SIERRA SYSTEMS GROUP INC.

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED

SEPTEMBER 30, 2002

DATED: February 14, 2003

TABLE OF CONTENTS

CORPORATE STRUCTURE 1

GENERAL DEVELOPMENT OF THE BUSINESS 1

NARRATIVE DESCRIPTION OF THE BUSINESS 3

The IT Services Market 3

Specialty Practices 4

Revenue Summary of Issuer’s Principal Services 9

Factors Affecting the Issuer’s Business 10

MANAGEMENT’S DISCUSSION AND ANALYSIS 13

MARKET FOR SECURITIES 13

DIRECTORS AND OFFICERS 13

ADDITIONAL INFORMATION 14

CORPORATE STRUCTURE

Computech Consulting Corporation Ltd. (“Computech”), the corporate predecessor to Sierra Systems Group Inc. (the “Issuer”), was incorporated on October 1, 1966 under the *Company Act* (British Columbia). Computech underwent various reorganizations from the time of incorporation to December 7, 1988, when the Issuer was established under the name “Sierra Systems Group Inc.”

Effective April 20, 1998, the Issuer underwent a corporate and capital reorganization which was comprised of the redemption and issuance of various classes of shares, the reclassification of shares, a share subdivision and the re-establishment of the Issuer’s authorized share capital (collectively the “Reorganization”).

The head office and principal place of business of the Issuer is located at 1177 West Hastings Street, Suite 2500, Vancouver, British Columbia V6E 2K3. The Issuer and its wholly-owned subsidiary, Sierra Systems Consultants Inc. (British Columbia), carry on its operations in Canada and, in the United States its operations are carried on through five subsidiary corporations each named Sierra Systems Group Inc. and incorporated, respectively, in Washington State, California, Virginia, Michigan and Texas, each of which is a wholly-owned subsidiary of Sierra/Computec Consulting, Inc. (Delaware), which in turn is a wholly-owned subsidiary of the Issuer.

The Issuer has additional wholly-owned subsidiaries: Sierra Systems Consultants (Ontario) Inc. and Sierra Systems Group (Manitoba) Inc. In addition, the Issuer holds a 49% interest in Donna Cona Inc. (Ontario).

GENERAL DEVELOPMENT OF THE BUSINESS

The Issuer is engaged in the information technology (“IT”) industry. It is a systems integrator that provides information technology consulting services for administrative and operational systems to mid-size and larger clients. Services include technology and management consulting, systems integration including software package implementation, and application development. Services represent over 98% of the Issuer’s revenue. The Issuer provides IT services in Canada and the United States through 14 locations—eight in Canada (Victoria, Vancouver, Calgary, Edmonton, Winnipeg, Toronto, Ottawa and Halifax), and six in the United States (Seattle, Olympia, Los Angeles, Dallas, Washington, D.C., and Hartford).

In fiscal 2002, the Issuer experienced growth in Ontario and expanded into the Prairies, the latter due to an acquisition in Winnipeg. The number of employees of the Issuer has increased from approximately 845 as at September 30, 2000 to approximately 909 as at September 30, 2002.

The markets in which the Issuer participates, both in Canada and the United States, are highly competitive with a large number of firms competing for the available business. There is not, however, a dominant service provider in these markets which makes the Issuer independent of market share risks. In order to compete effectively in these markets, the Issuer needs to continuously update its employees through education programs, the costs of which were approximately $1.8 million for the year ended September 30, 2002.

Through the 2000, 2001 and 2002 fiscal years, the Issuer’s revenues have increased from $120.6 million for the year ended September 30, 2000 to $129.9 million for the year ended September 30, 2002. During this period, the Issuer’s net profit increased from a loss of $1.2 million for the year ended September 30, 2000 to a net profit of $1.7 million for the year ended September 30, 2002.

Over the last three years the Issuer has opened three new offices and has made three business acquisitions. According to its current business plan, the Issuer would seek to open one or two new locations per year if appropriate conditions prevail. The Issuer’s strategy for opening new locations is to secure at least one long-term contract in a new city prior to opening an office, and then to build on the new business. In addition, the Issuer intends to look for acquisition targets that are small to medium-sized IT service providers that have expertise to complement the Issuer’s Justice, Health, eGovernment and Enterprise Solutions practices. Typically, these acquisition targets will have revenues of $8 million to $15 million per annum and will have from 50 to 100+ employees. In the coming year, the search will focus on the U.S.

