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ovum HOLWAY

SYSTEMHOUSE

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

SUPPORT SERVICES: STEADY, NOT DREARY

The *Holway@Ovum* team has been hard at work preparing the *Market Trends 2005* report. Here, Analyst, Kate Hanaghan focuses on some of the key findings around the UK support services market, which comprises systems support (in essence, hardware maintenance), desktop services and business continuity services.

Dull but worthy?

Against a background of recovery in the software and project services markets, and strong growth in outsourcing, support services has held steady – and will continue to hold steady – with a consistent growth rate of 3%. This performance, together with the common view that it is an unexciting area, has earned support services something of a 'dull but worthy' tag line.

But the support services arena is anything but 'dull' – the key reasons being the high degree of M&A activity (e.g. HP/Synstar, Getronics/PinkRoccade) and the growth of the managed support services market. Managed services is a term used by a range of IT companies, including resellers, support and outsourcing companies. In fact, there are almost as many different meanings to the phrase as there are companies using it!

Managed services drive growth

A typical managed support contract will be focused on desktop services, but might also include some maintenance activities – and perhaps even some BC services in some cases. The key feature is taking on the responsibility for optimising and improving service delivery. It's also about taking on more risk, as it is down to the supplier to create the cost-

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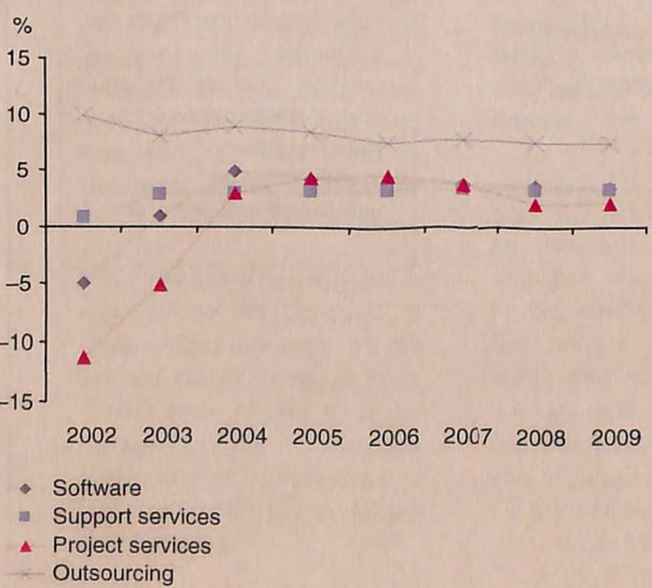
Figure 1 **UK S/ITS growth by market sector**



Source: Ovum

Contents

INDICES
(changes in June 05)

Holway S/ITS	**+0.56%**	**4965**
FTSE IT (SCS)	**+2%**	**498**
techMARK 100	**+3.3%**	**1198**
Nasdaq Comp	**+0.15%**	**2071**

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savings/efficiencies, within a pre-defined agreement and to a pre-defined price.

Managed services was the most significant growth driver in the support services market in 2004. It will increasingly account for the lion's share of our desktop services line and can take the credit for market growth rates that in 2004 hit an impressive 8.1%.

The growth of managed support services has followed in the wake of its bigger, more mature cousin, IT outsourcing. For clarification, managed services differ from outsourcing due to the size of the customer and the contract, and the scope of the contract. Both are driven by the need for CIOs to improve IT performance while managing costs, although the managed services market is less mature and far smaller.

While customers are driven by the need to reduce costs, it is certainly not the case that the cheaper bids always win. Customers will also be looking for providers that can ensure improvements in the way their IT is supported, and do this more efficiently than they can themselves.

The trend towards managed services does not mean that the demand for standalone services, such as break/fix or helpdesk, will completely disappear. The provision of these services will continue to be critical to the generation of higher value (managed) deals. They are often the 'foot in the door' for suppliers who will look to upsell customers somewhere down the line.

The leading lights

The growth performance of the leading 15 support players is characterised by diversity. In this market, HP reigns as the largest provider. Furthermore, the company will easily stay top of the pile with a full year's worth of Synstar revenues taking support revenues over the £600 million threshold.

IBM plays second fiddle to HP in support. It too has made acquisitions outside of its traditional maintenance area (the Schlumberger Business Continuity unit), which boosted overall growth in 2004. See table for the top five ranking companies.

Other players worth watching include Phoenix IT (with its partner-centric model and 40% inorganic growth) and 2e2 (a highly acquisitive support and projects company with 164% inorganic growth). Both are on a mission to make their mark and both are great examples of why the support arena is anything but dull. *(Kate Hanaghan)*

Figure 2 **Leading support services players**

Rank	Company	FYE	Support services revenues (£m)		Change
			Latest FY	Prior FY	
1	HP	31 Oct 04	486*	460	6%
2	IBM	31 Dec 04	290*	240	21%
3	Computacenter	31 Dec 04	209	180	16%
4	Fujitsu Services	31 Mar 04	166	166	0%
5	Sun Microsystems	30 Jun 04	156	152	3%

*includes inorganic revenues

Source: company information and Ovum estimates

To learn more about the support services market, and for in-depth competitor analysis, see the *Market Trends 2005* report, available to *Holway@Ovum* subscribers, or contact:
Suzana Murshid
T: 020 7551 9071
suzana.murshid@ovum.com

For details on how Ovum can customise its support services analysis for your specific needs please contact:
Kate Hanaghan
T: 01252 740909
kate.hanaghan@ovum.com

Holway Comment

Developing 'rightshore' strategies

Richard Holway

This month I was asked to give a keynote speech at Capgemini's Rightshore week. Capgemini had brought the directors from its Mumbai operations to meet the UK teams. The dinner mixed Capgemini directors with their customers using their offshore services.

Capgemini and India

Capgemini now has 2,500 people in India and aims for that to rise to 10,000 before very long. Capgemini's Indian CEO, Baru Rao, says 55% of the Indian operation's output goes to US customers, with about 25% each going to the UK and Continental Europe. Some 50% of Baru's work is outsourcing, and 50% systems integration. Of the outsourcing, the vast majority is application management. The SI work is split between custom-coding work and package implementation.

The average project might have about 15 to 20 people and take up to six months – though these projects are often part of larger jobs that have been cut into digestible chunks. The UK and Nordics are showing the strongest growth in demand, Baru says. UK clients include steelmaker Corus, gas supplier Centrica and Inland Revenue.

The intellectual centre of gravity in organisations like Capgemini is slowly shifting eastwards; it's not just the coding workload that's moving there. Around 45 of the company's key knowledge managers work in India which is fast becoming Cap's 'global knowledge hub'.

Stretching the automobile analogy

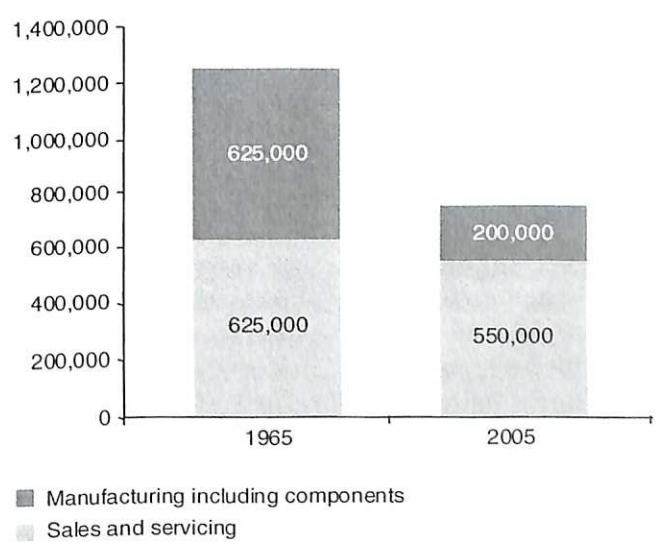
Back in 2002, I used the automobile industry as an example of what happened during a sector's 'maturity phase' which for the automobile industry started in the 1960s. I showed how the industry's share of the economy had declined from 4.5% in 1965 to under 4% now; even though there were three times more cars on UK roads - more reliable, more efficient and far more technologically advanced cars too. We rely on our cars more and more but expect to spend less and less on them.

This in turn led to pain for the automobile sector which had been forced to consider moving production to the lowest cost centres – or face extinction. Other consequences had included massive consolidation and moves towards common parts and floor plans.

My contention was that all the things which had happened to the automotive sector were now happening in IT.

So it might be interesting to see how this analogy stacks up when applied to employment. In 1965, the UK automotive sector employed around 1.25 million people. Approximately 50% worked in manufacturing (including components) and the rest in car sales and servicing. Today that total has reduced to just 750,000. The number associated with manufacturing will have fallen from over 600,000 to around 200,000

Employment in UK automotive sector



Source - DTI/Ovum

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now that MG Rover has finally shut up shop. The actual number of cars manufactured in the UK hasn't actually fallen very much. It's just that they are now built by foreign owned companies and productivity has soared. However, the market (in volume terms) is now three times higher than it was in 1965 – and the majority of cars are now manufactured 'offshore'.

550,000 people are still employed in automobile sales and servicing. This number has held up well, although volume increases have been more than offset by increased reliability.

Applying this to IT

The move towards offshoring in the manufacturing of IT hardware is well advanced already. In S/ITS the situation is very different. It was only eight years ago, in 1997, when Hilary Cropper at Xansa (then FI Group) told me of her venture into India by buying IIS Infotech. I questioned the wisdom of this at the time. Since then every S/ITS company operating in the UK has developed some offshore capabilities – whether it's in India, Poland, South Africa or wherever. Indeed, we estimate that 15% of all the S/ITS activities in the UK are now undertaken offshore. The vast majority of this, however, is via indigenous S/ITS companies, like Capgemini or Xansa, directly. Offshore companies currently have less than 3% of the UK S/ITS market.

You might have expected the offshore players to have achieved a much higher share of the market by now. But they have found that there are some roles and activities which must always reside onshore. That's the reason why, right now, the likes of Infosys, Wipro and TCS are all looking around for local players to buy.

The first thing they have discovered is that the front-end selling/account management activity currently still has to be undertaken face-to-face. The automobile sector found this to be the case too. Buyers still want to 'kick the tyres' before they buy and want a similar something to kick when things go wrong afterwards! But things might not always be quite so cosy in IT. Capgemini's offshore staff are now playing more of a role in pre-sales and bidding work, such as market analysis, feasibility studies, and quote preparation. Up to 85% of the work in responding to invitations to tender is now done in India. In other words, the Indian side of the operation is moving up the value chain.

Top-level programme and project management is another area which needs to be as close to the client as possible. We suspect this will forever be the case. But we fully expect the offshore players to play an increasing role here - it's just that they will move their Programme Managers here rather than it being a task undertaken offshore. Having said that, there seems to be a global shortage of good programme managers. They are as difficult to find in Mumbai as in London.

Rightshoring

Of course nobody would accept having to return their car to Korea for servicing. But it's very different in IT. The last thing any self-respecting desktop support operation wants to do is send an engineer out to fix a problem. If it can't be fixed remotely, it's now often cheaper to chuck the product away and replace it. Front-line support and application management are probably the two IT activities most suited to offshoring and perhaps these are the two areas most akin to car servicing. These activities, together with program development, are the areas which employ the majority of the UK's 500,000+ S/ITS staff. Even with travel and extra management costs taken into account, everyone we speak to talks of at least a 50% saving (often more) on using offshore resources for these activities. We see salary rates for UK staff in these relatively average roles being under increasing pressure for years to come. It would not be crazy to suggest that up to 50% of these jobs would go offshore in as little as ten years.

The other main area is design. We've had a great record of innovation in software design in the UK – only to find those innovations being better exploited by US or Japanese companies. Just as Ford has recognised the automobile design skills resident in the UK, we had hoped that the UK would be an attractive location for software design centres established by foreign companies. But it hasn't exactly happened like that. Microsoft still does the vast majority of its design in and around Seattle and the same can be said of most of the global players. However, niche applications peculiar to the UK are still designed here.

But global software players would be wrong to be complacent. The Chinese already spend a much higher % on R&D than the West.

> Rightshoring: restructuring a company's workforce to find the optimum mix of jobs performed locally and jobs moved to foreign countries.
>
> Rightshore is a trademark of Capgemini with a filing date of 27 May 2003.

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Again it would not be crazy to suggest that, in ten years time, much of the new wave software innovation could be coming from the East, rather than the West.

What to do?

The speed at which offshoring has taken off, and the pain that it has undoubtedly inflicted on the sector, cannot be underestimated.

The two extremes of dealing with the situation are:

- route 1 – embrace it and let market forces apply
- route 2 – set up every barrier possible to stop, or at least slow down, the process.

Currently, the UK, maybe of all the nations in the world, typifies route 1 above. The French would appear currently to typify route 2.

Just as King Kanute could not stop the tide coming in so nobody is going to stop offshoring either. On the other hand, nobody wants people to be drowned in the process either! Companies must develop their Rightshoring policies. Emphasis must be put on developing the skills and resources which will continue to need to be undertaken here in the UK. These will, in future, embrace the communications skills required to manage and interact with offshore partners and resource centres. We need to understand them and talk their language rather than the opposite which we have expected to date.

In any event, these are the real IT markets of tomorrow. Already China has overtaken Japan as a market for both PCs and mobile phones (source – Nomura Research Institute).

On a wider scale, the UK workforce must be upskilled. Offshore may be low wage but it is definitely not low skill. If we are going to retain the highest paid jobs then we must have the highest skilled workforce.

