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TRIAD GROUP PLC
Annual Report
for the year ended 31 March 2000


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TRIAD GROUP PLC

Annual Report for the year ended 31 March 2000

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Chairman's statement

Financial results

Turnover for the year ended 31 March 2000 is £48.4 million (1999: £49.3million), and pre tax profit is £1.9 million (1999: £8.6million).

Earnings per share are 5.11p (1999: 23.23p).

Cash balances at the year end of £4.7m remain very strong.

Dividend

The board recommend that no final dividend be paid: no interim payment was made (1999: total dividend 6p).

Review of current activities and prospects

Market conditions continue to be uncertain. Across the business consultancy and systems integration markets we have seen numbers of large projects making delayed or fitful starts. The millennium effect has, as I foresaw at the interim results stage, taken much longer to fade than initially expected. The main boards of many large companies are understandably thinking very carefully about how they should handle the e-commerce revolution. They want to avoid being swept along too quickly by the sort of exaggerated trends which in some cases have been generated by ERP, Year 2000 and the dot.com phenomenon. Triad is heavily involved in an already substantial and growing number of pilot and proving exercises which are expected to lead shortly to major project work, much of it e-commerce related. The precise timing is still subject to some uncertainty, although my confidence in a relatively early take off is growing steadily.

Triad's business is extremely well focused in the areas where long term value added services are provided to substantial and established companies. We have taken the opportunity of the quiet period over the last 12 months to make very heavy investments of time and money in consolidating and deepening our skillbase in a wide range of forward looking technologies and markets. Our work force is highly skilled in the provision of fully integrated e-commerce systems. Most of our work is mission critical to our clients in enabling them to keep abreast of rapidly changing demands in their own market places. I believe the time is approaching when this kind of work will reaffirm its attraction compared with the huge volumes of outsourced support business transacted over the last few years.

The resourcing and contracting business has held up very well during a difficult period. Our web venture, onlineITcontractors.com, has developed strongly since its launch 6 months ago and now has over 450 registered clients and 7000 registered contractors.

Employees

We have continued to recruit and train staff consistently since my last report and are now intensifying our effort. Staff turnover continues to be very low. The recent low utilisation of employed professional staff, which is the reason for the decline in profits will reverse very quickly once the major projects are established.

On behalf of the board I would like to thank all our employees for their energy and dedication throughout the year.

A handwritten signature in black ink, appearing to read 'J. Rigg', written in a cursive style.

John Rigg
Chairman
28 June 2000

Directors' report for the year ended 31 March 2000

The directors present their report and the audited financial statements for the year ended 31 March 2000.

Principal activities

The principal activity of the company during the year was that of business consultancy, software and systems delivery.

Review of business

A review of the company's business and future developments is contained within the chairman's statement on page 1. The financial results of the company are set out in the profit and loss account on page 9 of these financial statements.

Dividends and transfers to reserves

The directors have neither declared an interim dividend nor do they recommend a final dividend in respect of the year ended 31 March 2000 (1999: 6.00p per 1p ordinary share).

The profit for the financial year transferred to reserves is £1,301,000 (1999: £4,330,000).

Directors

The directors who held office at the end of the financial year were:

Executive directors

Mira Makar, Group Chief Executive

Tim Harris (appointed 20 August 1999)

Ian Haynes (appointed 20 August 1999)

Independent non-executive directors

John C Rigg, Chairman (appointed 30 June 1999)

Alistair M Fulton, Senior independent non-executive director

Biographical details of the present directors of the company are shown below:

John Rigg is non-executive chairman. He is a Chartered Accountant. He was a founder of Marcol Group Plc and was its managing director from 1983 until 1988. Marcol was floated on the Unlisted Securities Market in 1987. He was chairman of Vega Group plc from 1989 until 1996, holding the post of chief executive for much of this period. Vega floated on the main market in 1992. He was a founder shareholder of Triad and served as the chairman of the company from 1988 up to just before its flotation in 1996, when he resigned to develop new business interests overseas. He took up his appointment as non-executive chairman on 30 June 1999.

Alistair Fulton is a non-executive director. He is a chartered engineer and member of the British Computer Society. He was the founding managing director of Triad. He continued in this role until February 1997 when he became non-executive chairman, a position he retained until June 1999, when he took up his present position. He is currently a non-executive director of The Computing Services and Software Association Limited.