Coming into fiscal 2002, the Issuer had developed expertise in seven specialty practices: Enterprise Solutions, Health, Justice, Electronic Government, Financial Services and Insurance, Utilities and Telecommunications. Specialty practices contributed 76% of the Issuer’s revenues in fiscal 2002 (70% in fiscal 2001 and 51% in fiscal 2000). The remaining 24% of the Issuer’s fiscal 2002 revenues (30% in fiscal 2001 and 49% in fiscal 2000) were derived from branch-specific IT services provided in areas that reflect the needs of the local client base in each location in which the Issuer operates. Specialty practices earn higher margins for the Issuer and enable it to compete effectively against market participants who may be much larger in size but less experienced in the particular area. At any point in time, it is anticipated that three or four of the Issuer’s specialty practices will be significant drivers of growth. The Issuer expects that Enterprise Solutions, Justice, Health and the Electronic Government practice will continue to be the main drivers of growth in fiscal 2003.

The Issuer does not have an exclusive relationship with any software package vendor, allowing the Issuer to maintain its objectivity when advising clients on software selection. However, the Issuer has developed formal relationships with certain software vendors, such as PeopleSoft, Inc. (“PeopleSoft”) and Oracle Corporation (“Oracle”). During fiscal 2002, 24% of the Issuer’s revenues (27% in fiscal 2001 and 28% in fiscal 2000) were derived from projects involving PeopleSoft and Oracle applications in the human resources and payroll, and financial systems areas. This area of the Issuer’s business relating to the Enterprise Solutions practice is mature but is expected to remain as a stable source of revenue and a source of leverage into other application areas of the client base.

In addition, the Issuer has developed relationships with Sun Microsystems Inc., Microsoft, Cognos Incorporated, Rational Software Corporation and Information Builders Inc. in respect of other areas of the Issuer’s activities. These technology partners have created tools, processes and software utilized by the Issuer’s systems integration staff.

NARRATIVE DESCRIPTION OF THE BUSINESS

The IT Services Market

IT service providers encompass systems integrators, IT consultants and outsourcing companies (collectively, “IT Service Providers”). IT Service Providers assist clients in developing and implementing an IT strategy that integrates the hardware, systems software and applications software (particularly enterprise-wide applications) of various vendors into a comprehensive IT solution which will enable the client to achieve its corporate objectives. As an IT Service Provider, the Issuer’s primary focus is providing systems integration and IT consulting services that enable the clients to conduct their business using the tools and capabilities of modern e-business.

Systems Integration

Systems integration is comprised of both packaged application software implementation and custom systems development. Projects in this area typically involve large contracts, ranging from several hundred thousand dollars to over ten million dollars and lasting from a few months to several years. These projects may involve extensive procurement, subcontractor management, systems architecture, development and integration of both commercial off-the-shelf and custom software, hardware and telecommunication systems installation, and training activities.

In packaged application software implementation, the IT Service Provider is responsible for integrating the application software product purchased by the client into their existing business and information systems. Enterprise-wide packaged application software is technologically complex to set up and implement. Choosing the appropriate packaged application software solution is a time-consuming process that requires a comprehensive understanding of the client’s existing business and information systems, and extensive knowledge of the available packaged software solutions. Implementation includes all the services necessary to install the software, interface it with the client’s existing systems, convert the client’s data to the new system, assist the client in determining how to effectively use the capabilities of the new solution, and train the client’s staff. These services are provided on a fixed price or time and materials basis.

Custom systems development is widely employed where there are no suitable packaged application software solutions available. In such cases the IT Service Provider is engaged to build a customized system for the client. This task entails identifying the client’s needs, developing the technical design and programming and implementing the system.

IT Consulting

IT consulting services include business process engineering, strategic systems planning, organization planning, feasibility studies, systems needs analysis, vendor evaluation and selection and applications fit analysis. These services are provided both as a necessary first stage in designing or re-designing information systems and as an ongoing resource to clients. IT consulting also includes technology management services in operational areas such as installation management, hardware and networking design and management, local area network, intranet, Internet and workstation support. Consulting services are provided on a fixed price or time and materials basis.