(Richard Holway)

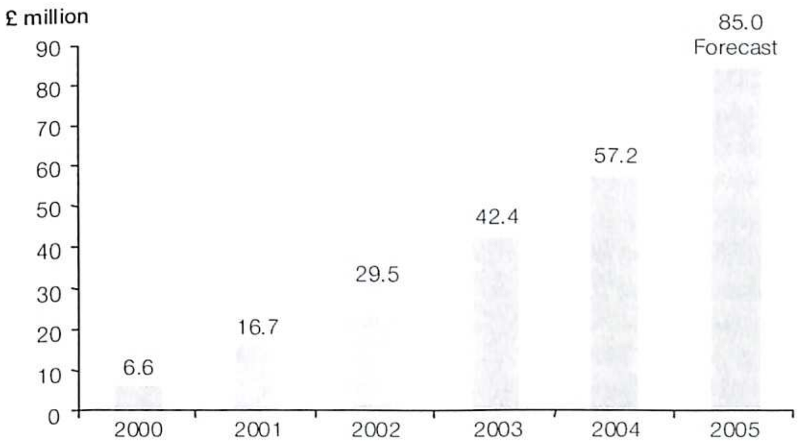
MessageLabs

GETTING TO KNOW MESSAGELABS

Back in March, I shared a conference panel with Ben White, the CEO of MessageLabs Group. I realised how little I knew of this UK company – something I addressed when I visited them at their HQ in Gloucester last week.

Brothers Ben and Jos White formed Star back in 1995, with MessageLabs following in 1999. They have since raised £10 million in 1999 from RIT Capital, Rothschild and Weinstock and a further £25 million in 2000 from MDP and Catalyst.

MessageLabs Group Revenue Record



In the year to 31 July 2005, the £85 million revenues projected for the Group will be split 50:50 between Star and MessageLabs, with both employing c350 staff each. But, whereas the combined group is still loss-making (albeit a much reduced £1 million loss this year), Star is the profit machine; it contributes £6-7 million.

There are now moves to separate the two corporate entities and, indeed, we expect to see them go their own separate ways before long.

Star is basically a provider of technology and managed services, concentrating on connectivity (e-mail and the Internet) for the small and medium-sized market – whereas other providers mainly target large enterprise clients. It has around 225 clients. Of course, it utilises the security offerings of the other part of the group.

MessageLabs provides a fully managed messaging security service. Even if you don't use them yourself, you will have received e-mails with the footnote: 'This email has been scanned by the MessageLabs Email Security System.' At present, the e-mail

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security market is dominated by software solutions from Symantec, McAfee, Trend, Sophos etc. The MessageLabs solution is based on messages going via its 13 datacentres now on four continents. They currently have 11,000 clients, 800 partners and process upwards of 1 billion e-mail messages per week.

MessageLabs' growth has been impressive at 70%+ in both the last two years. On the other hand, the c20% overall growth in the secure content market (SCM) is impressive too. As you might imagine, White is an evangelist for the remote datacentre methodology. He believes that 'all the servers in broom cupboards throughout the land will migrate to datacentres'. Having the filter in one place does have many attractions as it can eliminate threats at the Internet level before they reach corporate networks and end users.

What makes MessageLabs different from other software vendors is its combination of Internet-level (or in the cloud) scanning, fully managed services and its predictive technology, Skeptic. Skeptic proactively monitors, tracks and provides protection against emerging threats before they get near the customer's network. Skeptic learns from every message it sees, updating and evolving with every new threat. They like to see it as a utility service, much like turning a tap on and being certain to get clean, filtered water. MessageLabs just think that email ought to be cleaned in the system rather than at your office or home.

Not least is the ability to implement company-specific rules on what constitutes spam, inappropriate content etc. E-mails and Internet access are just the first part of the SCM story. On my visit, I was introduced to a new term – SPIM – 'spam via instant messaging'. Ultimately, as more types of communications go via IP, MessageLabs can co-ordinate all aspects of corporate security, maybe even including voice.

What now?

Although Star is a pretty profitable business, its UK-centric managed services pedigree is unlikely to attract valuations much in excess of 1 × revenues. Personally I think it would make a great fit for any network communications-oriented company looking for a foothold in the SME space.

MessageLabs, on the other hand, is now a global brand and operator. It's growing fast in a market (security) which is one of the hottest around. An IPO is clearly the preferred route and valuations up at the 4-5 × revenues level would certainly not be unexpected. We suspect we won't have to wait too long before we announce more corporate news from the MessageLabs camp. *(Richard Holway)*

FUJITSU SERVICES REPORTS SOLID GROWTH

Fujitsu Services, the European-centred IT services arm of the Fujitsu Group, revealed an encouraging set of results for the year to 31st March 2005. Total revenue increased by 14.5% to £1.986bn and PBT increased by 69% to £85m. Operating profit before exceptional items was £73.8m, compared to £54.3m the year before.

Comment: It seems 2004/5 was a very good year for Fujitsu Services – CEO David Courtley and his team will be justifiably pleased with double-digit revenue growth and a significant improvement in profits (let us not forget that Fujitsu Services only returned to profitability in 2002/3). Of course, growth rates are helped by the fact that Fujitsu Services now includes bits of Fujitsu Consulting and the former Amdahl data centre support services operation, FTSI, which didn't contribute to revenues in 2003/4. True organic revenue growth is closer to 9%. But given its recent contract wins in the UK, we suspect that growth this side of the channel was slightly stronger still – pretty impressive compared to the UK S/ITS market, which (as our analysis shows) grew 5.4% last year. In other words, Fujitsu Services is taking market share in the UK.

UK government business has clearly contributed to this growth. Recent Fujitsu wins in the sector (either as a prime or subcontractor) include Aspire at the Inland Revenue, DII (Future) in defence, the Southern region LSP contract with the NHS (although we do not believe it has recognised any revenues from this contract yet) and some sizeable local government deals. But David Courtley also highlights a significant upturn in Fujitsu's new business in the commercial sector, particularly in the retail and finance sectors (its £170m/5-year deal with Lloyds TSB, for example). Given this recent success across the board and its strong backlog and order book (currently at a record £6.2bn) we'd be surprised if revenue growth didn't continue next year. Fujitsu will also be looking to build on improvements in productivity, particularly in Europe, to ensure that profitability keeps moving in the right direction. *(Tola Sargeant)*

2.6%
175p

LOGICACMG OPTIMISTIC OF UK PERFORMANCE

We met up recently with Guy Warren, UK MD of **LogicaCMG**. Warren was in an optimistic mood, saying that space and defence are currently doing well, and he sees good opportunities in financial services and in industry, transport and distribution. In financial services, he hopes that outsourcing of payment processing will take off soon. Warren thinks the European SEPA regulations, arriving in 2008, will make banks reassess their payments infrastructure, prompting them to outsource at last. LogicaCMG is already working with two UK banks on preparing for this change. In BPO, Warren says LogicaCMG has sent its accounts payable and receivable operation offshore, to Bangalore, and he's hoping to market this as a service to UK customers.

Asked what's LogicaCMG's essence, Warren says: *"We're an applications company that focuses on business services that are supported by IT. We want to be the provider of business services that have a high IT content."* He's not interested in infrastructure outsourcing as such, seeing infrastructure merely as a vehicle for supporting applications. Nevertheless, the Edinfor acquisition – in which LogicaCMG bought a *'captive'* Portuguese outsourcer – gave Logica an infrastructure boost, along with 500 new SAP specialists. Warren says he's already showing the operation off to potential new UK clients.

Like many MDs we've recently interviewed, Warren reckons that end users are making ever more aggressive use of professional procurement staff when allocating and negotiating IT services contracts.

Comment: We often describe the LogicaCMG group as an engine that never quite fires on all cylinders, but it's worth remembering that many of the problems are on the continent or in the Wireless Software unit – the UK operation is actually performing pretty well. Although revenues grew just 3% to £661m in 2004, operating margin was a very creditable 12%, up from 11% in 2003. Outsourcing was 35% of UK revenues, delivering a nice bedrock of recurring revenue. Can Warren raise those margins? We wonder. He's promising to maintain them, though not to raise them. One issue is that those procurement departments are not signing contracts that give him 12% margins on day one. Ten percent is okay, he says, but twelve? No. So Warren makes up the margin by cutting costs and introducing economies of scale as the contracts kick in. Moving work to India is no panacea, since clients have usually already anticipated this (and benchmarked LogicaCMG against Indian rivals during procurement). It's a grind.

We sometimes wonder whether LogicaCMG pitches itself too low. Its top consultants clearly know their industries backwards, and it carries out business-transformation work as part of many engagements. Yet the company presents itself as a technical consultancy, below the Accentures and Deloittes of this world, let alone the McKinseys. I wonder if it's missing a trick here, perhaps partly because of its non-accounting roots?

(Douglas Hayward)

0.7%
70p

NORTHGATE REVENUE UP 50% ON BACK OF ACQUISITIONS

Northgate Information Solutions, the human resources and public sector software and services company, has reported results for the year ended 30 April 2005. Revenue has jumped 50.7% to £205.7m, on the back of its three acquisitions made during the period. Earnings before interest, tax, depreciation and amortisation came in at £32.5m, up 177.8% on the previous year.

Profit before tax was £3.9m, compared to a £10m loss last year. Diluted earnings per share were 0.79p compared to a loss of 2.94p in 2004. Net debt increased by £116.4m to £173.5m, due in part to the £157.7m spent on acquisitions during the year. However, operating cash inflow (cash generation before capital expenditure, acquisitions, interest, dividends and tax) for the 12 months was £33.3m (2004: £13.7m), and based on this the company's board says it is *"confident that Northgate can reduce its debt in the medium term, while still investing in future growth."* No dividend will be paid this year.

Comment: We have already commented quite a bit in

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previous Hotnews editions about Northgate's acquisitions over the past year. These results reveal that this aggressive mid-tier consolidator has still managed to improve profitability despite significant additions. To keep it all in perspective, Northgate's organic revenue (i.e. excluding acquisitions) was 7%. But the company's order book is up 99% to £370.3m, £157.4m of which will be recognised in the year to April 2006.

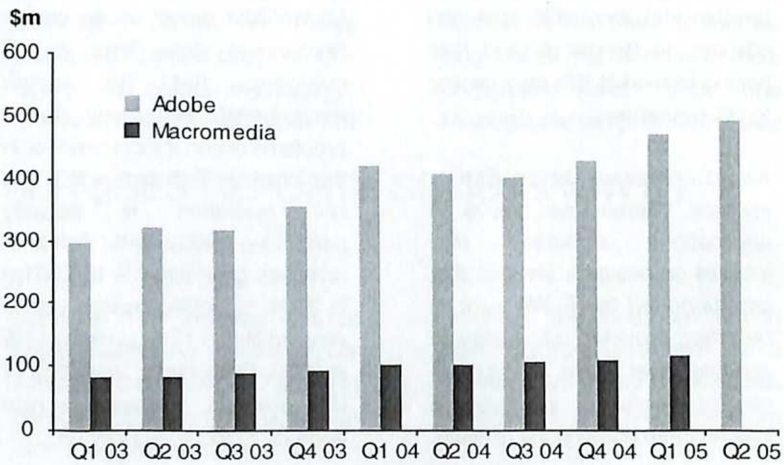
Northgate is now particularly well positioned to compete in the public sector market, and can combine its local government and payroll software offerings with its managed services, which now account for £25.6m of turnover. The aim is to "move away from being a 'simple technology supplier' to becoming a valued consultant and partner" for public sector clients, and so far Northgate is on the right track to achieve this.

Of key relevance is that the acquisition of Sx3 opens up access to the utilities and education sectors, as well as providing more local government sector coverage. The utilities sector is also served by MVM, the software company Northgate bought in February, while in education, Sx3 has already helped Northgate win preferred supplier status for an IT managed service contract at the Academy of St. Francis Assisi in Liverpool. So what next for Northgate? The company would do well to focus on integrating its acquisitions, establishing itself, and growing organically this year – but we have a feeling Northgate may not have shelved its M&A strategy just yet. *(Samad Masood)*

CAN ADOBE'S GREAT IMPRESSION CONTINUE AFTER IT SWALLOWS MACROMEDIA?

In June, **Adobe** announced excellent results for its Q2 2005 (which ended on 3 June). The software company, which has a wide range of document and imaging products such as Photoshop and Acrobat, generated product licence revenues of $486m, up 21% on the $403m achieved in the same quarter last year. This was also up 5% on the $463m achieved in the previous quarter – a notable achievement, since Adobe's product revenues typically go down between Q1 and Q2. Part of the reason for the increase was the launch of version 2.0 of its Creative Suite, which includes Photoshop.

Adobe and Macromedia quarterly turnover (nearest calendar quarters)



Services revenues were $10.4m, up 38% on the $7.5m achieved in 2004, giving total revenues of $496m compared to $410m in 2004, an increase of 21%. Operating profit was $182m, with a healthy margin of 37%; this was a two-point margin improvement on the $142m operating profit in Q2 2004. The net profit was $150m compared to $109m.

These are good results because of the company's consistency in its performance, as shown in the charts. Though operating profits move around from quarter-to-quarter, they have stayed consistently above 30% since late 2003. The good results were not due to any one region. Adobe saw *"solid demand across all geographies and segments"*, said CFO Murray Demo.

In April, Adobe announced a *"definitive agreement"* to acquire Macromedia in an all-stock transaction valued at approximately $3.4bn. This merger has not yet been consummated, so had no impact on either company's results. It is still being reviewed by the Department of Justice, but the companies hope to close the purchase before the end of the year.

Bruce Chizen, Adobe CEO, said that *"customers are calling for integrated software solutions that enable them to create, manage and deliver a wide range of content and applications – from documents and images, to audio*

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and video. By combining our development, authoring and collaboration software – along with the complementary functionality of PDF and Flash – Adobe has the opportunity to bring this vision to life with an industry-defining technology platform."

