syntax had revenues of £89m and PBT of £6.3m in 1995 so the £55m purchase price (£32m now - the rest in Dec. 97) appears, as Sema's Pierre Bonelli described, *"fair but not cheap"*. In order to fund this, and the other acquisitions Sema has made so far this year, a 2-for-11 rights issue at 595p raising a net £99m was announced. This is the first cash call made by Sema since **Sema Metra** *"merged"* with **CAP** back in 1988. Given that all Sema's acquisitions in the meanwhile have been funded from its own resources and that its performance in the last few years has been excellent, it is not surprising that the market reacted positively to the announcement with the shares at 719p - meaning an instant 21% profit for all those taking up the rights.

Over 60% of Syntax' revenues come from Olivetti itself where Sema has secured a 7 year/£48m p.a. outsourcing deal. This will make Sema one of the top outsourcers in Italy.

But it will also add over £16m to Sema's UK revenues. Sema's Frank Jones told us that he looked at the **NMW Computers** operation many years ago. NMW was bought by **ACT** in 1992 for c£3.8m. In this tangled web of a tale, NMW had itself tried to buy local authority outsourcing operation **Perthcrest** in 1990 but had been outbid by **BIS** who paid £3.2m. Then, in June 1993, BIS was itself acquired by ACT for £93.5m and then in Feb. 95 **Misys** bought ACT for c£200m.

However, ACT had been disposing of many of their *"non financial services"* businesses. Coinciding with the Misys deal, ACT sold the renamed **ACT Managed Services** - which comprised BIS Perthcrest and the disaster recovery operations of NMW - to Syntax (Olivetti) for £2.1m. The operation had revenues of £8m at the time and ACT's Roger Foster assured us it was *"breakeven"*. Syntax itself then had UK revenues of £7.7m - i.e. c£16m in total.

This is unlikely to be the last large Sema acquisition. *"We are targeting Germany especially"* said Marie-Claude Bessis.

All this makes tremendous sense for a company in which UK shareholders hold more shares than the French.

Specialist and Escom

Escom placed its PC shops in the UK into receivership in July after a desperate search to find a buyer. Going into a High St. store to buy a computer is a concept we could never fathom - particularly when you cannot even park outside. Now Peter Rigby's **Specialist Computer Holdings** (SCH), via its **Byte** Computer Superstores, has taken over the concession arrangement within 42 **Office World** stores (a subsidiary of Swiss **Magazine zum Globus**) which had previously been held by Escom.

Our views on SCH *(we are an ardent fan)* and its Byte subsidiary *(we have our doubts and think Specialist should concentrate on building its corporate services)* are well known. Despite a superb 5% profit margin overall, SCH's Byte operation made a *"tiny"* contribution on revenues of £52m last year. But the game is probably more about market size - where the chief rival is **Dixon**'s PC World.

Now what really would be exciting is if Rigby took over Office World, turned them into Byte shops and floated the whole thing on the Stock Exchange - *or sold them to Dixons!*

Rebus shares down 19% since launch

Rebus (the **CE Heath** spin-off which incorporates **Peterborough Software** and **Datasure**) is the only main stock market new issue in 1995 or 1996 to now be trading at a discount. Launched at the equivalent of 88p in Apr. 96 the shares initially rose to a high of 116p but have fallen back since - by a further 18% in July - to just 71p. This equates to a P/E of just 14 - or a discount of well over 30% to the SCSI average.

Given that Rebus makes around 50% of its revenues from services, it might well wish to be associated with the P/E's ascribed to other services companies like CMG and FI - in which case its discount to the market would be even greater. It is not even as if Rebus has disappointed the market - its maiden results were exactly in line with the expectations in the Prospectus.

Rebus' brokers UBS are currently forecasting FY97 PBT of £6.6m - compared to the proforma equivalent of £6.5m in the year to 31st Mar. 96 - on revenues up 9% at £65.4m. PBT of £7.5m is forecast for FY98.

We happen to believe that Rebus has an ideal mix of business, is a leader in its chosen markets and has great opportunities for both expanding its reach geographically (where only 10% of revenues are currently made outside the UK) and the width of the products and services offered to existing clients (many of which have been with Rebus for over a decade).

We have commented on many occasions on the approaches which CE Heath had to buy their SCSI business prior to *"demerger"*. Perhaps investors should now reconsider the true value of Rebus.

Firecrest Transphone deal boosts shares

Firecrest shares returned from suspension with news that it had sold the world rights to its Transphone (which enables telephone conversations to held on the Internet for the cost of a local call) for up to $12m. Commentators suggested it's like *"selling the family jewels"*.