Specialty Practices

The Issuer has differentiated itself in the IT services industry by developing specialized expertise in several business applications and in specific industries and segments of government. To date the Issuer has developed seven specialty practices – Justice, Health, Electronic Government, Enterprise Solutions, Financial Services and Insurance, Utilities, and Telecommunications – each with an in-depth functional knowledge of a client's area of business. Criteria for specialty practices include long-term market size, a capability to create competitive advantage, and a sound business plan with a focused market development strategy. Specialty practices are expected to have a lifetime of at least five years at superior margins and new ones must be regularly added to replace or augment maturing practices.

The Issuer believes that it has built an exceptional base of knowledge and expertise in four of these specialty practices – Enterprise Solutions, Health, Justice and Electronic Government – which gives the Issuer an important competitive advantage. The other three practices – Financial Services and Insurance, Utilities, and Telecommunications – are in more formative stages and will continue to provide future growth and opportunities. The acquisition of INSI strategic technologies inc. in fiscal 2002 augmented the Issuer's Financial Services and Insurance, and Telecommunications practices.

Enterprise Solutions

The Issuer's Enterprise Solutions practice is focused on the implementation and extension of enterprise-wide applications including administrative systems such as Human Resources ("HR") and Financial Management, but also includes Customer Relationship Management systems.

HR systems include the automation of an organization's payroll, personnel, recruitment and time and attendance records. HR systems typically take from six months to two years to implement and represent a significant expenditure for the client.

Financial systems include general ledger, accounts payable, accounts receivable, inventory and purchasing systems. As with HR systems, financial systems are major initiatives which can take from six months to two years to implement and represent a significant expenditure for the client.

PeopleSoft has recently released a new version of its products based on a purely Web-based architecture. This new technology is expected to lead to an accelerated upgrade schedule for existing PeopleSoft users. The Issuer sees significant opportunities in performing technology upgrade work for clients and in implementing new modules that become possible with current Web-based technology.

Moving forward, the Enterprise Solutions practice will focus on electronic workplace initiatives that include both new implementations and extensions to already installed systems such as business intelligence, self-service applications using Internet technologies, and extended supply chain and customer relationship management functions. Opportunities will also be pursued through relationships with an expanded set of software and services vendors. The Issuer's management believes this is a significant market opportunity.

The Issuer has developed strategic partnerships with the leading providers of human resources and financial systems software such as PeopleSoft and Oracle who have designated the Issuer an implementation partner for their latest systems products.

The Issuer's Enterprise Solutions practice is mature. It has been a strong driver of growth over the past nine years, and is expected to remain a stable source of revenue and a source of leverage into other application areas of a strong client base. Revenue from this practice area contracted slightly in 2002 to $32 million representing 25% of total revenue. Fiscal 2001 revenue from Enterprise Solutions was $34 million, representing 27% of total revenue and fiscal 2000 revenue was $34 million, representing 28% of total revenue.

Justice

The justice field can be divided into law enforcement, prosecution/public defense, courts and correctional supervision. Each of these areas generates extensive amounts of information for internal operational and management information and decision making purposes. Much of this information must be communicated to other areas on a controlled and secure basis. IT systems currently in use in the Canadian and United States justice fields are generally legacy applications that are not able to communicate with each other. This results in duplication of information and hampers a user's ability to access and share information which is needed to make efficient and informed decisions.

Governments, and in particular justice agencies, are under increasing pressure to provide better administration of justice at reduced cost. In addition, September 11, 2001 brought urgency for reliable and timely information which are two of the key factors in making the justice system and information sharing among all agencies more efficient and cost-effective, but more importantly, more effective. Governments and justice organizations are increasingly turning to IT service providers for solutions.

The Issuer has been working for over 18 years in Los Angeles County developing IT systems for various components of the justice field. The Los Angeles County Consolidated Criminal History Reporting System (CCHRS) is one of the world's largest justice systems with a criminal database of over three million people and over 10,000 persons having access to the database. The Issuer built CCHRS for the L.A. County.

The Issuer operates its Justice specialty practice from Vancouver, Victoria, Ottawa, Los Angeles, Hartford and Bellevue. New justice clients in new markets are being pursued to establish a broader base of justice-oriented business. In parallel, local teams use the experience and reputation gained in delivering justice solutions to provide services to other, non-justice government business.

As a result of its extensive expertise in the justice field, the Issuer has been approached by other jurisdictions throughout the United States and Canada to develop similar systems. The Issuer plans to utilize its Justice specialty practice to pursue significant new project opportunities as a mechanism for establishing new branches in other parts of the United States.