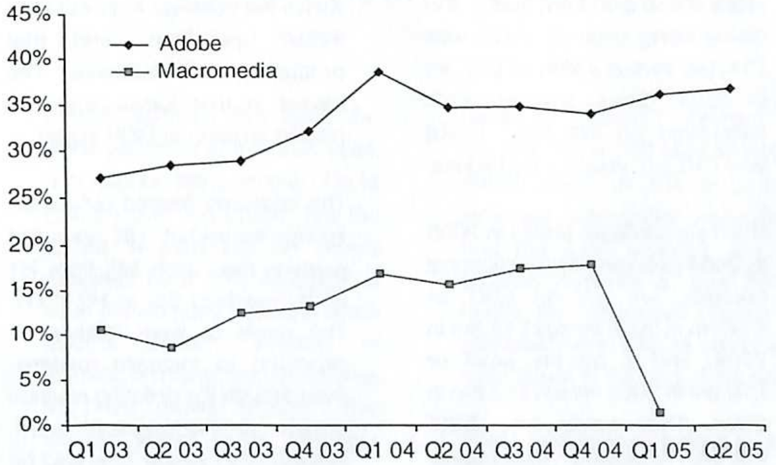
Upon the close of the transaction, Macromedia stockholders will own approximately 18% of the combined company on a pro-forma basis. Chizen will be CEO of the combined company; Stephen Elop, President and CEO of Macromedia, will be president of worldwide field operations.

So how do the two companies stack up? As we discussed above, Adobe is strong in the offline graphical design business and image/video manipulation tools, plus the PDF reader ubiquitous in the desktop space. Macromedia, on the other hand, has a much stronger presence in graphical user interfaces (GUIs) for the desktop with its Dreamweaver and Flash product set.

Both companies have made plays into the wireless market with the promise of rich media applications and cross platform access. Macromedia, however, has made stronger inroads here with recent deals with key operators and device manufacturers that will see Flash expanding its reach from the desktop environment to wireless platforms.

Adobe is significantly larger than Macromedia as the first chart

Adobe and Macromedia quarterly operating margins (nearest calendar quarters)



shows. In round terms, Adobe's revenues are around $1.8bn and Macromedia's are around $430m – so the revenue potential of their combined market play and future potential is substantial.

Macromedia is significantly less profitable than Adobe, though until Q1 of this year, it had been consistently in the black since 2002. It made a narrow operating profit but a net loss in calendar Q1 (which was Macromedia's fiscal Q4 2005) was due to write-down of intangibles and the restructuring of leases; in other words these appear to be one-off non-repeatable items.

Combining the two companies' turnover and operating profit suggests that it will have an operating margin of around 30% without any cost reductions. It seems likely that some rationalisation of duplicated facilities could take this higher, at the cost of some restructuring charges. In the long term, the objective would be to grow the combination towards Adobe's typical operating levels.

The deal itself is not without issues from a competition standpoint since the resulting business will almost certainly hold a sizeable chunk of the GUI market that would make it difficult for some smaller vendors to play in. The companies have overlapping product sets and a product portfolio that goes in many different directions. That is both a positive and a negative and will need to be addressed, going forward.

Ultimately both Adobe and Macromedia both have superb cross platform technologies and if they can exploit the ubiquity of the PDF reader and Flash, and really emphasise the *"any client, anywhere"* theme they will be a in a formidable position to dictate industry directions for the future.
(David Bradshaw)

-0.5%
92p

xansa

XANSA: WAITING FOR THE EQUILIBRIUM

Xansa this morning released its preliminary results for its financial year to 30 April 2005. Revenues in the core UK operation grew 3.5%, if we exclude the divested FBS business, which ended in late 2003. UK public-sector revenues grew by a healthy 36% to £45m, while private-sector revenues were flat. Xansa said UK operating margin rose from 4.6% in 2004 to 5.7%.

Group profits showed a big increase over 2004's restated figures, which included restructuring and goodwill-impairment charges. Group EBIT (including goodwill amortisation

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and impairment, the effects of share distribution from trusts, and restructuring costs in 2004) was £14.1m, versus a loss of £27.3m in 2004. Group pre-tax profit (calculated on the same basis) was £10.8m, versus a £29m loss.

But if we compare profits in 2005 to 2004 excluding the exceptional charges, we get an EBIT of £14.1m in 2005 versus £15.5m in 2004, and a pre-tax profit of £10.8m in 2005 versus £13.8m in 2004. That would give EBIT margin excluding exceptional items unchanged in 2005 at 3.7% and pre-tax margin up very slightly at 2.2%.

Net operating cash flow was £11.1m, down from £19.1m in 2004 (actually £29.3m in 2004, before exceptional charges). Xansa is now more indebted, thanks to the need to pay for its restructuring. It had £25m in long-term borrowings at 30 April 2005, versus none in April 2004. Net borrowings were £16.1m at year-end, versus £7m in 2004. Xansa said that its order bank (contractually committed orders) at year-end was down a little (5%) at £476m, but added that it's bringing in more large orders.

Chairman Bill Alexander said that the results *"are an indication that our strategy is beginning to deliver results"*, while CEO Alistair Cox added that *"we have made demonstrable progress in growing the underlying UK business. Looking to the future, we expect this progress to continue."*

Comment: We attended the analysts' briefing in the City to hear these results. The core messages were that revenues (which grew 3.5% in the core UK operation in FY 2005) will outperform the market, that Xansa will continue to invest in its Indian operations, and that profitability will increase. The caveat is that Xansa sees the market growing at GDP levels!

The company fleshed out its UK figures somewhat. UK operating margins rose each half from H1 2004, reaching 6% in H2 2005. The move of work offshore is expected to increase margins, even though it's deflating revenue growth in the medium term. Indeed, CEO Alistair Cox said he expects revenue growth to be broadly flat in the next two years, because Xansa is still transferring a significant amount of its workload to India, where rates chargeable to clients are lower than the UK. Increased work volumes are therefore counterbalanced by fee-rate decreases as clients move to blended rates, so overall revenue stagnates - despite volumes increasing. It's the *"offshore deflation"* effect.

But – and here's the crucial bit – Cox argues that this process will slow or halt in about two years' time, when Xansa reaches its *"equilibrium"* balance of onshore/offshore delivery. When this equilibrium is reach (expected to be about 60% offshore, 40% onshore), work volume increases will thereafter turn into proper revenue increases.

Some more revenue details: Government was the star-performing vertical, with 36% growth, followed by retail and consumer goods (12%). TMT matched overall UK growth, but banking, insurance and utilities all fell. In service lines, BPO (business process outsourcing) unsurprisingly grew fastest, at 8%, while other IT services managed 2.5% growth. Recruitment services grew 32%, reflecting the *'spike'* in demand that many staffing agencies also experienced in 2004. In manpower terms, UK headcount fell 6% while Indian headcount grew by half. India now accounts for 41% of the workforce, versus 59% for the UK.

Three things jump to my attention. First, Cox may be right about the *'equilibrium effect'*, but other (onshore) pricing pressures will continue to depress revenue growth rates lower than volume growth rates. Customers will want more for less, especially if they've already exhausted the initial savings of going offshore! So revenue growth may "accelerate" (Xansa's phrase) in two years' time, but I don't expect anything dramatic.

Second, Cox said that the NHS shared-services joint venture is going well, with one new customer being signed each week on average. Xansa reckons that there's a *"low-hanging fruit"* segment of perhaps 20% of the market. After that, things get tougher. We see this as an ambitious and high-risk contract, so it's good to hear that Xansa is ploughing ahead.

Third, Xansa is of course right to invest in India. It's avoiding some of the overheating areas like Mumbai, which Cox says is keeping Xansa's staff attrition and wage-inflation rates at the lower end of the scale. Cox said that Xansa has *"not knowingly lost a deal on price"*, which he says *"suggests that we've a cost base that competes with the Indian pure-play companies."* Still, I wonder if and when this perfect balance will be achieved, and what it will really look like.

(Kate Hanaghan)

11.9% 235p civica

CIVICA BUYS FLARE AS PROFITS GROW

Civica, the public sector software and services group, has released its interim results for the six months ended 31 March 2005, and announced the acquisition of Flare Software Systems, a provider of environmental health and trading standards software to the UK local government market, for up to £9m.

Flare's revenue for the year ended 30 April 2005 was £5.2m (up 24%) and earnings before interest and tax were £900k (up 29%). Civica is raising £10m from a new share placing to help fund the purchase, up to £7m of which could be paid in cash.

Civica's revenue for the first half of 2005 was £49.6m, with operating profit before amortisation and exceptionals at £5.5m. Civica has published pro forma figures for 2004 to help provide some comparison because it was still part of the Sanderson Group at the end of 2003. Based on these pro forma comparisons, revenue has fallen 5.5%, but operating profit (before amortisation and exceptionals) rose almost 26%.

Civica's services divisions have performed the best over the period. Consulting revenue grew almost 40% to £7.7m, driven by the public sector's need for help with their various efficiency programs. Consulting profit margins improved to 73.5% compared to 70% last year. Managed services also shone, with revenue up 32.5% to £7.5m over a period when nine new contracts were secured including Manchester City Council's multi-year service deal worth £200k, and a new Australian client – Central West Libraries in New South Wales.

Overall, software has been the worst performer in terms of sales, with revenue falling almost 17% to £34.3m over the period. But the decline in sales can be entirely explained by a 25% reduction in sales of third party software, which reflects Civica's strategy of focusing on higher margin activities to drive profits growth. This strategy seems to be working - software gross margins have improved to 26% thanks to a 34.8% leap in sales of Civica's own software products and improved margins on the resale business.

Moving away from low margin re-sale

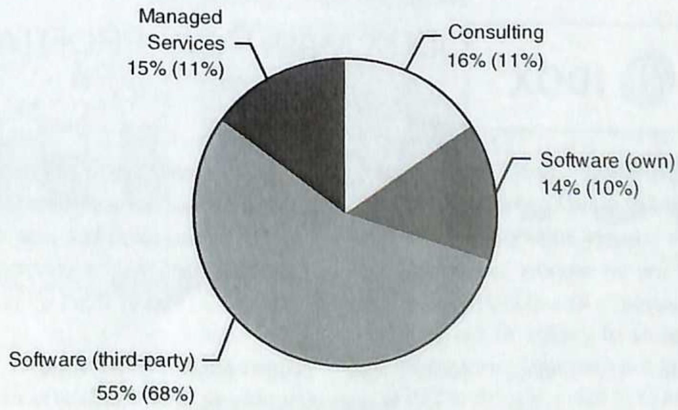
The decline in Civica's revenues coupled with a further acquisition unsettled some. True, if you exclude the contribution to revenues from the Radius acquisition (£4.4m), which was completed in September 2004, total revenues actually fell by close to 14% to £45.2m. But, as we've already said, the decline in revenues can be entirely explained by a drop in sales of third-party software as Civica moves away from low-margin resale of Microsoft software to focus on its own IPR and services. These parts of the business, including practitioner consulting and managed services, are all growing revenues at over 30%, hence the impressive growth in profitability. And after all, profits are what count at the end of the day.

Civica continues to build a strong niche for itself in the local government and criminal justice/enforcement markets. The acquisition of Flare this morning further broadens the company's offering, bringing environmental health and trading standards software on board. Civica will be hoping to extend its managed services and practitioner consulting model to Flare's customer base (200-odd local authorities), and to capitalise on demand from local authorities for integrated service offerings.

We doubt this will be the last acquisition that Civica makes. CEO Simon Downing seems keen to keep strengthening Civica's IPR using acquisitions to fill gaps in its portfolio. Assuming Civica could find funding for

Civica - H105 Business mix

Total H105 = £49.6m (H104 = £52.5m, pro-forma)



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further M&A activity, it could go after further bolt-on acquisitions or tackle something slightly bigger. There is certainly plenty of room for further consolidation in the local government and criminal justice software markets. In local government, for example, we've already seen Northgate acquire Sx3 and ITNET become part of Serco. Other mid-sized players like Anite and Comino will no doubt be considering their options in a market that increasingly favours larger players. And, having cut its teeth on Radius and Flare, Civica will be well-placed to play an active role in further consolidation so long as it doesn't try to take on too much too quickly.
(Tola Sargeant)

ComputerLand

COMPUTERLAND MAKES STEADY MANAGED SERVICES PROGRESS

ComputerLand, the reseller and support services provider, has made steady, if not stellar, progress in the development of its managed services business. Overall, however, total services revenues declined slightly as a proportion of total revenues to 27% (£15.9m), compared with 28% (£15.7m) in 2004. The reason for this is the decline in its projects business, which exited some unprofitable business early in the year.

Computerland UK FYE: 30 April	Service turnover £m		
	2005	2004	Change
Project revenues	3.0	4.3	-30.2%
Hardware maintenance	6.7	5.4	24.1%
Managed services	6.2	6.0	3.3%
TOTAL	15.9	15.7	1.3%

ComputerLand's support services revenues, which include managed services and hardware maintenance, increased 13% to £12.9m. However, not all of this growth is organic and we suspect management would like to have seen more than a 3% increase in managed services sales. Certainly that kind of growth is below what we are typically seeing among other managed services players.

Having said that, we still believe ComputerLand is doing the right things to grow this part of its business. It has a dedicated managed services sales team, it's focused on up-selling maintenance customers and it's realistic about the number of organisations (in the 1,000 to 3,000 user range) that are prepared to outsource the support function.

There has also been some positive news around managed services contracts. The company has extended key deals with Experian, Manchester County Council and BT. In addition, it has won new contracts with Toyota and Burberry. ComputerLand estimates that there are about 130 companies within its target market who are likely to become first time outsourcers in the next year and a half. We certainly wouldn't say the number was any greater than that. The question is whether the company can really make its newly-focused managed services sales team motor along in order to grab whatever opportunities might arise. Bidding costs could be another hurdle.

While we believe ComputerLand will be successful in winning some new managed services business in the current year, it will certainly find the going tough. Convincing in-house IT support teams to outsource for the first time is a challenge the company must not underestimate. *(Kate Hanaghan)*

15.8%
11p

IDOX

IDOX MAINTAINS PROFITABILITY INTO FIRST HALF

Information and knowledge management company, **IDOX,** has moved into operating profit for the six months to April 2005. Last year's loss of £226k became a profit of £166k. At the pre-tax level the company moved from a loss of £193k to a profit of £214k.