Firecrest was a new AIM issue at just 40p in July 95 and rose like a rocket to 212p before crashing back to earth and being forced to raise £750K in a 50p rights issue in April 96. Despite a 7% fall in July to 65p, investors must still be smiling

Doubts over Phonelink

Phonelink doubled revenues to £4.4m in the year to 31st Mar. 96 but also managed to increase losses from £3.7m to £6.7m. A new issue at 155p in June 93, the shares have hardly been a star - ending July 96 down another 35% at 114p.

Phonelink provides a business information service via its **Tel-me** product. It protests when commentators mention the threat from the Internet. But that threat is real as Internet information is largely free.

Voss Net bid lapses

Voss Net was an AIM new issue at 130p in Aug. 95. Their GotVoss database product gives pricing information to suppliers. Voss Net shares had risen dramatically in Mar. 96 as a result of takeover negotiations from US **Petra**. However, these negotiations have now lapsed and Voss Net shares fell this month.

Demand for IT skills explodes

The **MSL Index** shows a massive 68% increase in the demand for senior IT executives in Q2 96 compared with Q2 95.

Kalamazoo - a correction

We inferred in last month's *System House* that **Kalamazoo Computer Solutions** might possibly have been loss-making. MD - Paul Heaven - wrote to point out that *"KCS was in fact profitable and, indeed, recorded the highest profit growth of any of the divisions in Kalamazoo"*. Heaven was man enough, however, to admit that Kalamazoo do not exactly make it easy to glean that fact due to *"inter group trading"*.

Heaven was also not that happy with our reporting of the share price reduction of 14% in June. The problem being that we choose the last day of each month as our base date. Kalamazoo share price had shot up from 103p to 143p by the end of May as a result of the Datapoint acquisition. Clearly there was profit taking in June as Kalamazoo went ex-dividend.

We are pleased to report, therefore, that Kalamazoo's share price has increased (recovered?) by 7% to 131p in July. Regardless we agree with Heaven that *"Kalamazoo is in good shape and increasingly focused on its core computer activities"*. Interestingly he says *"even unfashionable service areas like hardware maintenance have sufficient quality internal business to continue to exceed expectations"*.

Admiral

Admiral's results for the six months to 30th June 96 showed revenues from continuing operations up 23% and total revenues, including the contribution from **Delphy** and **Ares**, up 42% at £43m. But PBT was down 7.3% at £5.2m and EPS was 14% lower. How could this be from a company with such a "boring" record as Admiral? In Aug. 94 the first major exceptional profit accrued to Admiral as a result of their JV with Powersoft. This was repeated in FY95 when Sybase bought Powersoft. If you strip out the £2.23m exceptional in H1 FY95, Admiral's operating profits have grown by 35% organically or 56% if the two acquisitions are included.

Either way, a superb performance. It also looks as if all parts of the group - including the mainland Europe acquisitions - have fared well. Ares managed a near 14% margin in its first few months and staff numbers have increased nearly 30% to 165.

It is a stunningly good performance...but is even more praiseworthy as it comes after such a long run of *"stunningly good performances"*.

When you read other reviews of Admiral some have got the impression that Chairman Clay Brendish was a little *"smug"*. Indeed, you could say that he has a right to be! But, like all good businessmen, Brendish's recipe is simple. He runs a tight ship, *"sticks to the knitting"* and is just as capable as saying "no" to a deal as "yes". He is currently applying that *"simple"* philosophy to Europe. If his business model was more complex, he would undoubtedly fail like everyone else! And if that comment sounds like us also being smug *then so be it.* At least we are old enough to know that if it takes a 2 hour meeting to attempt *(and fail)* to explain a business to us - it is unlikely that the market and the company's staff will have any better understanding.

Admiral also announced that **Wicat** had *"outsourced"* its customer training and courseware development to **Admiral Training**.

As discussed in our p1 article, the SCSI Index fell by 5.5% this month. **Coda** - down 44% on the result those awful results announced at the end of June - led the losers. But **Phonelink** (down 35% - see p8), **SiR** (down 33% - p3), **Cray** (down 31% - p2), **Virtuality** (down 31% - p3) and **LBMS** (down 26% - p4) all fell sharply on bad news announcements. **Pegasus** (p3) put on 34% as an *"unsolicited bid"* was announced. Clearly investors do not share our concern about capitalised R&D at **CFS** - which put on 33% in the month and **DCS** was up 31% on positive press comment on European prospects.