The Issuer’s Justice specialty practice fiscal 2002 revenues increased 56% to $19.4 million representing 15% of total revenue. Fiscal 2001 revenues increased 48% to $12 million or 10% of total revenue from approximately $8 million or 7% of total revenue in fiscal 2000.

Justice projects tend to be competitively procured, and the Issuer is able to compete for business in markets where it might not have personal relationships because of its greater level of experience and technological expertise. The Issuer has established joint marketing programs with a number of key hardware and software vendors to present its justice experience and solutions. This includes joint Internet seminars, justice executive forums, marketing materials, conference attendance and focused marketing campaigns.

Health

Everyone associated with the health system needs better access to high quality, reliable and comprehensive information in order to make informed decisions. This applies equally to patients, doctors, nurses and other care providers, managers, policy makers and researchers. Similar to the justice field, health system users typically have been unable to access such information because the IT systems in use in Canada and the United States are generally older systems which are not able to communicate with each other and often result in inaccuracies and duplication of information. Factors such as decreasing government spending, increasing demand for services from an aging population and rising labor costs are forcing an evaluation of how best to provide quality health care service. To improve their effectiveness, governments and health care institutions are increasingly turning to IT Service Providers for solutions.

The development and implementation of effective IT solutions for the health system requires a thorough understanding of both the systems and business issues within the health field. The Issuer has this expertise through its health care experts who provide the Issuer with the in-depth knowledge necessary to excel in this specialty practice. The Issuer’s health specialty practice fiscal 2002 revenues grew 11% to $13.7 million representing 10% of total revenue. Fiscal 2001 revenues were $12 million, or 10% of total revenue and in 2000 revenue was approximately $10 million or 9% of total revenue.

The Issuer’s Health practice in 2002 was predominately focused at the provincial/county/state level, mainly in the areas of health records management systems and HIPAA planning initiatives. HIPAA is the Health Insurance Portability and Accountability Act, requiring electronic data interchange of prescribed transactions. Compliance with this Act provides a significant business challenge to all health providers and insurers in the United States. The Issuer is currently implementing an integrated solution for the L.A. County Department of Mental Health so they can comply with HIPAA requirements.

The Issuer is currently working alone as well as in partnership with large systems integrators on major projects to upgrade the Province of Alberta's health information systems and to improve the systems in the Province of British Columbia. As evidence of the thought leadership in health information management and technology, the Issuer has undertaken several contracts to assist Canada-wide health groups to formulate their plans for national health information systems. This has culminated in the Canadian federal government allocating $0.5 billion to this endeavor. The Issuer intends to capitalize on its experience on these projects to secure similar assignments broadening the reach of this practice from a strong base in western Canada into eastern Canada and the United States.

Electronic Government

The Issuer's Electronic Government specialty practice is aimed at promoting and expanding its business for public sector clients at the federal, state/provincial, local and regional levels. All levels of government are challenged with connecting to their citizens and businesses and delivering services online.

The Issuer has carried out a variety of projects for public sector clients throughout its 36-year history. These projects typically include provision of consulting services, custom development of software applications for either operational or administrative functions, or implementation of packaged software products supplied by software vendors.

In the current year, the Issuer's eGovernment practice will continue to focus on fully documenting and promoting a discrete set of service offerings for public sector clients. These will mostly pertain to helping government organizations define and implement strategies to use the Internet to support their mandates and programs. The Issuer intends to aggressively exploit its experience and knowledge of numerous government business functions, including taxation and revenue management, natural resource management, licensing, digital asset management, and secure maintenance of public records.

In their early stages, government projects of this type centre on producing electronic service delivery strategies, which are consulting engagements of relatively small cost and short duration. Implementing the strategies, however, can involve undertaking larger projects involving custom application development, implementing Internet portals or other utilities, and integrating packaged solutions for government programs such as tax collection, license issuing or records management. Many of these projects can generate multiple millions of dollars in revenue.

The fiscal 2002 revenues from the Electronic Government practice were $17.6 million, representing 13% of total revenue. This significant increase over fiscal 2001 revenues of $10 million or 7% of total revenue was partly a result of branch-specific revenue being identified within the practice area.

Other Practice Areas

At this time, the Issuer's remaining three specialty practices are characterized by typically being of interest to a subset of its branches as opposed to being generally applicable across the organization. This status is currently being monitored and the degree of emphasis the Issuer places on them will unfold in the next few years.