The company generated cashflow of £1m versus an outflow of £185k in the same period last year. Total turnover (including a contribution from TFPL) was £7.02m, up 114%.

Comment: Although the purchase of TFPL (a knowledge and information management consulting firm) in May 2004 helped to more than double revenues, growth in the underlying business (what is now called Information Management Solutions) has also been good. Revenues here increased 36% to

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£4.4m and an operating loss of £137k became a profit of £318k. In the immediate future, it is likely that its traditional market in local government will continue to account for most (c70%) of its operating profits. However, the TFPL acquisition will bring a shift in the business mix further down the line. Already IDOX is providing combined services, such as content audits (that require software and consulting capabilities), and we expect to see this trend for combined services to become increasingly prominent. In the past, this work would have been farmed out to a PA Consulting or similar.

IDOX 6 months to 30 April	Turnover £m		
	2005	2004	Change
Information Management Solutions	4.5	3.3	35.9%
Information Management Recruitment	2.6	3.3	n/a
TOTAL	7.0	-	113.9%

The company's financial director left in January and as yet there is not a replacement. His duties are currently being covered by existing staff and a specialist consultant.

(Kate Hanaghan)

12.2%
6p

HIGHAMS SYSTEMS SERVICES GROUP

HIGHAMS SYSTEMS GROWS THROUGH ACQUISITION

Highams Systems Services Group, an AIM listed IT staff agency with a focus on the financial services sector, released results for the year to 31st March 2005. The highlights are as follows:

- turnover increased by 58% to £13.5m following the acquisition last August of RWP Recruitment Services, which contributed £5.8m in revenue
- but turnover at the underlying Highams business was flat at £7.7m
- operating losses (before exceptional items and goodwill) lessened to (–)£207k, from (–)£419k the year before
- pre-tax losses worsened to (–)£523k compared to (–) 293k the year before and loss per share deepened to (–)1.9p.

At Highams Recruitment, revenues and gross margins on the placement of IT contractors in the second half were more than 18% up on the first half, but fees from the placement of permanent IT staff were similar to the first half.

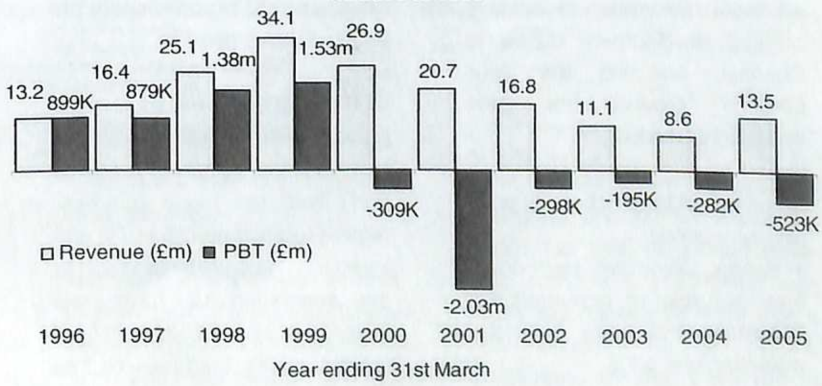
Commenting on the outlook, Ted Andrews, Group MD, said: *"We expect to see continuing growth opportunities for Highams in the IT recruitment market in general and in the insurance and financial services sectors in particular".*

Building critical mass

Highams Systems Services has now fully integrated RWP and the improvement in its second half performance suggests it is starting to realise the benefits. It is beginning to see the improvement at the bottom line of adding RWP's revenue to a fixed cost base. Going forward, it should also benefit from greater critical mass and further savings from the integration of the two businesses, which are expected to kick-in in FY06. The question is, will this be enough to make Highams a profitable ITSA in a market that increasingly favours large players like Spring and Hays, which do higher volumes of business? We've always said you need to be big or niche to succeed in the ITSA market, so the fact that Highams has a specialist focus on the provision of contractors into the banking, finance and insurance sectors – which are among the fastest growing verticals for IT spending at the moment – ought to help it compete. Nevertheless, once it has bedded in RWP, we wouldn't be surprised to see it tackling another acquisition to give it even greater critical mass.

(Tola Sargeant)

Highams Systems Services Group
10 year Revenue and PBT Record
Relative to 1996

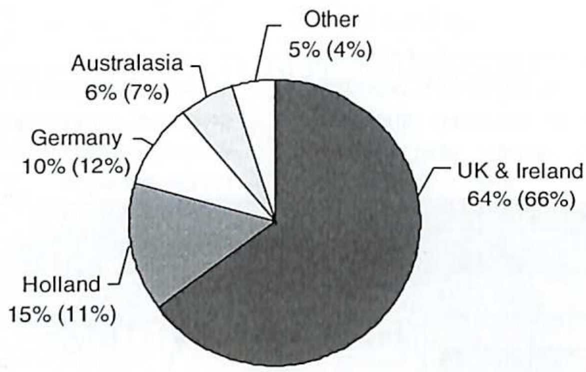


4.6%
420p

ISOFT BULLISH ABOUT INTERNATIONAL PROSPECTS

iSoft has released its results for the year to end April 2005. Turnover increased 75.5% to £262m, or 7% in organic terms (using the pro forma 2004 enlarged post-merger Group as the comparator). Operating profit (before goodwill amortisation and exceptional items) was £72m, taking the margin up by one percentage point to 27%. PBT margin was 17% - up from 12% in the previous year. Diluted EPS was 10.97p, up from 6.57p.

iSoft - FY05 Business mix
Total = £262.0m (2004 = £149.3m)



In terms of its NPfIT contracts, iSoft seems to be faring better than its rivals in the south of England, with revenues from the Programme pretty much as expected. Revenue from NPfIT was in line with iSoft's expectations at £56.5m for the full year, compared to £5m in 2004, while traditional, non-NPfIT sales in the UK and Ireland were 45% down on last year at £49.9m. Non-NPfIT sales (e.g. sales to private sector hospitals and the NHS in Scotland and Wales) bounced back in the second half to £42.8m, compared to £7.1m in H1 2005. Sales in mainland Europe were 11% up on the previous year at £64.1m while Australasia was flat at £16.4m.

iSoft also announced the expansion of its offshore operations in India with the opening of a dedicated Solution Centre in Hyderabad. This centre will work alongside its existing product development centre in Chennai, adapting the core Lorenzo product for new international markets.

A number of board changes were also announced:

- Patrick Cryne will step down from his role of non-executive Chairman and retire from the board by April 2006.
- Gavin James, iSoft's new Group FD, will join the board as a director. He will continue to be a director of Morse plc through a transition period ending no later than 31 August 2005.
- Sir Digby Jones will not seek re-election at the AGM in July following five years as a non-exec director.
- Ken Lever, currently FD of Tomkins plc and also a non-exec director at Vega, joins the iSoft board as a non-executive director with immediate effect.

Non-executive Chairman, Patrick Cryne, said: *"During the year a number of landmark decisions were made in favour of Lorenzo over our international competitors. This bodes well for the future as iSoft looks to extend its international reach."*

International business will be key to future growth

iSoft's 2005 results were previewed in a trading update in May, so the headline numbers don't hold too many surprises: organic revenue growth of 7% and improving margins thanks in part to the integration of Torex and increasing use of its offshore facilities. iSoft's business mix has changed during the year though, with third party hardware sales falling from 10% to 5% of revenue and implementation revenues declining to 10% of revenue (from 17%) because the LSPs are doing the implementing under NPfIT in England. If we exclude pass-through revenue from third party sales, then iSoft's underlying performance looks better with revenue growth of around 13%.

However, future growth is likely to come from iSoft's international business and all the indications are that iSoft is well positioned to develop its position in its existing markets (it already does business in 18 countries) and target opportunities in new markets. iSoft has recently announced a number of landmark decisions in favour of its Lorenzo product over those of its competitors in the international space (Cerner, Siemens and to a lesser extent IDX). These include a state-wide procurement by HealthSmart in Victoria, Australia; a 'development partnership' with SingHealth in Singapore; and a solution design and pilot exercise with Hospitals Authority, Hong Kong.

Going forward, we expect iSoft to continue to target international

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Mergers & Acquisitions

Buyer	Seller	Seller Description	Acquiring	Price	Comment
Civica	Flare Software Systems	Provider of information systems and related services for local government	100%	Maximum consideration of £7m	The acquisition of Flare this morning further broadens the company's offering, bringing environmental health and trading standards software on board. Civica will be hoping to extend its managed services and practitioner consulting model to Flare's customer base (200 local authorities), and to capitalise on demand from local authorities for integrated service offerings. We doubt this will be the last acquisition that Civica makes.
Compel	The Brewton Group Ltd (Hire IT)	Short term IT rental	100%	£3m cash	This is a sensible, low risk acquisition for Compel, which will see its rental business grow to c£20m as a result. The purchase brings some new customers to Compel and provides an exit for Hire IT's VCs. We do not envisage any problems with integration and view the purchase as an ideal way for Compel to gain more scale in a business where size and availability of product are of key importance.
Computer Associates	Niku	Provider of software for portfolio management, business visualization and business analysis tools		$350m in cash	This is a "me-too" acquisition following the recent IBM purchase of Systemcorp. All the major vendors are adding "portfolio management" to their software development platforms to move towards the nirvana of a single environment where both business and technical managers can understand what is going on. Unfortunately it's going to need more than a few "bubble charts" to make this a realistic objective.
INCAT	CAD Potential Inc. (Cadpo)	Privately owned provider of PLM learning technology	100%	Total maximum consideration of $7.45m	Based on what we know about INCAT's performance during its first year as a public company - following its flotation in November 2004 - its PLM business accounts for about 60% of total revenues. Furthermore, it conducts around 80% of its business in the US, so this acquisition fits straight into INCAT's core business. The fact that Cadpo is also profitable will add to INCAT's improved profitability performance of late.
Oracle	Times Ten	Privately held supplier of real-time data management software	100%	N/a	This acquisition is nowhere near the scale of the PeopleSoft or even the Retek acquisition. It is more akin to the Oblix acquisition that Oracle made in March, or other small technology acquisitions that they have made in the past. Some are sure to ask if this is an acquisition too many or whether this could be the "wafer-thin mint" that causes indigestion to Oracle. Our view is that this is a good acquisition. It should not cause even mild indigestion to Oracle. It gives Oracle access to another technology stream, in a domain where its own database products have not dominated.
Sage	Logic Control	Business management software vendor	100%	£55m in cash	This looks like such a close match to Sage's business model that the only question in my mind is why Sage didn't buy this company before. That said, we thought Grupo SA, Sage's previous purchase, was a good move and its footprint seems to match Logic Control's: Grupo SA is in the 'micro enterprise' end of the business, while Logic Control is a little further up. But best of all is the very useful position with accountants.
SCC	TBI-Proxis Services	French managed services provider	100%	N/a	This is a good move for SCC for two main reasons. Firstly, a stronger services operation in France will improve its chances of winning pan-European contracts. This is particularly important bearing in mind Dell's increasing presence as an "enhanced services" provider. It is only a matter of time before Dell looks to broaden its current play in the corporate arena down into the mid-market, where SCC is focussed.
Sopra	Newell & Budge	IT consultancy	100%	N/a	So another long-established, mid sized UK IT services company disappears. A story we have repeated so many times in the last few years that UK-owned IT services companies with revenues in the £30-£100m+ range are getting to be an extinct species. Many of them have been acquired by US or European players looking to get established in the UK. In return, Sopra gets a really well-established and respected management team, a top notch customer base and excellent recurring revenues. Most of all they get a really solid base in the UK, at last, from which to build a presence in Europe's leading IT services market. The fit with Sopra's core business looks good too.
Torex Retail	Hoffmann Datentechnik GmbH	Workforce management systems	100%	£2.7m in cash	Hoffman is Torex's second Germany-based acquisition, and follows its all-share purchase of Logware Information Systems GmbH last year.
Torex Retail	XN Checkout	IT software and services supplier to the hospitality sector	100%	All-share deal that values XN at £73m and offers 2.547 new Torex Retail shares for each XN share	£73m is a hefty sum for a company that had revenues of £18.3m and PBT of £1.7m in 2004. It's not as if XN is swimming in cash (balances were £1.7m at the end of 2004), although debts are almost negligible (at £0.4m). But Torex Retail is an avowed and ambitious consolidator, and given the attractions of XN in terms of exposure to the hospitality industry in the UK and beyond, the company clearly felt the valuation was justified.
XN Checkout	EpoS Computing Services Ltd	Provider of EpoS service delivery	100%	Cash and sharers worth no more than £4m	This acquisition should enable XN Checkout to keep more roll-out work in-house, rather than subcontracting it to firms like ECS. It's also yet another sign of the rapid consolidation that's currently taking place among smaller specialist players in the UK retail and hospitality space. Of course XN Checkout itself is currently the subject of an offer from arch-acquirer Torex Retail.

Recent IPOs

Name	Activity	Index Class	Market	Issue Price	Market Cap.	IPO Date	Price end May 05	Change since IPO
EG Solutions	IT services and software	CS	AIM	85p	£15.5m	06-Jun-05	101p	19%
Endace Ltd	Network security	SP	AIM	162p	£26.5m	14-Jun-05	187p	15.1%
Centrom	IT infrastructure outsourcing	CS	AIM	5	£8m	16-Jun-05	7p	35.0%
e-retail	Online retail consultancy	CS	AIM	4p	£3.3m	20-Jun-05	6p	57.1%
Z Group	Connectivity and collaboration software	SP	AIM	108p	£23.4m	21-Jun-05	120p	11.1%
Bango Plc	Mobile content software	SP	AIM	134p	£45m	30-Jun-05	171p	27.2%

Forthcoming IPOs

Name	Activity	Index Class	Market	Est Issue Price	Est Mkt Cap.	IPO Date
AT Communications Group	B2B systems integrator	CS	AIM	n/a	n/a	01-Jul-05
Cyberscan Technology	Gambling software	SP	AIM	n/a	n/a	12-Jul-05
Strategic Thought Group Plc	Risk management software and systems integration	SP	AIM	n/a	n/a	n/a
Tescom Software Systems Testing	Software testing services	CS	AIM	n/a	n/a	n/a

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expansion aggressively, perhaps with the help of some carefully considered acquisitions. Today, for example, iSoft said it would look at opportunities in Europe for medium scale acquisitions to accelerate entry into new markets and in Asia-Pacific for small-scale tactical acquisitions that would provide local resources.