31st July 96	SCSI Index		2662.92
	FTSE 100		3703.20
SCSI Index = 1000 on 15th April 1989	FTSE SmallCap		2081.18
Changes in Indices	CSI Index	FTSE 100	FTSE Small Cap
Month (30/6/96 - 31/7/96)	-5.48%	-0.21%	-5.01%
From 15th Apr 89	+166.29%	+80.33%	
From 1st Jan 90	+189.42%	+56.78%	
From 1st Jan 91	+276.19%	+71.41%	
From 1st Jan 92	+154.86%	+48.54%	
From 1st Jan 93	+67.10%	+30.10%	+50.01%
From 1st Jan 94	+59.50%	+8.33%	+11.37%
From 1st Jan 95	+77.63%	+20.80%	+19.17%
From 1st Jan 96	+17.91%	+0.38%	+7.19%

System House SCSI Share Prices and Capitalisation

	Share Price 31/7/96 (£p)	Capitalisation 31/7/96(£m)	Historic P/E	Ratio Cap./Rev.	CSI Index 31/7/96	Share price % move since 30/6/96	Share price % move in 1996	Capitalisation move (£m) since 30/6/96	Capitalisation move (£m) in 1996
Action Computer	£1.37	£ 44.10m	Loss	41.21	65.66	-2.14%	-7.43%	£39.25m	£38.94m
Admiral	£3.00	£ 187.80m	30.6	2.87	10843.05	11.11%	82.93%	£18.80m	£86.40m
AFA Systems	£1.33	£ 13.30m	n/a	n/a	1108.33	10.83%	10.83%	£1.32m	£1.32m
Azlan	£6.67	£ 182.10m	22.0	0.93	2900.00	-4.44%	32.08%	-£8.50m	£46.30m
British Data Management	£1.59	£ 39.80m	23.0	2.34	1272.00	1.27%	28.23%	£0.60m	£8.80m
Capita	£3.36	£ 188.80m	27.7	2.17	10090.09	-10.64%	17.89%	-£22.50m	£28.30m
Cedardata	£1.88	£ 57.50m	19.8	4.76	1790.48	10.59%	13.25%	£5.50m	£6.70m
Clinical Computing	£0.44	£ 7.48m	Loss	3.38	354.84	-22.81%	41.94%	-£2.21m	£2.46m
CMG	£6.25	£ 399.00m	29.7	2.03	2155.17	-5.02%	89.97%	-£21.10m	£189.00m
Coda	£1.14	£ 30.30m	44.4	0.92	485.11	-44.39%	-46.73%	-£24.20m	-£25.80m
Compel	£2.07	£ 31.60m	16.9	0.45	1656.00	-6.76%	9.52%	-£2.30m	£2.80m
CFS	£1.20	£ 8.88m	25.7	2.97	1333.33	33.33%	41.18%	£2.22m	£4.71m
Cray Electronics	£0.29	£ 68.80m	Loss	0.26	169.59	-30.95%	-30.12%	-£30.80m	-£30.80m
CRT	£1.50	£ 101.40m	23.1	1.39	1666.67	-5.66%	30.43%	-£6.10m	£23.80m
DCS Group	£1.53	£ 29.40m	24.0	3.38	2550.00	30.77%	104.00%	£6.90m	£15.20m
Delphi Group	£5.20	£ 132.60m	20.4	0.76	2139.92	-6.31%	40.54%	-£8.90m	£38.60m
Division Group	£0.75	£ 32.90m	Loss	6.81	1875.00	-8.54%	-34.78%	-£3.10m	-£17.60m
DRS Data & Research	£0.32	£ 10.90m	24.1	1.68	290.91	10.34%	28.00%	£0.98m	£2.35m
Eidos	£7.03	£ 55.50m	Loss	14.96	7030.00	-11.57%	1.44%	-£7.30m	£0.80m
Electronic Data Processing	£0.77	£ 20.20m	11.1	1.60	2357.62	-14.44%	-33.62%	-£3.40m	-£10.20m
FI Group	£3.50	£ 103.90m	45.5	1.32	1489.36	-9.09%	48.94%	-£10.40m	£34.10m
Firecrest	£0.65	£ 15.30m	27.8	2.31	1625.00	-7.14%	-46.72%	-£1.10m	-£5.00m
Flomerics	£2.25	£ 5.76m	20.5	1.39	1730.77	-8.16%	19.68%	-£1.29m	£0.95m
Gresham Computing	£0.71	£ 23.20m	30.1	2.94	763.44	24.56%	69.05%	£4.60m	£9.50m
INSTEM	£1.82	£ 8.19m	10.0	0.38	1820.00	0.00%	5.20%	£0.00m	£0.40m
Intelligent Environments	£0.71	£ 15.90m	n/a	3.98	755.32	-16.47%	-24.47%	-£3.10m	-£5.13m
JBA Holdings	£5.14	£ 175.30m	31.8	1.41	3212.50	-0.58%	31.46%	-£3.00m	£42.00m
Kalamazoo	£1.31	£ 37.70m	11.7	0.57	3742.86	6.50%	13.91%	£2.30m	£15.30m
Kewill	£4.36	£ 54.10m	12.9	1.54	1723.32	-3.33%	24.22%	-£1.80m	£10.60m
Learmonth & Burchett	£0.92	£ 23.50m	Loss	0.91	766.67	-26.40%	-67.72%	-£8.40m	-£48.60m
Logica	£6.37	£ 401.30m	27.1	1.60	1745.21	-1.24%	38.78%	-£5.10m	£114.00m
Lorien	£2.70	£ 30.80m	22.5	1.06	2700.00	-18.18%	30.43%	£12.00m	£19.00m
Lynx Holdings	£0.69	£ 66.40m	14.7	2.07	1725.00	-12.66%	-1.43%	-£9.70m	-£0.20m