Utilities

The Issuer has been working with public utilities for over 20 years in a number of key areas, including customer information and billing, operations management, and the back office including accounting and human resources. The Issuer’s primary focus is on integration services including change management using customer information systems (CIS) solutions.

Public utilities require efficient IT systems in order to effectively manage and operate the various components of their businesses, such as customer service, billing, collections, meter maintenance and meter inventory. As a result of deregulation, increased competition and increased customer expectation, public utilities have been forced to streamline their costs and offer better service by making their business and IT systems more efficient and fully integrated. Working with several utilities for the past few years, the Issuer has completed implementation of several CIS solutions used by its customers for the customer care and billing for natural gas, electricity, water and wastewater services. The Issuer has active teaming agreements with a number of CIS product vendors.

Projects are underway with utilities clients in British Columbia and the United States. The Issuer does not expect its Utilities practice to be a main driver of growth in fiscal 2003. The fiscal 2002 revenues from the Utilities practice decreased to approximately $5 million or 4% of total revenue from $6 million or 5% of total revenue in fiscal 2001. Revenue from the Utilities specialty practice for fiscal 2000 was approximately $8 million or 7% of total revenue.

Financial Services and Insurance

The Issuer’s Financial Services and Insurance specialty practice focuses on delivering value to the financial service industry through providing IT and management consulting services. Some representative projects in this area include providing project planning and management for multiple projects at a major Canadian Bank; providing packaged software implementation services for this client and a regional United States Bank; providing business analysis services for a major securities depository; implementing a customer relationship management system at a large Credit Union; and several large IT projects for various insurance companies, banks and other deposit-taking institutions.

The Issuer’s management consulting group has delivered strategy engagements focusing on e-business-enabled initiatives to many financial institutions in each of the last five years. Clients for these projects have included a number of large banks, a major stock exchange, a securities depository and a number of insurance companies.

Fiscal 2002 revenues from the Financial Services and Insurance specialty practice increased to approximately $9 million or 7% of total revenue from fiscal 2001 revenues of approximately $8 million or 6% of total revenue. The Issuer sees significant opportunities to increase its penetration in the financial services sector through providing program management resources in support of the large IT consolidation projects taking place in the industry. The Issuer expects to increase the number and size of e-business IT projects in Canadian financial institutions through leveraging its Business Innovation Centre, a high technology prototyping facility located in the Issuer's offices in Toronto.

Telecommunications

The Issuer's Telecommunications practice is focused on the planning, implementation and extension of enterprise-wide applications, including such projects as eStrategic Planning and Business Transformation for Web-Enablement, custom development of Sales Compensation and Management Information applications, Web-Enabled Order Capture and Reporting, and management and reconciliation of 911 and 411 data. Other projects include implementation and integration of customer care and billing systems.

The telecommunications industry is undergoing significant restructuring of business processes and systems for the delivery of existing and new services and products in a highly competitive and deregulated environment. The Issuer's value to telecommunications companies is the understanding of "back office" business processes and the ability to identify and deliver cost saving solutions based on extensive experience in the telecommunications industry, Web technology and strategic planning. The duration and size of these projects varies from several months to in excess of a year, and represents expenditures of well over $1,000,000 dollars for larger initiatives.

The Issuer sees significant opportunities in the telecommunications area in performing strategic planning for business transformation and e-architecture, with cost reduction through systems integration as the key business driver. The Telecommunications specialty practice will continue to focus on the three national Canadian telecommunications companies which have an estimated expenditures on IT infrastructure of $500 million annually.

The fiscal 2002 revenues from the Telecommunications specialty practice were approximately $2 million or 2% of total revenue, a decrease from fiscal 2001 revenues of $6 million or 5% of total revenue. This practice is evolving with changes in the telecommunications industry.

Revenue Summary of Issuer's Principal Services

The Issuer is a provider of IT Services comprised primarily of systems integration and IT consulting. Revenue from these IT services is as follows.