Mira Makar is the chief executive. During the early 1980's she was involved in company turn-around and start-up work as a management consultant. In 1984 she joined Coopers & Lybrand where she qualified as a Chartered Accountant. She left as an established senior manager. During this period she was involved in international corporate tax and treasury work and general corporate finance. Further to being executive deputy chairman and finance director she has held the position of chief executive of Triad since February 1997.

Tim Harris has a degree in computing and has been working in the computing industry since 1986. He was one of the founder members of Triad: during his time with the company he has worked at all stages of the software development lifecycle. As an executive director of Triad, he has particular responsibility for service and project delivery.

Ian Haynes was a founder member and has been a director of Generic Software Consultants Ltd from its formation in 1993 to 1995 when it was acquired by Triad. Since then he has been managing director of Generic and more recently head of Triad's internet venture, onlineITcontractors.com. As an executive director of Triad, he has particular responsibility for overall company sales co-ordination.

Alistair Fulton retires in accordance with article 75 and offers himself for re-election.

Tim Harris and Ian Haynes retire in accordance with article 74 and offer themselves for re-election.

Directors' emoluments are set out in note 6 to the financial statements. Directors' interests are given in the remuneration report on page 30.

Substantial shareholdings

In addition to the disclosure on page 30 of the interests of directors who held office at the end of the financial year the company has been notified of the following substantial holdings in the share capital of the company at 23 June 2000:

	Number of ordinary shares of 1p each (thousands)	Percentage of issued share capital
Prudential Corporation	3,535	13.87
FMR Corp and Fidelity International Ltd and Edward C. Johnson	3,075	12.07
The Dill Faulkes Educational Trust Ltd	1,500	5.89
Edinburgh Small Companies Trust plc	795	3.12

Creditor payment policy

The company's current policy concerning the settlement of debts is to make payments to creditors in accordance with agreed terms. The company's average creditor payment period at 31 March 2000 was 23 days (1999: 24 days).

Charitable donations

The company made charitable contributions of £245 (1999:£50).

Employment policies

The company is committed to equal opportunities and operates employment policies which are designed to attract, retain and motivate high quality staff, regardless of sex, age, race, religion or disability. The company has a policy of supporting staff in long term career development.

The company recognises the importance of having effective communication and consultation with, and of providing leadership to, all its employees, who are critical to its

future success. The company promotes the involvement of its employees in understanding the aims and performance of the business.

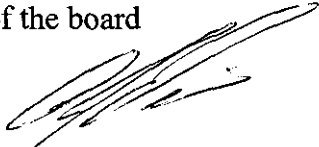
Year 2000

The company's year 2000 compliance programme has so far proved very effective with no disruption over the millennium date change, or subsequently. No material additional expenditure was incurred during the year as a result of the year 2000 issue.

Auditors

A resolution to re-appoint PricewaterhouseCoopers as auditors will be proposed at the Annual General Meeting.

By order of the board



AJ Dixon FCA
Company secretary
10 July 2000

**Report of the auditors to the members of
TRIAD GROUP PLC**

We have audited the financial statements on pages 9 to 22.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 25, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

We review whether the statement on page 27 reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

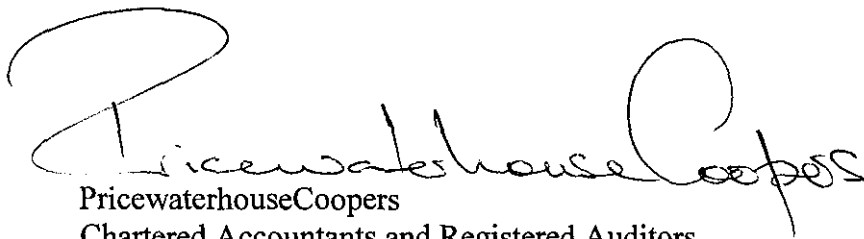
Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 2000 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A large, stylized handwritten signature in black ink, which appears to read 'PricewaterhouseCoopers'.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London
14 July 2000

**Profit and loss account
for the year ended 31 March 2000**

	Notes	2000	1999
		£'000	£'000
Turnover	3	48,366	49,306
Cost of sales		(40,806)	(35,452)
Gross profit		<u>7,560</u>	<u>13,854</u>
Administrative expenses		(5,980)	(5,589)
Operating profit		<u>1,580</u>	8,265
Interest receivable		330	365
Interest payable	4	(5)	(1)
Profit on ordinary activities before taxation	5	<u>1,905</u>	8,629
Taxation on profit on ordinary activities	8	(604)	(2,780)
Profit for the financial year		<u>1,301</u>	<u>5,849</u>
Dividends	9	(-)	(1,519)
Retained profit for the financial year	19	<u>1,301</u>	<u>4,330</u>
Earnings per ordinary share	10	<u>5.11p</u>	23.23p
Diluted earnings per ordinary share	10	<u>5.06p</u>	22.74p
Dividends per share	9	<u>0.00p</u>	<u>6.00p</u>

The above figures relate entirely to continuing operations.