Macro 4	£5.00	£ 103.50m	13.5	4.13	2016.13	4.17%	18.20%	£4.10m	£16.40m
MAID	£2.84	£ 260.40m	Loss	19.09	2581.82	10.08%	22.94%	£23.90m	£48.60m
McDonnell IS (MDIS)	£0.59	£ 59.00m	Loss	0.40	226.92	-19.18%	43.90%	-£14.00m	£18.50m
Micro Focus	£7.30	£ 110.20m	Loss	1.43	3526.57	-11.30%	29.20%	-£14.10m	£24.90m
Microgen	£1.42	£ 56.10m	9.6	0.81	606.84	-16.96%	-20.67%	-£11.40m	-£14.60m
Microvitec	£0.55	£ 42.00m	17.5	0.76	1341.46	-16.03%	12.24%	-£8.00m	£4.90m
Misys	£7.63	£ 646.30m	17.3	2.31	1898.01	-1.93%	33.86%	-£12.70m	£168.60m
MMT	£4.50	£ 52.60m	22.2	3.77	2678.57	-1.75%	82.93%	-£1.00m	£23.80m
Moorepay	£2.10	£ 15.90m	18.0	3.43	2530.12	2.44%	32.91%	£0.30m	£3.90m
MR Group	£0.89	£ 49.70m	55.6	1.20	353.17	-1.11%	27.14%	-£0.50m	£10.60m
MSB International	£2.52	£ 51.20m	20.9	1.33	1326.32	9.57%	32.63%	£4.50m	£12.60m
OmniMedia	£0.48	£ 11.80m	Loss	42.91	640.00	-20.00%	-26.15%	-£3.00m	£0.20m
On Demand	£1.35	£ 74.40m	Loss	8.46	1730.77	-14.56%	3.85%	-£12.70m	£8.10m
Oxford Molecular	£2.89	£ 175.70m	Loss	28.43	3612.50	-6.17%	8.65%	-£11.60m	£38.00m
P&P	£1.36	£ 109.80m	12.1	0.32	609.87	-13.92%	-10.53%	-£17.70m	-£11.20m
Parity	£2.92	£ 123.20m	28.2	0.96	16222.16	11.45%	66.86%	£12.60m	£49.30m
Pegasus	£4.09	£ 25.80m	29.5	4.01	1114.44	34.10%	94.76%	£6.60m	£12.60m
Persona	£2.66	£ 66.00m	17.1	1.24	1662.50	-12.50%	-6.34%	-£9.40m	£31.60m
Phonelink	£1.14	£ 55.10m	Loss	12.64	735.48	-35.23%	-40.00%	-£29.90m	-£20.80m
Proteus	£0.71	£ 38.70m	Loss	36.51	845.24	12.70%	-40.83%	£4.40m	-£0.50m
Quality Software	£2.20	£ 28.60m	42.6	1.34	578.95	-17.91%	-66.46%	-£6.20m	-£52.70m
Radius	£0.60	£ 16.70m	13.7	0.64	434.78	-4.76%	13.21%	-£0.90m	£2.00m
Real Time Control	£2.12	£ 14.80m	10.2	1.24	4326.53	15.22%	19.77%	£1.90m	£2.40m
Rebus	£0.71	£ 51.70m	215.2	0.86	806.82	-18.39%	-19.32%	-£11.60m	-£14.30m
Recognition Systems	£0.98	£ 26.50m	Loss	39.55	1400.00	-10.09%	40.00%	-£2.90m	£7.60m
Riva	£0.29	£ 8.76m	290.0	0.12	206.11	-19.44%	0.00%	-£2.14m	£0.00m
RM	£5.35	£ 95.20m	26.6	1.18	3057.14	-2.37%	25.59%	-£2.30m	£23.50m
Rolfe & Nolan	£3.13	£ 39.10m	25.4	2.28	3726.19	-5.15%	16.36%	-£2.10m	£5.50m
Romtec	£0.78	£ 4.03m	n/a	1.22	1248.00	-14.29%	24.80%	-£0.67m	£0.75m
Sage Group	£4.30	£ 461.40m	26.3	4.51	16538.46	-11.89%	32.31%	-£62.20m	£114.00m
Sanderson Electronics	£1.34	£ 55.70m	14.4	0.96	2280.85	-15.72%	-5.63%	-£10.40m	-£2.90m
Sema Group	£7.19	£ 797.90m	29.7	1.18	2261.01	-1.78%	34.14%	£110.60m	£296.20m
Sherwood	£1.99	£ 17.10m	9.1	0.65	1658.33	-20.08%	7.57%	-£4.30m	£1.20m
Spargo Consulting	£1.59	£ 19.90m	23.6	2.70	1673.68	5.30%	10.42%	£1.00m	£1.90m
Staffware	£2.77	£ 32.10m	71.0	7.52	1231.11	23.11%	23.11%	£6.05m	£6.05m
Superscape	£4.05	£ 34.00m	Loss	21.38	2045.45	-11.96%	-5.37%	-£4.60m	-£2.00m
Systems Integrated	£0.78	£ 10.50m	n/a	5.53	678.26	-32.76%	-32.17%	-£5.00m	-£4.90m
Total	£0.36	£ 3.60m	22.5	1.25	679.25	16.13%	71.43%	£0.50m	£1.50m
Trace	£0.23	£ 3.24m	9.1	0.16	184.00	-11.54%	-42.50%	-£0.43m	-£2.36m
Triad	£2.01	£ 50.60m	29.6	4.32	1488.89	-6.51%	48.89%	-£3.50m	£16.60m
Vega Group	£2.93	£ 41.90m	20.1	2.61	2401.64	-4.87%	-18.16%	-£2.10m	-£9.30m
Virtuality	£1.95	£ 57.50m	Loss	4.50	1147.06	-30.60%	-21.69%	-£25.40m	-£11.50m
Wakebourne	£0.29	£ 6.61m	Loss	0.19	161.11	3.57%	65.71%	£0.23m	£2.62m
Zergo	£2.20	£ 20.30m	n/a	2.87	2256.41	-21.43%	29.41%	-£5.50m	£4.60m