The big question though is what iSoft will do in the US – by far the biggest healthcare IT market in the world. CEO Tim Whiston said that it was a question of when, not if, iSoft entered the US market, but that it would require a substantive campaign and take some time. We hope that iSoft will indeed tackle the competitive US market with care and not bite off more than it can chew – so far, all the indications are that it will take a conservative approach.

(Tola Sargeant)

Holway/SYSTEMHOUSE S/ITS Share Prices and Capitalisation

	SCS Cat	Share Price 30-Jun-05	Capitalisation 30-Jun-05	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 30-Jun-05	Share price move since 31-May-05	Share price % move in 2005	Capitalisation move since 31-May-05
Alphameric	SP	£0.86	£108.1m	-	1.36	392	8.2%	6.9%	£12.91m
Alterian	SP	£1.05	£41.7m	-	5.39	523	-0.9%	2.0%	-£0.40m
Anite Group	CS	£0.66	£233.6m	-	1.13	387	5.2%	16.7%	£11.46m
Atlantic Global	SP	£0.34	£7.8m	58.6	3.57	1153	1.5%	-10.5%	£0.11m
Autonomy Corporation	SP	£2.34	£278.2m	59.9	8.09	72	-6.3%	39.2%	£8.14m
Aveva Group	SP	£7.30	£160.7m	54.1	2.83	3648	-1.4%	10.7%	-£2.31m
Axon Group	CS	£2.14	£113.5m	25.8	1.76	1223	6.7%	44.6%	£7.16m
Bond International	SP	£0.93	£23.3m	13.8	3.39	1423	-2.1%	12.8%	-£0.50m
Brady	SP	£0.69	£17.7m	11.2	8.54	846	-6.2%	-24.3%	-£2.69m
Business Systems	CS	£0.16	£13.3m	16.8	0.43	132	5.0%	5.0%	£0.63m
Capita Group	CS	£3.68	£2,425.6m	32.4	2.35	99478	-4.0%	0.6%	-£117.73m
Charteris	CS	£0.42	£18.1m	29.0	1.06	467	23.5%	9.1%	£3.44m
Chelford Group	CS	£1.81	£12.0m	48.5	1.13	31391	-11.1%	41.0%	-£1.49m
Civica	CS	£2.35	£106.1m	-	0.91	1340	11.9%	2.6%	£11.31m
Clarity Commerce	SP	£0.69	£11.0m	24.3	0.81	552	2.2%	2.2%	£0.24m
Clinical Computing	SP	£0.15	£4.7m	-	3.05	119	-13.2%	-54.6%	-£0.71m
CODASciSys	CS	£3.68	£93.3m	37.1	1.39	2849	-0.7%	8.9%	-£0.63m
Comino	SP	£2.48	£34.4m	28.4	1.29	1904	4.4%	12.8%	£1.46m
Compel Group	CS	£0.97	£32.6m	-	0.48	772	6.6%	5.5%	£2.03m
Computacenter	R	£1.98	£375.8m	8.2	0.19	296	-20.0%	-32.0%	-£93.95m
Computer Software Group	SP	£0.58	£28.5m	17.7	2.03	489	0.0%	-6.5%	£0.00m
Cornwell Management Consultants	CS	£1.47	£24.4m	-	1.68	1052	4.3%	10.2%	£1.00m
Corpora	SP	£0.12	£7.2m	-	15.95	322	-9.3%	-21.0%	-£0.74m
DCS Group	CS	£0.13	£3.3m	2.6	0.06	217	-1.9%	23.8%	-£0.06m
Dealogic	SP	£1.73	£120.7m	28.3	3.56	750	9.5%	27.8%	£10.49m
Delcam	SP	£2.42	£14.8m	12.8	0.72	931	-4.2%	23.5%	-£0.64m
Detica	CS	£8.65	£193.4m	26.9	2.41	2163	13.1%	12.0%	£22.35m
Dicom Group	R	£9.33	£198.5m	32.0	1.22	2860	4.1%	14.0%	£7.77m
Dimension Data	R	£0.33	£436.3m	-	0.32	58	-0.8%	-14.5%	-£3.36m
DRS Data & Research	SP	£0.34	£11.1m	24.6	0.77	309	6.3%	-17.1%	£0.05m
Earthport	SP	£0.01	£3.7m	-	4.21	4	-4.0%	-62.5%	-£0.16m
Eidos	SP	£0.55	£77.9m	-	0.54	2736	-3.1%	-31.6%	-£2.49m
Electronic Data Processing	SP	£0.73	£17.7m	64.7	2.27	2220	-6.5%	-2.7%	-£1.20m
Empire Interactive	SP	£0.09	£5.8m	11.8	0.16	142	25.9%	-15.0%	£1.19m
Epic Group	CS	£0.80	£18.9m	18.9	2.27	757	14.4%	-14.1%	£2.38m
Ffastfill	SP	£0.06	£15.2m	-	6.43	53	-10.5%	0.0%	-£1.79m
Financial Objects	SP	£0.40	£16.0m	-	1.83	174	-8.0%	-22.3%	-£1.40m
Flightstore Group	SP	£0.00	£0.3m	-	0.64	27	-63.6%	-84.0%	-£0.53m
Flomerics Group	SP	£0.69	£10.2m	17.7	1.00	2635	-0.7%	3.0%	-£0.07m
Focus Solutions Group	SP	£0.30	£8.2m	-	1.46	151	3.5%	-25.3%	£0.28m
GB Group	SP	£0.35	£27.9m	-	2.84	224	-12.6%	37.6%	-£4.01m
Gladstone	SP	£0.22	£10.9m	22.4	1.47	544	-3.3%	-4.4%	-£0.38m
Glotel	A	£0.81	£30.8m	23.7	0.37	418	-7.5%	-21.1%	-£2.49m
Gresham Computing	CS	£1.08	£53.8m	-	5.23	1161	-17.2%	-60.9%	-£11.01m
Group NBT	CS	£1.12	£21.8m	17.5	3.00	560	-5.5%	8.2%	-£1.26m
Harrier Group	CS	£0.13	£4.0m	-	0.34	97	6.4%	-34.2%	£0.24m
Harvey Nash Group	A	£0.56	£35.1m	101.8	0.21	320	4.7%	-38.1%	£1.57m
Highams Systems Services	A	£0.06	£1.8m	-	0.19	160	12.2%	4.5%	£0.20m
Horizon Technology	CS	£0.65	£48.3m	15.9	0.27	239	-9.7%	-16.1%	-£2.62m
I S Solutions	CS	£0.12	£3.0m	-	0.54	447	0.0%	-17.2%	£0.00m
ICM Computer Group	CS	£3.40	£70.9m	23.0	0.87	1889	5.1%	-17.1%	£3.45m
IDOX	SP	£0.11	£20.5m	34.4	1.86	14	15.8%	-1.1%	£2.80m
In Technology	CS	£1.72	£41.8m	-	0.57	1078	11.7%	126.3%	£4.37m
INCAT International	SP	£0.46	£64.9m	-	0.20	1840	15.0%	-70.1%	£8.47m
Innovation Group	SP	£0.32	£139.4m	-	2.51	139	-4.5%	-8.6%	-£6.58m
Intelligent Environments	SP	£0.03	£5.2m	-	1.49	36	0.0%	-46.0%	£0.00m
Interactive Digital Solutions	SP	£0.01	£2.2m	-	7.8	450	-8.2%	-30.8%	-£0.20m
Intercede Group	SP	£0.19	£6.5m	-	3.3	317	8.6%	2.7%	£0.51m
Invu	SP	£0.26	£24.9m	40.6	7.66	2737	-3.7%	13.0%	£0.81m
IQ-Ludorum	SP	£0.01	£1.0m	-	0.40	17	0.0%	-18.0%	£0.00m
iSOFT Group	SP	£4.20	£960.3m	37.8	3.49	3814	4.6%	21.6%	£46.92m
iTrain	SP	£0.08	£6.6m	83.8	6.30	99	-4.3%	3.1%	-£0.30m
K3 Business Technology	SP	£0.90	£13.9m	9.0	1.13	684	23.4%	-14.8%	£4.29m
Kewill	SP	£0.76	£59.4m	21.6	1.92	1492	16.2%	31.9%	£8.26m
Knowledge Technology Solutions	SP	£0.04	£5.6m	-	8.10	750	-11.8%	-31.8%	-£0.74m
LogicaCMG	CS	£1.75	£1,310.3m	91.8	0.76	2390	2.6%	-9.5%	£33.79m
Lorien	A	£0.41	£7.5m	5.9	0.06	405	-1.2%	-22.9%	-£0.09m

Holway/SYSTEMHOUSE S/ITS Share Prices and Capitalisation

	SCS Cat.	Share Price 30-Jun-05	Capitalisation 30-Jun-05	Historic P/E	PSR Ratio Cap./Rev.	S/ITS Index 30-Jun-05	Share price move since 31-May-05	Share price % move in 2005	Capitalisation move since 31-May-05
Macro 4	SP	£2.79	£60.6m	49.8	1.91	1125	1.3%	52.9%	£0.94m
Manpower SoftWare	SP	£0.19	£8.4m	-	1.94	196	-15.6%	-39.7%	-£1.56m
Maxima Holdings	CS	£1.65	£19.7m	-	1.35	1200	17.9%	68.4%	£2.98m
Mediasurface	SP	£0.15	£11.4m	-	2.00	1085	5.4%	96.7%	£0.58m
Microgen	CS	£0.84	£86.2m	-	3.62	359	5.0%	48.7%	£4.10m
Minorplanet Systems	SP	£0.03	£4.4m	-	0.11	56	22.2%	-35.3%	£0.80m
Misys	SP	£2.38	£1,213.3m	-	1.23	2961	10.1%	13.7%	£110.88m
Mondas	SP	£0.24	£6.3m	-	1.38	320	14.3%	29.7%	£0.78m
Morse	R	£0.70	£105.7m	-	0.29	280	-7.3%	-27.1%	-£8.31m
MSB International	A	£0.69	£14.0m	26.7	0.16	361	-4.2%	-17.5%	-£0.62m
NCC Group	CS	£2.45	£79.9m	-	5.40	1467	-3.4%	27.3%	-£2.77m
Ncipher	SP	£2.14	£58.6m	15.8	4.24	854	-3.0%	1.2%	-£1.78m
Netcall	SP	£0.16	£10.5m	-	5.32	323	-17.9%	-15.8%	-£2.30m
Netstore	CS	£0.41	£41.1m	35.8	2.13	270	-6.9%	7.3%	-£3.04m
Nexus Management	CS	£0.00	£1.6m	-	1.33	164	5.9%	-30.8%	£0.09m
Northgate Information Solutions	CS	£0.70	£372.9m	85.4	1.80	269	0.7%	8.5%	£2.66m
NSB Retail Systems	SP	£0.28	£99.9m	-	2.04	2391	7.8%	3.8%	£7.27m
OneclickHR	SP	£0.04	£5.6m	-	1.24	94	-6.3%	7.1%	-£0.37m
Parity	A	£0.09	£25.6m	-	0.13	1479	14.5%	-10.1%	£3.25m
Patsystems	SP	£0.12	£17.9m	-	1.65	112	-7.7%	-2.0%	-£1.49m
Phoenix IT	CS	£3.00	£176.7m	22.1	1.93	1111	3.8%	9.5%	£6.48m
Pilat Media Global	SP	£0.43	£21.7m	22.9	1.93	2150	-6.5%	16.2%	-£1.51m
Pixology	SP	£1.09	£21.7m	-	4.79	777	0.5%	-43.3%	£0.10m
Planit Holdings	SP	£0.26	£23.4m	25.5	0.78	1063	10.9%	6.3%	£2.29m
Portrait Software (was AIT)	CS	£0.27	£14.2m	10.1	0.78	177	-6.9%	-12.9%	-£1.05m
Prologic	CS	£0.85	£8.5m	-	1.29	1018	-5.6%	9.0%	-£0.50m
PSD Group	A	£2.38	£59.4m	32.5	1.30	1080	4.9%	-8.7%	£2.75m
QA	CS	£0.03	£7.9m	-	0.30	12	-12.0%	-12.0%	-£1.07m
Quantica	A	£0.60	£24.2m	17.9	0.68	480	15.5%	28.0%	£3.25m
Raft International	SP	£0.09	£6.1m	-	0.84	147	0.0%	8.8%	£0.00m
Red Squared	CS	£0.07	£2.0m	-	1.04	385	12.0%	-22.2%	£0.21m
Retail Decisions	SP	£0.30	£85.5m	27.8	2.56	398	5.4%	3.5%	£4.35m
RM	SP	£1.70	£154.2m	-	0.62	4857	-5.3%	-2.0%	-£8.62m
Royalblue Group	SP	£5.50	£179.7m	23.0	2.83	3235	6.3%	23.6%	£10.62m
Sage Group	SP	£2.24	£2,872.3m	20.9		86058	3.6%	10.6%	£99.49m
Sanderson Group	SP	£0.67	£26.9m	-	1.74	1330	6.4%	9.0%	£1.62m
SDL	CS	£1.38	£77.8m	-	1.08	917	13.6%	2.6%	£9.76m
ServicePower	SP	£0.28	£20.5m	-	4.67	278	6.7%	-18.4%	£1.29m
Sirius Financial	SP	£0.95	£16.4m	67.5	0.77	630	-2.1%	13.2%	-£0.35m
SiRViS IT plc	CS	£0.07	£7.7m	-	2.6	59	-6.9%	10.2%	-£0.57m
smartFOCUS plc	SP	£0.13	£9.2m	-	3.2	1351	1.0%	38.4%	£0.09m
Sopheon	SP	£0.25	£30.0m	-	7.77	356	-13.9%	4.2%	-£3.59m
Spring Group	A	£0.70	£110.1m	10.0	0.29	778	-20.5%	-23.9%	-£28.30m
StatPro Group	SP	£0.49	£17.8m	9.2	1.77	606	0.0%	44.8%	£1.75m
Stilo International	SP	£0.03	£2.4m	-	1.09	53	5.0%	-41.7%	£0.11m
Superscape VR	SP	£0.25	£43.9m	-	15.5	124	-30.0%	-58.8%	-£18.83m
SurfControl (was JSB)	SP	£4.59	£137.3m	35.4	3.18	2295	-9.7%	-16.5%	-£15.15m
Systems Union	SP	£1.13	£121.9m	28.1	1.16	865	0.0%	-2.6%	£1.13m
Tadpole Technology	SP	£0.04	£16.4m	-	4.10	103	-17.1%	-57.5%	-£3.38m
Telecity	CS	£0.18	£48.2m	-	1.79	23	4.5%	-6.7%	£2.07m
Tikit Group	CS	£1.71	£21.6m	36.3	1.74	1483	4.3%	6.2%	£0.89m
Torex Retail	SP	£1.10	£210.7m	-	2.80	2738	10.1%	44.6%	£20.38m
Total Systems	SP	£0.55	£5.7m	15.7	1.49	1028	0.0%	1.9%	£0.00m
Touchstone Group	SP	£1.14	£12.6m	-	0.61	1086	20.0%	22.6%	£2.10m
Trace Group	SP	£0.82	£12.4m	16.0	0.80	652	0.0%	1.2%	-£0.02m
Triad Group	CS	£0.46	£6.9m	29.9	0.19	337	-1.1%	-20.9%	-£0.08m
Tribal Group	CS	£1.69	£127.0m	-	0.52	1021	7.0%	17.0%	£8.29m
Ultima Networks	R	£0.02	£3.3m	11.6	1.88	40	-7.1%	-13.3%	-£0.24m
Ultrasis Group	SP	£0.01	£9.5m	-	14.11	16	-6.0%	134.3%	£1.79m
Universe Group	SP	£0.20	£12.3m	-	0.23	889	21.2%	-1.2%	£2.14m
Vega Group	CS	£2.15	£43.7m	30.3	0.89	1758	11.4%	10.0%	£4.48m
VI group	SP	£0.08	£3.0m	-	0.35	160	-11.1%	-43.9%	-£0.37m
Vianet	CS	£0.05	£9.8m	-	21.51	45	-10.4%	-6.5%	£1.69m
Xansa	CS	£0.92	£313.7m	34.7	0.75	2346	-0.5%	-1.6%	-£1.71m
XKO Group	SP	£0.91	£24.9m	2.6	0.48	603	16.8%	24.8%	£3.58m
XN Checkout Holdings	SP	£2.73	£73.8m	28.1	3.54	2786	13.8%	81.4%	£8.92m
Xpertise Group	CS	£0.01	£5.2m	-	0.41	50	-3.8%	66.7%	-£0.21m