	Revenue For Year Ended September 30		
	2002 $million	2001 $million	2000 $million
Specialty Practices			
- Enterprise Solutions	$32.0	$33.8	$34.4
- Justice	19.4	12.4	8.4
- Health	13.7	12.3	10.4
- Electronic Government	17.6	9.5	-
Other Practice Areas			
- Utilities	5.0	5.8	8.1
- Financial Services and Insurance	9.3	8.2	-
- Telecommunications	2.2	5.7	-
Branch Specific Services	30.7	39.6	59.4
Total Revenue from IT Services	$129.9	$127.3	$120.7

Factors Affecting the Issuer's Business

The Issuer is subject to various risks and uncertainties that can cause volatility in its earnings. The Issuer's operations are managed to deal with risks that are common to most companies, such as the risks of severe economic downturn, competition, currency fluctuations, and the more industry-specific risks such as the hiring and retention of staff and fixed price contract overruns.

A severe economic downturn has been seen to reduce capital spending by governments and corporations. Capital spending is generally discretionary and, although the implementation of technological solutions to enhance business competitiveness and government efficiency and effectiveness is generally considered a priority, spending on such initiatives can still be severely curtailed. Two elements of the Issuer's strategy serve to mitigate this risk. The deep functional knowledge in the Specialty Practices helps it to better predict market trends. For example, the decision to adjust the Issuer's medium-term strategy to focus on four practices, was a result of extensive involvement in the industry sectors of health, justice, utilities and telecommunications. Another factor is the Issuer's geographically diverse organizational model. This helps to mitigate the full impact of an economic downturn. In fiscal 2002, the U.S. operations and several areas in Canada keenly felt the economic slowdown, while the Issuer experienced strong growth in Ontario.

Fixed price contracts are an important element of the Issuer's business. In entering into such contracts, the Issuer assumes certain risks in relation to its ability to deliver projects profitably. To reduce risk, the Issuer has in place a Corporate Risk Management team to review project bids, contract negotiations, ongoing project performance and to initiate and complete project audits as required.

The Issuer's growth and continued success depends in large part on its ability to attract, retain, train and motivate highly skilled personnel. There has been significant competition for such employees and the Issuer has developed comprehensive People Programs designed to ensure its continued competitiveness. The current market environment has also improved retention.

The IT services industry is highly competitive and is characterized by rapid technological change, shifting client preferences and new product developments. The Issuer's strategy is to place constant emphasis on technology expertise in its career planning and to maintain a rigorous education program. Given the strong competition for resources, the Issuer's philosophy is to train employees on an ongoing basis.

The Issuer contracts with its clients on an engagement-by-engagement basis, which can lead to short-term fluctuations in revenue. Given that resources and related costs are generally established in anticipation of demand, fluctuation in business opportunities can lead to the under-utilization of professional staff. This may cause significant reductions in operating results for a particular quarter and could result in losses for such quarter. The Issuer's strategy is to focus on building and maintaining long-term client relationships to increase the likelihood of repeat engagements.

SELECTED QUARTERLY DATA FOR THE YEARS ENDED

SEPTEMBER 30, 2002, 2001 AND 2000

(expressed in thousands of dollars, except for per common share amounts)

	First Quarter (unaudited)	Second Quarter (unaudited)	Third Quarter (unaudited)	Fourth Quarter (unaudited)	Total (audited)
Fiscal Year Ended September 30, 2002					
Revenue	$31,568	$33,034	33,418	31,932	$129,952
Gross profit	5,646	4,875	6,470	5,922	22,913
Operating income (1)	981	121	1,453	513	3,068
Net earnings	705	2	145	836	1,688
Net earnings per share	$0.08	$0.00	$0.02	$0.09	$0.18
Fiscal Year Ended September 30, 2001					
Revenue	$30,137	$35,073	$31,412	$30,706	$127,329
Gross profit	6,084	7,270	5,193	5,671	24,218
Operating income (1)	1,454	2,168	1	137	3,760
Net earnings	566	1,472	(662)	159	1,535
Net earnings per share	$0.06	$0.16	($0.07)	$0.02	$0.17
Fiscal Year Ended September 30, 2000					
Revenue	$31,417	$32,099	$30,069	$27,098	$120,683
Gross profit	6,601	5,661	3,237	3,499	18,998
Operating income (1)	2,547	1,315	(1,594)	(2,939)	(671)
Net earnings	1,278	589	(850)	(2,218)	(1,201)
Net earnings per share	$0.14	$0.07	($0.09)	($0.24)	($0.13)

(1) Operating income does not include goodwill amortization.