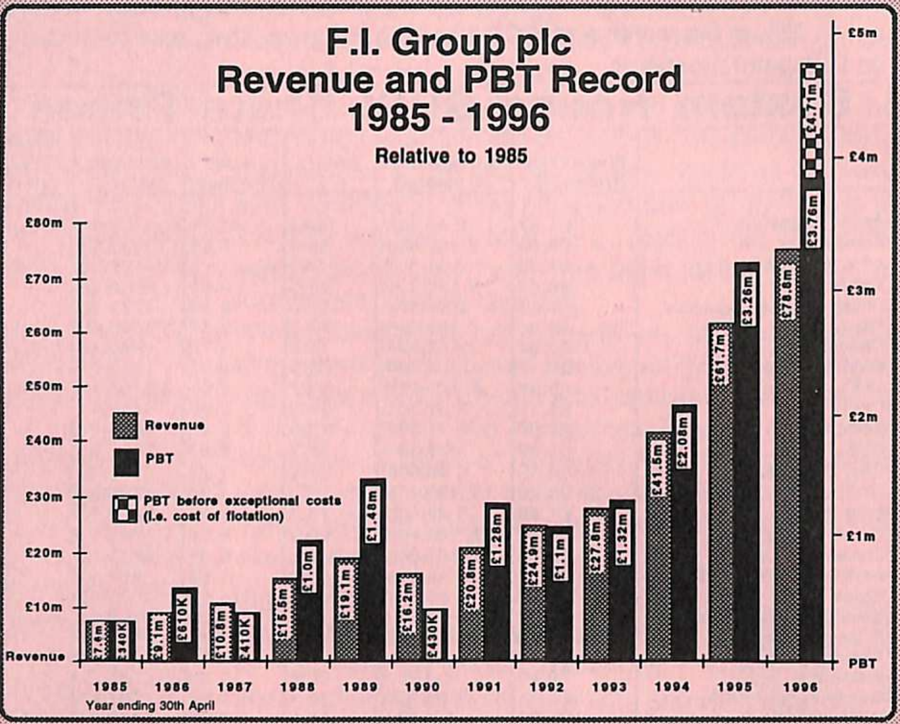
Note: CSI Index set at 1000 on 15th April 1989. Any new entrants to the Stock Exchange are allocated an index of 1000 based on the issue price. The CSI Index is not weighted; a change in the share price of the largest company has the same effect as a similar change for the smallest company.