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

Alphameric plc

	Final - Nov 03	Final - Nov 04	Comparison
REV	£62,897,000	£69,973,000	+11.3%
PBT	-£3,530,000	-£59,487,000	Loss both
EPS	-3.50p	-50.90p	Loss both

Alterian plc

	Final - Mar 04	Final - Mar 05	Comparison
REV	£5,568,000	£7,806,000	+37.7%
PBT	-£3,232,000	-£432,000	Loss both
EPS	-7.10p	0.10p	Loss to profit

Anite Group plc

	Final - Oct 03	Final - Apr 04	Interim - Oct 04	Comparison
REV	£85,210,000	£188,763,000	£92,927,000	+9.1%
PBT	-£14,333,000	-£28,763,000	£9,539,000	Loss to profit
EPS	-4.40p	-8.50p	1.90p	Loss to profit

Argonaut Games plc

	Interim - Jan 03	Final - Jul 03	Interim - Jan 04	Comparison
REV	£6,933,000	£5,317,000	£4,373,000	-35.9%
PBT	£1,096,000	-£10,882,000	£2,387,000	+117.8%
EPS	1.13p	-11.20p	-2.24p	Profit to Loss

Asite plc

	Final Dec 03	Final Dec 04	Comparison
REV	£1,697,000	£1,674,000	-1.4%
PBT	-£2,457,000	-£3,962,000	Loss both
EPS	-2.10p	-3.60p	+71.4%

Atlantic Global plc

	Final Dec 03	Final Dec 04	Comparison
REV	£1,956,000	£2,146,000	+9.7%
PBT	£496,000	£188,000	-62.1%
EPS	1.35p	0.50p	-63.0%

Autonomy Corporation plc

	Final - Dec 03	Final - Dec 04	Comparison
REV	£33,568,410	£35,379,067	+5.4%
PBT	£4,650,000	£4,682,488	+0.7%
EPS	0.03p	0.03p	+0.0%

Aveva Group plc

	Final - Mar 04	Final - Mar 05	Comparison
REV	£38,113,000	£57,543,000	+51.0%
PBT	£6,109,000	£5,764,000	Profit to loss
EPS	22.42p	13.41p	Profit to loss

Axon Group plc

	Final - Dec 03	Final - Dec 04	Comparison
REV	£50,210,000	£60,273,000	+20.0%
PBT	£4,020,000	£6,334,000	+57.6%
EPS	4.60p	7.80p	+69.6%

Brady plc

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

Bond International Software plc

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

Business Systems Group Holdings plc

	Final - Mar 04	Final - Mar 04	Comparison
REV	£22,643,000	£29,485,000	+30.2%
PBT	-£117,000	£576,000	Loss to profit
EPS	-0.15p	0.90p	Loss to profit

Capita Group plc

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

Charteris plc

	Interim - Jan 04	Final - Jul 04	Interim - Jan 05	Comparison
REV	£5,893,000	£13,822,000	£8,866,000	+50.4%
PBT	£34,000	£541,000	£438,000	+1188.2%
EPS	0.00p	0.81p	0.63p	n/a

Chelford Group plc

	Final - Dec 03	Final - Dec 04	Comparison
REV	£9,877,000	£11,852,000	+20.0%
PBT	-£373,000	£282,000	Loss to profit
EPS	-3.22p	3.72p	Loss to profit

Civica plc

	Interim - Mar 04	Final - Sep 04	Interim - Mar 05	Comparison
REV	£52,474,000	£104,100,000	£49,576,000	-5.5%
PBT	£3,764,000	£8,300,000	£4,250,000	+12.9%
EPS	5.20p	11.50p	5.70p	+9.6%

Clarity Commerce plc

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

Clinical Computing plc

	Final - Dec 03	Final - Dec 04	Comparison
REV	£1,858,828	£1,757,997	-5.4%
PBT	-£1,236,892	-£1,087,741	Loss both
EPS	-4.50p	-2.40p	Loss both

CMS Webview plc

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

CODASciSys plc

	Final - Dec 03	Final - Dec 04	Comparison
REV	£68,026,000	£67,830,000	-3%
PBT	£3,861,000	£3,914,000	+1.4%
EPS	9.90p	8.90p	-10.1%

Comino Group plc

	Final - Mar 04	Final - Mar 05	Comparison
REV	£24,507,000	£25,533,000	+4.2%
PBT	£1,713,000	£1,946,000	+13.6%
EPS	6.90p	8.60p	+24.6%

Compel Group plc

	Interim - Dec 03	Final - Jun 04	Interim - Dec 04	Comparison
REV	£29,328,000	£63,335,000	£41,512,000	+41.5%
PBT	-£260,000	-£327,000	£277,000	Loss to profit
EPS	-0.80p	-0.90p	0.80p	Loss to profit

Computacenter plc

	Final - Dec 03	Final - Dec 04	Comparison
REV	£2,482,713,000	£2,456,575,000	-1.1%
PBT	£65,161,000	£64,645,000	-8%
EPS	24.60p	23.70p	-3.7%

Computer Software Group plc

	Final - Feb 04	Final - Feb 05	Comparison
REV	£6,253,000	£14,072,000	+125.0%
PBT	-£343,000	£928,000	Loss both
EPS	0.47p	3.19p	Loss both

Cornwell Management Consultants plc

	Final - Dec 02	Final - Dec 03	Comparison
REV	£7,222,660	£13,901,439	+92.5%
PBT	£105,338	£1,229,334	+1067.0%
EPS		n/a	Loss both

Corpora plc

	Final - Jun 04	Interim - Dec 04	Comparison
REV	£499,381	£806,151	N/a
PBT	-£2,649,553	-£2,356,084	Loss both
EPS	-6.10p	-6.50p	Loss both

DCS Group plc

	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£30,200,000	£52,800,000	£19,500,000	-92.5%
PBT	-£4,000,000	-£7,000,000	£2,800,000	Loss to profit
EPS	-17.18p	-31.07p	10.78p	Loss to profit

Dealogic Holdings plc

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

Delcam plc

	Final - Dec 03	Final - Dec 04	Comparison
REV	£20,451,000	£21,503,000	+5.1%
PBT	£1,348,000	£1,196,000	-11.3%
EPS	20.45p	18.81p	-8.0%

Detica Group plc

	Final - Mar 04	Final - Mar 05	Comparison
REV	£53,523,000	£71,027,000	+32.7%
PBT	£8,775,000	£8,781,000	+0.1%
EPS	35.30p	31.30p	-11.3%

Diagonal plc

	Interim - May 03	Final - Nov 03	Interim - May 04	Comparison
REV	£30,511,000	£56,312,000	£24,752,000	-19.1%
PBT	£324,000	-£2,815,000	-£300,000	Profit to loss
EPS	-0.28p	-3.42p	-0.73p	Loss both

Dicom Group plc

	Interim - Dec 03	Final - Jun 04	Interim - Dec 04	Comparison
REV	£77,121,000	£156,197,000	£86,908,000	+12.7%
PBT	£2,775,000	£7,757,000	£5,866,000	+111.4%
EPS	4.00p	18.20p	15.70p	+292.5%

Dimension Data plc

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

DRS Data & Research Services plc

	Final - Dec 03	Final - Dec 04	Comparison
REV	£13,528,000	£14,408,000	+6.5%
PBT	£2,104,000	£452,000	-78.5%
EPS	4.50p	1.35p	-70.0%

Earthport Plc

	Final - Jun 03	Final - Jun 04	Comparison
REV	£512,881	£925,611	+80.5%
PBT	-£12,932,259	-£6,636,211	Loss both
EPS	-6.40p	-1.50p	-76.6%

Eidos plc

	Interim - Dec 03	Final - Jun 04	Interim - Dec 04	Comparison
REV	£91,450,000	£150,057,000	£43,961,000	-51.9%
PBT	£7,826,000	-£1,951,000	-£28,737,000	Profit to loss
EPS	4.40p	-2.10p	-20.70p	Profit to loss

Electronic Data Processing plc

	Interim - Mar 04	Final - Sep 04	Interim - Mar 05	Comparison
REV	£4,323,000	£8,319,000	£3,472,000	-19.7%
PBT	£549,000	£1,032,000	£193,000	-64.8%
EPS	1.93p	2.61p	0.44p	-77.2%

Empire Interactive plc

	Final - Dec 03	Final - Dec 04	Comparison
REV	£30,438,000	£29,413,000	-3.4%
PBT	£611,000	£407,000	Profit to loss
EPS	1.57p	0.72p	Profit to loss

Epic Group plc

	Interim - Nov 03	Final - May 04	Interim - Nov 04	Comparison
REV	£3,726,000	£7,296,000	£3,873,000	+3.9%
PBT	£821,000	£1,364,000	£893,000	+8.8%
EPS	2.20p	3.90p	2.40p	+9.1%

Ffastfill Plc

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

Financial Objects plc

	Final - Dec 03	Final - Dec 04	Comparison
REV	£10,427,000	£9,509,000	-8.8%
PBT	-£12,055,000	-£45,000	Loss both
EPS	-43.96p	-0.16p	Loss both

Flightstore Group plc

	Final - Dec 03	Final - Dec 04	Comparison
REV	£274,112	£1,341,000	+389.2%
PBT	-£1,020,176	£1,020,122	Loss both
EPS	-1.17p	-1.02p	Loss both

Flomerics Group plc

	Final - Dec 03	Final - Dec 04	Comparison
REV	£10,221,000	£10,241,000	+0.2%
PBT	£455,000	£671,000	+47.5%
EPS	2.74p	3.85p	+40.5%

Focus Solutions Group plc

	Final - Mar 04	Final - Mar 05	Comparison
REV	£5,388,000	£5,431,000	+0.8%
PBT	-£382,000	£26,000	Loss both
EPS	-1.00p	0.10p	Loss both

GB Group plc

	Final - Mar 04	Final - Mar 05	Comparison
REV	£11,916,000	£11,231,000	-5.7%
PBT	-£10,000	-£283,000	Loss both
EPS	0.00p	-0.20p	Loss both

Gladstone Plc

	Interim - Feb 04	Final - Aug 04	Interim - Feb 05	Comparison
REV	£3,569,144	£7,649,463	£3,912,157	+9.6%
PBT	£231,620	£498,926	£130,925	-43.5%
EPS	0.54p	1.19p	0.28p	-48.1%

Glotel plc

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

Group NBT plc

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

Gresham Computing plc

	Final - Dec 03	Final - Dec 04	Comparison
REV	£10,245,000	£12,398,000	+21.0%
PBT	-£1,955,000	-£1,198,000	Loss both
EPS	-4.05p	-1.81p	Loss both