SELECTED YEARLY DATA

(in thousands, except pro forma net earnings per share figures and number of employees)

Income Statement Data	2002	2001	2000
Revenue			
Services	$128,589	$126,069	$119,807
Product sales	1,363	1,260	876
	129,952	127,329	120,683
Cost of Sales			
Compensation	$96,497	$91,198	90,018
Other costs	9,368	10,848	11,108
Product costs	1,174	1,065	559
	107,039	103,111	101,685
Gross profit	22,913	24,218	18,998
General and administration	16,639	17,312	16,527
Capital assets amortization	3,206	3,146	3,142
Operating income	3,068	3,760	(671)
Other expenses (income)	(367)	(1,344)	(877)
Earnings before income taxes and goodwill amortization	3,435	5,104	206
Income taxes	1,747	2,498	577
Goodwill amortization	—	1,071	830
Net earnings	1,688	1,535	(1,201)
Net earnings per share	$0.18	$0.17	($0.13)
Operating Data (unaudited)			
Number of employees	909	847	845

	As at September 30		
Balance Sheet Data	2002	2001	2000
Working capital	$28,220	$33,853	$33,938
Total assets	82,762	75,677	75,476
Long-term debt	—	851	2,651
Total shareholders' equity	61,389	58,624	57,255

MANAGEMENT'S DISCUSSION AND ANALYSIS

Incorporated herein by reference is the Management's Discussion and Analysis contained on pages 15 to 20 of the Issuer's Annual Report for the fiscal year ended September 30, 2002.

MARKET FOR SECURITIES

The Issuer's common shares are listed for trading on The Toronto Stock Exchange under the symbol SSG.

DIRECTORS AND OFFICERS

Incorporated herein by reference are sections entitled "Election of Directors" and "Committees," on pages 3 to 4 and 5 to 6 respectively, of the Issuer's Information Circular for use in conjunction with the Issuer's annual general meeting of shareholders to be held on February 24, 2003.

The directors and executive officers as a group own, directly and indirectly, or exercise control or direction over an aggregate of 1,810,795 common shares of the Issuer. The following table lists the executive officers of the Issuer.

Name and Municipality of Residence	**Position with the Issuer**	**Principal Occupation within the last 5 years**
Grant R. Gisel North Vancouver, BC	President, Chief Executive Officer and Chairman of the Board	Same position
Robert H. Birch West Vancouver, BC	Vice President	Same position
Donald J. Lundgren Winnipeg, MB	Executive Vice President, Canadian Operations	Executive VP position with the Issuer since October 2002; joined the Issuer June 2002; previously President of INSI strategic technologies inc.
R.M. Kent Meisner Bellevue, WA	Executive Vice President, U.S. Operations	Executive VP position with the Issuer since August 2001; previously Vice President.
Caroline J. Dunn Vancouver, BC	Vice President and Chief Financial Officer	VP and CFO since March 1999; previously Director of Finance
Susan L. Jeffery North Vancouver, BC	Secretary	Secretary since March 1999; previously Chief Administrative Officer.

ADDITIONAL INFORMATION

The Issuer will provide to any person, upon a written request being made to the Secretary of the Issuer at 1177 West Hastings Street, Suite 2500, Vancouver, British Columbia V6E 2K3:

(a) when the securities of the Issuer are in the course of a distribution pursuant to a short form prospectus or a preliminary short form prospectus has been filed in respect of a distribution of its securities,

(i) one copy of the AIF of the Issuer, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the AIF;

(ii) one copy of the Comparative Financial Statements of the Issuer for its most recently completed financial year, together with the accompanying report of the auditor, and one copy of any interim financial statements of the Issuer subsequent to the financial statements for its most recently completed financial year;

(iii) one copy of the Information Circular of the Issuer in respect of its most recent annual meeting of shareholders that involve the election of directors or one copy of any annual filing prepared in lieu of that Information Circular, as appropriate; and

(iv) one copy of all other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus and which are not required to be provided under clauses (i) to (iii) above; or

(b) at any other time, one copy of any other document referred to in (a)(i), (ii) and (iii) above, provided the Issuer may require the payment of a reasonable charge if the request is made by a person who is not a security holder of the Issuer.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Issuer's securities, options to purchase securities and the interests of insiders in material transactions where applicable, is contained in the Issuer's Information Circular for its most recent Annual Meeting of shareholders and additional financial information is provided in the Issuer's comparative financial statements for the financial year ended September 30, 2002, which statements are contained in the Issuer's Annual Report for the year ended September 30, 2002.