F • I • GROUP PLC

Sorry Hilary, Tricia etc., but we feel we have given you at least your fair share of editorial comment in the last few years.

Let's therefore be brief. **FI Group** was one of the quality new issues at 235p at Mar. 96. Since then the shares have performed spectacularly - reaching a high of 419p in June 96. Even after the "market adjustments" of the last month the end of July 96 price of 350p is still a 49% premium on the share new issue price and 9-times the price at which Steve Shirley sold stock to the staff in 1991.

"Maiden" (*"Shall we attempt pun?"*...Ed - *"No"*) results from FI Group were ahead of expectations in the Prospectus. Revenues were up 28% at £78.8m, operating profits were up 48% at £4.46m and, even after the £947K cost of the float, PBT was up from £3.26m to £3.76m - about £100K more than we were led to expect. Cash more than doubled to £12.4m.



The future looks equally bright with forward orders up 28% at £72m *"some 55% of this being deliverable in 1996/97"*. Significant new orders signed in the year included a 5 year/£19m contract with Thames Water and a *"multi million"* deal with Eagle Star. Since the year end Barclays has renewed its contract and Legal & General has signed a 4-year contract worth over £9m.

We have little doubt that the future remains equally bright for FI's style (*"almost 70 people have been recruited"*) involving people who want flexible/part-time working patterns. Outsourcing is clearly here to stay. FI clearly intends to be main stream player and will undoubtedly need funds *"to finance the larger deals"* and move *"FI towards business processing outsourcing in the sectors where FI's business knowledge is already strong"*.

SCSI thrives in India

According to Nasscom, the Indian equivalent of the CSSA, India's software industry increased revenues by 61% to $1.2b in 1995 with exports rising 64%. Even the domestic market grew by 57% to $490m. The growth prospects are equally impressive with a domestic market worth over $2.5b by 2000. Source - Financial Times 3rd July 96.

Misys *"impressive performance"*

Misys announced their results for the year to 31st May 96 on 1st Aug. 96 - our press day. So more details next month.

In summary, revenues increased by 82% to £280m, PBT was up 92% at £50.4m and EPS was up 25% (helped by a lower tax charge). It was much to Misys' credit (and their legendary cash management abilities) that the £55m borrowing facilities put in place at the time of the ACT purchase have been repaid and £20.4m net cash was held at the end of the FY. All these figures were a little better than we had been led to expect and the shares rose initially by 12p to 775p on the news.

"The Banking Division recorded an outstanding performance, comfortably ahead of expectations...the order book finished the year up 21% on the opening position". Banking revenues of £140m and profits of £33.8m were recorded. Although the Insurance Division (where Misys had its original roots) advanced revenues by 17% to £40m, profits were flat at £12.6m. Information Systems (the rest of Misys varied portfolio) increased profits by 50% to £9.7m on revenues up 38% at £100.3m.

Footnote: After several requests, Misys still refused to invite us to the analysts' briefing. *Oh well!*

AIM new issues

AFA Systems plc had a successful AIM float at 120p and ended July 96 up 11% at 133p. The placing raised £2.5m and put a value of £12m on the group. Not bad for a company which was only formed in Oct. 95 and has made £217K revenues since and a £133K loss in the first four months of 1996.

AFA was formed in Oct. 95 when it acquired the South African developers of the Musketeer treasury and risk from its South African developers for £1.84m. Musketeer typically sells for £500K with the same again in implementation and support fees. Ex ACT MD, Mike Hart, is Chairman and CEO.

Electronic Retailing Systems was the first NASDAQ company to get an AIM listing at 145p but have remained static since. Their systems allow transmission of prices from a central computer for display on shop shelves thus avoiding the increased trend to get charged more at the check-out than you had been led to expect. But, as its mainly hardware and US to boot, we have NOT included ERS in our index.

Digital Animations, which produces games like Steel Legions, was a new issue at 71p raising £1.9m new money and valuing the group at £10.4m.

Intelligent Environments (see July *System House*) was launched at 94p but has since fallen 24% to end July 96 on 71p. This was despite announcing a marketing agreement with Netscape.

Network Technologies (also see last month) launched at 114p had quite a good reception...*considering!* Ending their first day up 8% at 123p.

P&P plc

You may remember that **P&P** announced back in May that operating profit for the six months to 31st May 96 *"was unlikely to show much increase"*. Given that this also coincided with an announcement of one of P&P's largest managed services contracts (with Marks & Spencer) many thought it was bit too conservative (and, for once, no bad thing in that either!)