Harrier Group plc

	Final - Dec 03	Final - Dec 04	Comparison
REV	£9,029,851	£11,214,119	+24.2%
PBT	£200,381	-£124,178	-162.0%
EPS	0.55p	-0.39p	-170.9%

Harvey Nash Group plc

	Final - Jan 04	Final - Jan 05	Comparison
REV	£130,911,000	£163,374,000	+24.8%
PBT	-£4,536,000	£1,640,000	Loss to profit
EPS	-8.75p	0.51p	Loss to profit

Highams Systems Services Group plc

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

Horizon Technology Group plc

	Final Dec 03	Final Dec 04	Comparison
REV	£168,434,440	£190,777,237	+13.3%
PBT	£461,680	£3,864,736	+737.1%
EPS	0.30p	4.00p	+1233.3%

ICM Computer Group plc

	Interim - Dec 03	Final - Jun 04	Interim - Dec 04	Comparison
REV	£36,252,000	£77,542,000	£38,711,000	+6.8%
PBT	£1,905,000	£4,380,000	£2,014,000	+5.7%
EPS	6.10p	14.00p	6.50p	+6.6%

IDOX plc

	Interim - April 04	Final - Oct 04	Interim - April 05	Comparison
REV	£3,284,000	£9,555,000	£7,024,000	+113.9%
PBT	-£193,000	£89,000	£214,000	Loss to Profit
EPS	0.03p	0.23p	0.12p	Loss to Profit

INCAT International

	Final - Aug 03	Final - Aug 04	Comparison
REV	£64,024,991	£65,261,424	+1.9%
PBT	£2,288,242	£2,434,253	Loss to profit
EPS	n/a	n/a	n/a

Innovation Group plc (The)

	Interim - Mar 04	Final - Sep 04	Interim - Mar 05	Comparison
REV	£27,355,000	£58,051,000	£28,772,000	+5.2%
PBT	-£3,451,000	-£7,349,000	-£5,029,000	Loss both
EPS	-0.97p	-1.98p	-1.23p	Loss both

InTechnology plc

	Final - Mar 04	Final - Mar 05	Comparison
REV	£221,868,000	£283,522,000	+27.8%
PBT	-£4,080,000	-£2,181,000	Loss both
EPS	-3.54p	-1.84p	Loss both

Intelligent Environments Group plc

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

Interactive Digital Solutions plc

	Final - Sep 03	Final - Sep 04	Comparison
REV	£191,153	£313,716	+64.1%
PBT	-£1,143,000	-£1,050,789	Loss both
EPS	-0.65p	-0.54p	Loss both

Intercede Group plc

	Final - Mar 04	Final - Mar 05	Comparison
REV	£1,605,000	£1,806,000	+12.5%
PBT	-£661,000	-£426,000	Loss both
EPS	-2.90p	-0.70p	Loss both

iTrain plc

	Final - Dec 03	Final - Dec 04	Comparison
REV	£878,583	£1,094,097	+24.5%
PBT	£16,360	£70,076	+328.3%
EPS	0.00p	0.10p	N/a

INVU plc

	Final - Jan 04	Final - Jan 05	Comparison
REV	£1,997,000	£3,149,000	+57.7%
PBT	-£1,377,000	£608,000	Loss to profit
EPS	-0.36p	0.64p	Loss to profit

IQ-Ludorum plc

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

iSOFT Group plc

	Final - Apr 04	Final - Apr 05	Comparison
REV	£149,260,000	£261,992,000	+75.5%
PBT	£17,593,000	£44,524,000	+153.1%
EPS	6.57p	10.97p	+67.0%

I S Solutions plc

	Final - Dec 03	Final - Dec 04	Comparison
REV	£5,985,000	£5,514,000	-7.9%
PBT	-£188,000	-£317,000	Loss both
EPS	-0.89p	-0.13p	Loss both

K3 Business Technology Group plc

	Final - Dec 03	Final - Dec 04	Comparison
REV	£7,002,000	£8,529,000	+21.8%
PBT	-£199,000	£1,160,000	Loss to profit
EPS	-0.60p	10.00p	Loss to profit

Kewill Systems plc

	Final - Mar 04	Final - Mar 05	Comparison
REV	£22,147,000	£26,680,000	+20.5%
PBT	£1,529,000	£2,443,000	+59.8%
EPS	2.70p	4.70p	+74.1%

Knowledge Technology Solutions Plc

	Interim - Dec 03	Final - Jun 04	Interim - Dec 04	Comparison
REV	£298,323	£770,185	£572,283	+91.8%
PBT	-£432,656	-£904,161	-£419,898	Loss both
EPS	-0.38p	-0.71p	-0.28p	Loss both

LogicaCMG plc

	Final - Dec 03	Final - Dec 04	Comparison
REV	£1,706,600,000	£1,669,800,000	-2.2%
PBT	-£33,000,000	£42,400,000	Loss to profit
EPS	-6.30p	1.90p	Loss to profit

Lorien plc

	Final - Nov 03	Final - Nov 04	Comparison
REV	£94,714,000	£122,714,000	+29.6%
PBT	-£673,000	£1,152,000	Loss to profit
EPS	-4.60p	6.90p	Loss to profit

Macro 4 plc

	Interim - Dec 03	Final - Jun 04	Interim - Dec 04	Comparison
REV	£15,061,000	£31,240,000	£16,596,000	+10.2%
PBT	-£181	£1,042,000	£863,000	Loss to profit
EPS	-2.40p	1.90p	1.20p	Loss to profit

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

Manpower SoftWare plc				
	Interim - Nov 03	Final - May 04	Interim - Nov 04	Comparison
REV	£2,463,669	£5,146,663	£2,043,121	-17.1%
PBT	£259,925	£388,906	-£738,923	Profit to loss
EPS	0.58p	1.00p	-1.63p	Loss to profit
Marlborough Stirling plc				
	Final - Dec 03		Final - Dec 04	Comparison
REV	£114,628,000		£98,766,000	-13.8%
PBT	£903,000		-£10,988,000	Profit to loss
EPS	-0.30p		-5.20p	Loss both
Maxima Holdings plc				
	Interim - Nov 03		Interim - Nov 04	Comparison
REV	£5,687,000		£6,194,000	+8.9%
PBT	£557,000		£800,000	+43.6%
EPS	3.02p		4.34p	+43.7%
Mediasurface plc				
	Interim - Mar 04	Final - Sep 04	Interim - Mar 05	Comparison
REV	£2,839,562	£5,403,482	£3,661,081	+28.9%
PBT	-£153,466	-£737,394	£138,747	Loss to profit
EPS	0.10p	-0.60p	0.20p	+100.0%
Microgen plc				
	Final - Dec 03		Final - Dec 04	Comparison
REV	£26,418,000		£42,444,000	+60.7%
PBT	-£2,356,000		£1,118,000	Loss to profit
EPS	-3.20p		0.20p	Loss to profit
Minorplanet Systems Plc				
	Interim - Feb 04	Final - Aug 04	Interim - Feb 05	Comparison
REV	£19,100,000	£33,800,000	£11,400,000	-40.3%
PBT	-£2,900,000	-£17,400,000	-£3,100,000	Loss both
EPS	-11.35p	-22.23p	-2.01p	Loss both
Misys plc				
	Interim - Nov 03	Final - May 04	Interim - Nov 04	Comparison
REV	£471,100,000	£899,900,000	£437,000,000	-7.2%
PBT	£14,400,000	£23,100,000	£12,700,000	-11.8%
EPS	4.10p	4.30p	1.40p	-65.9%
Mondas plc				
	Final - Apr 03		Final - Apr 04	Comparison
REV	£3,713,353		£3,974,732	+7.0%
PBT	-£2,224,645		-£1,779,554	Loss both
EPS	-10.10p		-6.60p	Loss both
Morse plc				
	Interim - Dec 03	Final - Jun 04	Interim - Dec 04	Comparison
REV	£187,074,000	£390,008,000	£216,592,000	+15.8%
PBT	-£6,788,000	-£12,431,000	-£7,593,000	Loss both
EPS	-6.20p	-11.90p	-6.40p	Loss both
MSB International plc				
	Final - Jan 04		Final - Jan 05	Comparison
REV	£67,297,000		£92,321,000	+37.2%
PBT	£311,000		£825,000	+165.3%
EPS	0.76p		2.57p	+238.2%
NCC Group plc				
	Final - May 03		Final - May 04	Comparison
REV	£12,291,000		£15,316,000	+24.6%
PBT	£1,461,000		£1,403,000	-4.0%
EPS	N/a		N/a	N/a
Ncipher Plc				
	Final - Dec 03		Final - Dec 04	Comparison
REV	£12,988,000		£14,244,000	+9.7%
PBT	-£585,000		£2,333,000	Loss to profit
EPS	-2.80p		8.78p	Loss to profit
Netcall plc				
	Final - Jun 03		Final - Jun 04	Comparison
REV	£2,387,203		£2,414,211	+1.1%
PBT	-£331,777		-£827,931	Loss both
EPS	-0.60p		-1.30p	Loss both
Netstore plc				
	Interim - Dec 03	Final - Jun 04	Interim - Dec 04	Comparison
REV	£10,602,000	£20,681,000	£10,111,000	-4.6%
PBT	-£672,000	-£687,000	£321,000	Loss to profit
EPS	n/a	-0.14p	0.56p	n/a
Nexus Management plc				
	Final - Mar 03		Final - Mar 04	Comparison
REV	£574,561		£1,160,363	+102.0%
PBT	-£824,548		-£134,991	Loss both
EPS	-0.49p		-0.04p	Loss both
Northgate Information Solutions plc				
	Final - Apr 04		Final - Apr 05	Comparison
REV	£136,464,000		£205,692,000	+50.7%
PBT	-£10,086,000		£3,889,000	Loss to profit
EPS	-2.94p		0.79p	Loss to profit
NSB Retail Systems plc				
	Final - Dec 03		Final - Dec 04	Comparison
REV	£64,348,000		£45,399,000	-29.4%
PBT	-£28,755,000		-£8,680,000	Loss both
EPS	-7.03p		-2.14p	Loss both
OneclickHR plc				
	Interim - Jun 03	Final - Dec 03	Interim - Jun 04	Comparison
REV	£2,712,382	£4,797,967	£4,797,967	+76.9%
PBT	£64,829	-£1,523,443	-£730,170	Profit to loss
EPS	0.10p	-2.50p	-0.66p	Profit to loss
Orca Interactive				
	Final - Dec 03		Final - Dec 04	Comparison
REV	£1,380,000		£2,840,000	+105.8%
PBT	-£2,760,000		-£1,010,000	Loss to profit
EPS	-0.22p		-0.06p	Loss both
Parity Group plc				
	Final - Dec 03		Final - Dec 04	Comparison
REV	£169,860,000		£169,860,000	+0.0%
PBT	-£18,722,000		-£6,914,000	Loss both
EPS	-7.70p		-2.24p	Loss both
Patsystems plc				
	Final - Dec 03		Final - Dec 04	Comparison
REV	£10,673,000		£11,775,000	+10.3%
PBT	-£2,369,000		-£2,929,000	Loss both
EPS	-1.70p		-1.40p	Loss both
Phoenix IT Group plc				
	Final - Mar 04		Final - Mar 05	Comparison
REV	£58,311,590		£88,331,000	+51.5%
PBT	£9,317,065		£10,070,000	+8.1%
EPS	15.00p		13.30p	N/a
Pilat Media Global plc				
	Final - Dec 03		Final - Dec 04	Comparison
REV	£9,422,607		£12,052,232	+27.9%
PBT	£595,047		£1,834,969	+208.4%
EPS	0.64p		2.49p	+289.1%