In the event, on revenues up just 5% at £179.2m, operating profit actually advanced by 13% to £6.9m. PBT was up 5% at £6.5m and EPS was up 9%. These results include minimal contribution from the **Myriad** IT staff agency acquired by P&P in April for £12.5m. This will help P&P's move towards services as will the announcement of a partnership with Microsoft to manage UK corporate accounts. Brokers are forecasting PBT up 22% at £14.8m for the full year. P&P's shares fell by 14% to 136p - but more on market sentiment that any adverse reaction.

Microgen moves to *"newer technologies"*

Just like Moorepay (see opposite) **Microgen** is an old established service company. Microgen provides microfiche services. Although they have a long unbroken record of profits and indeed 10%+ margins, the results have lacked *"excitement"*. Microgen have had to work hard to maintain revenues, let alone profits, in a market which has fast moved away from microfiche.

In that context results for the six months to 30th Apr. 96 are quite satisfactory. Revenues were up 10% at £38.3m, PBT up 9% at £4.88m and EPS up 10% although cash reduced by a third to £2.7m.

Revenues from COM services continued to decline and are now <50% of revenues for the first time but were *"more than made up by increased sales"* from newer technologies. New activities like Chronos (for *"improving cash flow of sales ledger administration"*) and Intext (*"production of documents on demand"*) had shown *"encouraging growth"*.

Despite this recovery and really quite encouraging outlook, Microgen shares fell 21% in July.

Capita fortunately remains "Boring"

When a company gets a ***System House* Boring Award** and then maintains it year in, year out, we find it difficult to criticise. But although **Capita** reported revenues up 15% at £50.1m, PBT up 14% at £4.6m and EPS up 10% in the six months to 30th June 96, it was hardly....exciting. Indeed when you operate in a market growing at 40%+, these kind of growth rates might be considered pedestrian. True outsourcing revenues were up a higher 17% at £34m - two thirds of group revenues. Outsourcing profits at £3.1m represent a 9.1% margin. Capita had a bit of an hiatus in new contracts for most of 1995. But contracts worth £253m have been signed in the last 12 months - *"contracts to the value of £174m do not start until the second half of FY96"*. But it has not all been the kind of *"plain sailing"* Capita expects. For example, it lost out on the Chessington deal to Bull's Integris.

Capita has also seen its profile change. Back in 1989, 75% of its outsourcing related to pure IT activities. This had fallen to 50% in 1995 and will fall still further this year. It closest competitor now is the BPR activities of Andersen Consulting rather than the IT outsourcing of Hoskyns.

Anyway there seems little doubt that *"the results for the full year will reflect further progress"*.

Moorepay *"Size isn't everything"*

Moorepay is the archetypal IT services company - starting (and remaining) as a payroll processing bureaux over 30 years ago. Despite mediocre growth in 30 years (revenues were just £4.6m in 1995) their reception on the AIM market has been sparkling. A transfer from Rule 4.2 in Aug. 95 at 83p, the shares have since risen to end July 96 at 210p - a massive 153% rise and valuing the group at nearly £16m. Results for the six months to 30th June 96 show revenues up 16% at £2.7m, PBT up 28% at £851K (equivalent to a 31% profit margin!) and EPS also up 28%. Cash has doubled to over £1m. Moorepay is continuing its quest for further payroll processing businesses to add to the three acquired in 1995.

But with these kind of results and share performance *who needs to be big anyway?*

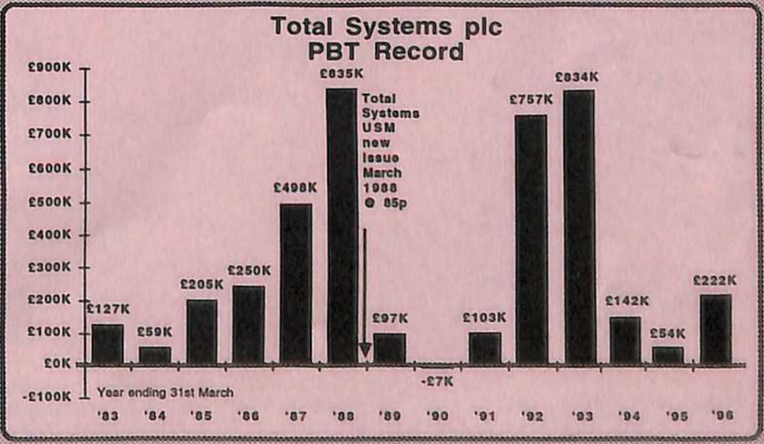
Total Systems blames its customers...again

OK, so we do afford **Total Systems** far more coverage than they deserve. Certainly, we get the distinct feeling that Total would prefer to be rather lower key. But even though they only had revenues of £2.89m (up 26% on the year) and PBT of just £222K (up fourfold) they still have a market capitalisation of just £3.6m - 57% less than when they were a new issue in 1989.

We would actually like to ignore Total Systems. It's just that their Chairman Terry Bourne always manages to get up our nose. According to Bourne, the real problem he faces is, well let's be frank, those annoying things known as ....customers. Not only do they resist implementing Total's wonderful systems, which could result in massive savings on job costs, but customers have their own problems leading them to go broke. Indeed, it looks as if one customers could go down owing Total £87K.

Bourne now *"recognises the need to maximise share value"* which has fallen by a massive 57% since first issued in a period when our SCSI index has increased by 166%. Bourne reckons that it is the *"quality and commitment* (of Total's employees) *which differentiate Total in comparison to its competitors"*.

Perhaps Bourne - who has steadfastly refused to implement the Cadbury recommendations on such things as non-execs (Bourne still thinks Total doesn't need them) - should look closer to home for the real *differentiating factors*.



Microsoft warns of *"slowdown"*

Microsoft reported revenues up 46% at $8.67b and profits up 48% at $2.2b for the year to 30th June - *"slightly above expectations"*. Thus closing the gap on EDS ($12.4b) as the #1 SCSI company, unexpectedly retaining their 25% profit margin and generally confounding all the NASDAQ doom merchants. Server software to corporates was the real star.

But Microsoft did warn of flattening revenues in FY97.

Footnote: According to a Microsoft survey *"70% of Word users do not use any of its advanced features"*. Personally we would have put the proportion much higher!

Services scores for IBM

When you are just a hardware company anything that may go wrong can easily be blamed on the software. When you are a software company you easily blame all those stupid users at the services company. But **IBM** this month at Atlanta realised where the buck really does stop.

But that said, IBM's services revenues were the star performer in Q2 as shown in the table below. Given that **Tivoli**'s performance was described as *"outstanding"* and **Lotus Notes** revenues nearly doubled, Goodness knows what happened to the rest of IBM's software revenues as the total grew by just 4%.

IBM Q2 (to 30th June 96) Results		
	Q2 Revenue	Growth
Hardware	$8.6b	-1.0%
Services	$3.7b	22.8%
Software	$3.2b	4.0%
Maintenance	$1.8b	-6.5%
Rentals/ financing	$0.9b	4.7%
TOTAL	$18.2b	3.7%

Revenues from Europe declined by 2%. Even so IBM are lead SCSI supplier in every major European market. *"Watch out - there's an IBM about"*

Despite a 25% profits fall (to $1.3b) IBM shares were up over 15% against the trend.

Hardware *"not the place to be"*

A report by Plimsoll of 2,422 UK hardware-related companies showed 39% facing serious financial difficulty.

Management consultancies start recovery

According to the excellent annual survey in Management Consultancy Magazine, there has been a substantial recovery in their readers fortunes in 1995. The Top Ten MCs (representing two thirds of the total market) grew revenues by 10%. However, only about a third of total revenues relate to IT where Andersen, IBM and Coopers & Lybrand are the lead providers.

Top Management Consultancies in the UK 1995				
		1995	Growth 94/95	1994
1	Andersen Consulting	£320.0m	14%	£280.5m
2	Coopers & Lybrand	£157.6m	16%	£136.0m
3	KPMG Management Consultancy	£109.3m	38%	£79.1m
4	IBM	£105.0m	11%	£95.0m
5	PA Consulting	£90.9m	-16%	£108.0m
6	Price Waterhouse	£89.0m	9%	£82.0m
7	Gemini Consulting	£88.3m	14%	£77.7m
8=	Ernst & Young	£88.0m	-1%	£88.5m
8=	Touche Ross	£88.0m	2%	£86.0m
10	McKinsey & Co	£76.0m	17%	£64.8m

Source - Managemeny Consultancy Magazine July/August 1996

Although an improvement on previous years, they do show how MCs are now lagging behind SCSI market growth (18%) in 1995. The Top Ten SCSI suppliers to the UK market grew their revenues by 28% in 1995 - i.e. nearly three times the rate of growth of the Top Ten MCs.

BULL UK continues SCSI growth

Although **BULL UK** saw a 14% growth in revenues to £174.8m in the first half of 1996, it was outsourcing (up 220%), SI and software (up 69%) which were the real stars. The Chessington contract - worth £15m p.a. comes on stream on 1st Aug. and will contribute to what we expect to be an increase in **Integris**' outsourcing revenues from £21m in 95 to over £50m in 1996.

The UK recorded amongst the highest growth of any BULL country. Interestingly, *"the depressed IT market in France impacted sales, which declined by 6%"*. SCSI was the fastest growing of all BULL's sectors, Indeed hardware revenues (excluding PCs) actually fell.

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Our Internet page is now fully operational and updated every time something important happens on the UK corporate SCSI scene.

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