Pixology plc				
	Final - Dec 03		Final - Dec 04	Comparison
REV	£2,528,038		£4,514,729	+78.6%
PBT	-£1,919,177		-£2,163,393	Loss both
EPS	-12.70p		-9.79p	Loss both
Planit Holdings plc				
	Interim - Oct 03	Final - Apr 04	Interim - Oct 04	Comparison
REV	£13,045,000	£26,926,000	£14,035,000	+7.6%
PBT	£742,000	£1,547,000	£761,000	Loss to profit
EPS	0.40p	1.00p	0.40p	Loss to profit
Portrait Software				
	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£10,031,000	£19,648,000	£8,017,000	-20.1%
PBT	£1,030,000	£2,018,000	£1,558,000	+51.3%
EPS	3.59p	7.49p	2.87p	-20.1%
Prologic plc				
	Final - Mar 04		Final - Mar 05	Comparison
REV	£7,542,000		£6,928,000	-8.1%
PBT	£678,000		£421,000	-37.7%
EPS	N/a		2.76p	Profit to Loss
PSD Group plc				
	Final - Dec 03		Final - Dec 04	Comparison
REV	£37,622,000		£43,714,000	+16.2%
PBT	£333,000		£2,856,000	+757.7%
EPS	-1.20p		7.20p	Loss to profit
QA plc				
	Final - Nov 03		Final - Nov 04	Comparison
REV	£29,158,000		£30,153,000	+3.4%
PBT	-£3,220,000		-£2,386,000	Loss both
EPS	-2.50p		-1.40p	Loss both
Quantica plc				
	Final - Nov 03		Final - Nov 04	Comparison
REV	£24,897,000		£30,848,000	+23.9%
PBT	£779,000		£1,957,000	+151.2%
EPS	1.29p		3.32p	+157.4%
Raft International plc				
	Final - Oct 03		Final - Oct 04	Comparison
REV	£8,562,000		£7,261,000	-15.2%
PBT	-£999,000		-£991,000	Loss both
EPS	-1.47p		-1.45p	Loss both
Red Squared plc				
	Final - Sep 03		Final - Sep 04	Comparison
REV	£2,303,795		£1,696,513	-26.4%
PBT	-£189,470		-£466,614	+146.3%
EPS	-0.94p		-2.32p	+146.8%
Retail Decisions plc				
	Final - Dec 03		Final - Dec 04	Comparison
REV	£30,227,000		£31,737,000	+5.0%
PBT	£2,947,000		£5,134,000	+74.2%
EPS	0.50p		1.04p	+108.0%
RM plc				
	Interim - Mar 04	Final - Sep 04	Interim - Mar 05	Comparison
REV	£108,944,000	£263,264,000	£109,211,000	+0.2%
PBT	£766,000	£7,054,000	-£4,788,000	Profit to Loss
EPS	0.00p	4.30p	-5.30p	Profit to loss
Royalblue Group plc				
	Final - Dec 03		Final - Dec 04	Comparison
REV	£56,489,000		£59,768,000	+5.8%
PBT	£9,246,000		-£859,000	Profit to loss
EPS	22.90p		23.40p	+2.2%
Sage Group plc				
	Final - Sep 03		Final - Sep 04	Comparison
REV	£560,345,000		£687,585,000	+22.7%
PBT	£151,037,000		£181,144,000	+19.9%
EPS	8.14p		9.85p	+21.0%
Sanderson Group plc				
		Final - Sep 04	Interim - Mar 05	Comparison
REV		£11,880,000	£7,897,000	n/a
PBT		-£328,000	£1,001,000	n/a
EPS		-1.00p	-2.30p	n/a
SDL plc				
	Final - Dec 03		Final - Dec 04	Comparison
REV	£64,378,000		£62,690,000	-2.6%
PBT	-£804,000		£457,000	Loss both
EPS	-3.30p		-1.77p	Loss both
ServicePower Technologies plc				
	Final - Dec 03		Final - Dec 04	Comparison
REV	£2,638,000		£4,114,000	+56.0%
PBT	-£1,624,000		-£3,857,000	Loss both
EPS	-2.67p		-5.50p	Loss both
Sirius Financial Systems plc				
	Final - Dec 03		Final - Dec 04	Comparison
REV	£20,523,966		£21,704,052	+5.7%
PBT	-£581,160		£385,444	Profit to Loss
EPS	-3.90p		1.40p	Profit to Loss
Sirvis IT plc				
	Interim - Nov 03	Final - May 04	Interim - Nov 04	Comparison
REV	£528,000	£3,230,000	£3,948,000	+647.7%
PBT	£129,000	£321,000	£345,000	+167.4%
EPS	0.76p	0.60p	0.16p	-78.9%
smartFOCUS plc				
	Final - Dec 03		Final - Dec 04	Comparison
REV	£2,201,853		£2,850,101	+29.4%
PBT	-£554,444		-£324,052	Loss both
EPS	-0.70p		-0.30p	Loss both
Sopheon plc				
	Final - Dec 03		Final - Dec 04	Comparison
REV	£6,734,000		£4,323,000	-35.8%
PBT	-£5,806,000		-£1,964,000	Loss both
EPS	-6.30p		-1.60p	Loss both
Spring Group plc				
	Final - Dec 03		Final - Dec 04	Comparison
REV	£360,197,000		£476,429,000	+32.3%
PBT	-£18,946,000		£5,842,000	Loss to profit
EPS	-12.92p		6.80p	Loss to profit
StatPro Group plc				
	Final - Dec 03		Final - Dec 04	Comparison
REV	£8,426,000		£9,072,000	+7.7%
PBT	£146,000		£162,000	+11.0%
EPS	0.60p		5.30p	Loss both
Stilo International Plc				
	Final - Dec 03		Final - Dec 04	Comparison
REV	£2,279,000		£2,076,000	-8.9%
PBT	-£1,445,000		-£1,299,000	Loss both
EPS	-2.61p		-1.56p	Loss both

Superscape plc				
	Final - Jan 04		Final - Jan 05	Comparison
REV	£1,100,000		£4,050,000	+268.2%
PBT	-£6,969,000		-£5,475,000	Loss both
EPS	-7.10p		-4.20p	Loss both
SurfControl plc				
	Final - Jun 03		Final - Jun 04	Comparison
REV	£46,209,392		£47,859,580	+3.6%
PBT	£5,602,649		£7,890,650	+40.8%
EPS	13.12p		19.73p	+50.3%
Systems Union Group plc				
	Final - Dec 03		Final - Dec 04	Comparison
REV	£78,427,000		£104,230,000	+32.9%
PBT	£6,124,000		£4,614,000	-24.7%
EPS	5.80p		3.90p	-32.8%
Tadpole Technology plc				
	Interim - Mar 04	Final - Sep 04	Interim - Mar 05	Comparison
REV	£1,476,000	£4,831,000	£4,439,000	+200.7%
PBT	-£1,515,000	-£2,767,000	-£1,411,000	Loss both
EPS	-0.60p	-1.00p	-0.40p	Loss both
Telecity plc				
	Final - Dec 03		Final - Dec 04	Comparison
REV	£23,536,000		£25,837,000	+9.8%
PBT	-£9,522,000		-£6,804,000	Loss both
EPS	-4.70p		-2.70p	Loss both
Tikit Group plc				
	Final - Dec 03		Final - Dec 04	Comparison
REV	£9,558,000		£11,903,000	+24.5%
PBT	£713,000		£859,000	+20.5%
EPS	2.90p		4.50p	+55.2%
Torex Retail				
	Final - Dec 03		Final - Dec 04	Comparison
REV	£67,559,000		£67,935,000	+0.6%
PBT	£3,873,000		£7,711,000	+99.1%
EPS	1.00p		2.90p	+190.0%
Total Systems plc				
	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£2,000,586	£3,843,856	£1,696,642	-15.2%
PBT	£381,061	£715,938	£136,878	-64.1%
EPS	2.50p	4.94p	1.03p	-58.8%
Touchstone Group plc				
	Final - Mar 04		Final - Mar 05	Comparison
REV	£14,901,000		£17,269,000	+15.9%
PBT	£555,000		-£82,000	Profit to loss
EPS	1.50p		-3.20p	Profit to loss
Trace Group plc				
	Interim - Nov 03	Final - May 04	Interim - Nov 04	Comparison
REV	£7,478,000	£15,472,000	£7,314,000	-2.2%
PBT	£117,000	£822,000	£201,000	+71.8%
EPS	0.38p	4.69p	0.77p	+102.6%
Triad Group plc				
	Interim - Sep 03	Final - Mar 04	Interim - Sep 04	Comparison
REV	£16,573,000	£36,534,000	£22,799,000	+37.6%
PBT	-£849,000	-£759,000	£170,000	Loss to profit
EPS	-5.60p	-5.20p	1.08p	Loss to profit
Tribal Group plc				
	Final - Mar 04		Final - Mar 05	Comparison
REV	£185,744,000		£229,470,000	+23.5%
PBT	£5,322,000		-£212,000	-104.0%
EPS	-1.40p		-8.20p	Profit to loss
Ultima Networks plc				
	Final - Dec 03		Final - Dec 04	Comparison
REV	£1,770,000		£1,906,000	+7.7%
PBT	£169,000		£313,000	+85.2%
EPS	0.09p		0.14p	+55.6%
Ultrasis Group plc				
	Final - Jul 02		Final - Jul 03	Comparison
REV	£563,000		£548,000	-2.7%
PBT	-£13,656,000		-£12,864,000	Loss both
EPS	-1.00p		-0.53p	Loss both
Universe Group plc				
	Final - Dec 03		Final - Dec 04	Comparison
REV	£42,129,000		£43,992,000	+4.4%
PBT	-£2,730,000		-£[illegible]74,000	Loss both
EPS	-7.00p		-0.10p	Loss both
Vega Group plc				
	Interim - Oct 03	Final - Apr 04	Interim - Oct 04	Comparison
REV	£21,093,000	£44,127,000	£24,519,000	+16.2%
PBT	£763,000	£1,918,000	£1,280,000	Loss to profit
EPS	2.40p	5.74p	3.73p	Loss to profit
Vianet Group plc				
	Final - Sep 03		Final - Dec 04	Comparison
REV	£33,714		£376,878	+1017.9%
PBT	-£2,056,476		-£2,417,000	Loss both
EPS	-3.10p		-1.90p	Loss both
VI Group plc				
	Final - Dec 03		Final - Dec 04	Comparison
REV	£8,823,000		£9,698,000	+9.9%
PBT	-£1,250,000		-£259,000	Loss both
EPS	-3.92p		-0.84p	Loss both
Workplace Systems International plc				
	Final - Mar 04		Final - Mar 05	Comparison
REV	£10,664,000		£7,680,000	-28.0%
PBT	-£7,398,000		£363,000	Loss to profit
EPS	-4.80p		0.11p	Loss to profit
Xansa plc				
	Interim - Oct 03	Final - Apr 04	Interim - Oct 04	Comparison
REV	£225,700,000	£419,500,000	£189,500,000	-16.0%
PBT	-£12,400,000	-£29,000,000	£4,900,000	Loss to profit
EPS	-4.75p	-11.92p	1.15p	Loss both
XKO Group plc				
	Final - Mar 04		Final - Mar 05	Comparison
REV	£45,400,000		£44,853,000	-1.2%
PBT	-£2,323,000		£10,013,000	Loss both
EPS	-9.70p		34.60p	Loss both
XN Checkout Holdingsplc				
	Final - Dec 03		Final - Dec 04	Comparison
REV	£14,315,000		£18,298,000	+27.8%
PBT	-£2,242,000		£1,734,000	Loss to profit
EPS	-9.40p		10.80p	-214.9%
Xpertise Group plc				
	Final - Dec 03		Final - Dec 04	Comparison
REV	£10,767,000		£13,170,000	+22.3%
PBT	-£2,140,000		-£668,000	Loss both
EPS	-0.70p		0.16p	Loss both

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

RESELLERS SUFFER IN A FLAT MONTH

The Ovum Index of UK software and IT services companies saw a pretty flat month in June. Overall, the index of 135 listed companies was up 0.56%, a slight improvement on May's decline of 1.14%. The other indices we track turned in fairly comparable performances during the month, with the FTSE 100 up 3.0%, the FTSE IT services index up 2.0% and AIM up 4.2%.

Of the sectors that make up the Ovum Index, there was again a mixed performance. The worst performing element was the resale sector. Contributing significantly to the 6.2% decline was Computacenter with its 20% drop in share price value to 198p. The company announced it had struggled through Q2 and suffered lowered product sales and squeezed margins. Although growth in its managed services business has continued, this was at a lower level than anticipated.

30-Jun-05		
	S/ITS Index	4965.53
	FTSE IT (SCS) Index	498.83
	techMARK 100	1198.68
	FTSE 100	5113.20
	FTSE AIM	998.27
SCSI Index =1000 on 15th April 1989	FTSE SmallCap	2920.24

Changes in Indices	S/ITS Index	FTSE 100	techMARK 100	FTSE IT SCS Index	FTSE AIM Index	FTSE Small Cap
Month (01/06/05 to 30/06/05)	+0.56%	+3.01%	+3.35%	+2.07%	+4.25%	+3.30%
From 15th Apr 89	+396.55%	+148.99%				
From 1st Jan 90	+439.67%	+116.48%				
From 1st Jan 91	+601.47%	+136.68%				
From 1st Jan 92	+375.23%	+105.09%				
From 1st Jan 93	+211.59%	+79.63%				+110.49%
From 1st Jan 94	+197.41%	+49.58%				+56.27%
From 1st Jan 95	+231.22%	+66.80%				+67.21%
From 1st Jan 96	+119.86%	+38.60%	+51.88%		+4.70%	+50.41%
From 1st Jan 97	+85.46%	+24.15%	+31.05%		+2.27%	+33.77%
From 1st Jan 98	+63.61%	-0.43%	+25.65%	-50.12%	+0.63%	+26.24%
From 1st Jan 99	+25.98%	-13.08%	-17.67%	-65.50%	+24.53%	+41.01%
From 1st Jan 00	-56.71%	-26.22%	-68.28%	-86.58%	-48.35%	-5.73%
From 1st Jan 01	-40.69%	-17.83%	-53.28%	-74.41%	-30.57%	-8.26%
From 1st Jan 02	+3.49%	-2.00%	-18.61%	-40.92%	+11.19%	+13.22%
From 1st Jan 03	+83.04%	+29.76%	+84.76%	+46.62%	+65.58%	+60.40%
From 1st Jan 04	+6.18%	+14.21%	+18.10%	-0.95%	+19.50%	+17.99%
From 1st Jan 05	+0.81%	+6.21%	+0.19%	+2.69%	-0.75%	+5.88%

End June 05	Move since 1/1/99	Move since 1/1/00	Move since 1/1/01	Move since 1/1/02	Move since 1/1/03	Move Since 1/1/04	Move Since 1/1/05	Move in June 05
System Houses	18.4%	-53.8%	-37.9%	11.8%	122.8%	16.2%	5.9%	2.3%
IT Staff Agencies	-71.0%	-74.8%	-59.9%	-27.6%	9.0%	-28.6%	-9.6%	2.0%
Resellers	59.1%	-23.4%	1.3%	12.8%	52.5%	-20.4%	-12.3%	-6.2%
Software Products	69.5%	-59.2%	-70.4%	-4.6%	57.9%	-2.6%	0.0%	-0.1%
Holway S/ITS Index	26.0%	-56.7%	-40.7%	3.5%	83.0%	6.2%	0.8%	0.6%

While we have come to accept the ongoing issues around pricing pressure on Computacenter's resale business, its announcement regarding its managed services business is a blow. If this part of the business does not make a recovery into the second half, Computacenter will be in for an even rockier ride – and so will shareholders. Morse took a bit of a hit on the back of the announcement with shares down 7.3% to 70p.

Elsewhere, another casualty was ITSA, Spring. The company said that in Q2, conditions in its core technology and general staffing markets became more "challenging". 2004 was, almost without exception, a fantastic year for the UK ITSAs (IT staffing agencies). They benefited from a release of pent-up demand, particularly in the first half of 2004. We believe this was a 'spike' and that the market will moderate significantly in the coming years. Indeed, it looks like Spring is seeing signs of this already.
(Kate Hanaghan)