The profit on ordinary activities before taxation and the retained profit, as stated above, are prepared on a historical cost basis, and therefore no reconciliation to historical cost profit is required.

There are no recognised gains or losses except for the profit for the year as stated above, and therefore no separate statement of total recognised gains or losses has been prepared.

**Balance sheet
at 31 March 2000**

	Notes	2000 £'000	1999 £'000
Fixed assets			
Tangible assets	11	2,183	2,019
Current assets			
Work in progress	13	-	1
Debtors	14	11,443	9,415
Cash at bank and in hand		4,725	8,365
		<u>16,168</u>	<u>17,781</u>
Creditors: amounts falling due within one year	15	(5,559)	(8,313)
Net current assets		<u>10,609</u>	<u>9,468</u>
Net assets		<u>12,792</u>	<u>11,487</u>
Capital and reserves			
Called up share capital	17	255	255
Share premium account	18	533	529
Profit and loss account	19	12,004	10,703
Equity shareholders' funds	20	<u>12,792</u>	<u>11,487</u>

The financial statements on pages 9 to 22 were approved by the board of directors on 10 July 2000 and were signed on its behalf by:



M Makar



TD Harris

**Cash flow statement
for the year ended 31 March 2000**

	Notes	2000 £'000	1999 £'000
Net cash inflow from operating activities	21	667	7,651
Returns on investments and servicing of finance			
Interest received		330	365
Interest paid		(5)	(1)
		<u>325</u>	<u>364</u>
Taxation			
UK corporation tax paid		(2,850)	(2,211)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(1,218)	(1,354)
Sale of tangible fixed assets		131	164
		<u>(1,087)</u>	<u>(1,190)</u>
Equity dividends paid		(764)	(1,762)
Cash (outflow) /inflow before financing		<u>(3,709)</u>	<u>2,852</u>
Financing			
Proceeds from issue of ordinary share capital		4	532
(Decrease)/ increase in net cash		<u><u>(3,705)</u></u>	<u><u>3,384</u></u>

**Notes to the financial statements
for the year ended 31 March 2000**

1. Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention. Consolidated financial statements have not been presented on the grounds that the inclusion of Generic Software Consultants Ltd ('Generic') and other subsidiaries listed in note 12 are not material.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost together with any incidental costs of acquisition.

Internally developed software costs are treated as a part of the cost of the related hardware where they are directly attributable to bringing a computer system or other computer-operated machinery into working condition for its intended use within the business. If the internal development of the software is not completed at the end of a financial period the attributable salary costs are included within fixed assets as "Assets in course of construction".

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Computer equipment	25-33
Motor vehicles	25-33
Fixtures and fittings	10-33

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Work in progress

Work in progress is stated at the lower of cost and net realisable value, less payments received on account.

Foreign currencies

Assets and liabilities expressed in foreign currencies are translated into sterling at the exchange rate ruling on the balance sheet date. Transactions in foreign currencies are recorded at the exchange rate ruling as at the date of the transaction. All differences on exchange are taken to the profit and loss account in the year in which they arise.

Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods and services supplied. Income from maintenance contracts is recognised pro rata over the life of the contract and is deferred to the extent that it has not been earned.

Taxation

The charge for taxation is based on the profit for the year as adjusted for disallowable items. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Pension costs

The company contributes to the personal pension plans of certain employees. The company's contributions are accounted for as incurred.

2. Segmental analysis by class of business

The principal activity of the company during the year was that of computer software and systems consultancy and development. All turnover and profit is attributable to this one class of business.

3. Turnover

Substantially all turnover arises in the United Kingdom.

4. Interest payable

	2000 £'000	1999 £'000
Interest on bank overdraft	5	1
	=====	=====

5. Profit on ordinary activities before taxation

	2000 £'000	1999 £'000
Profit on ordinary activities before taxation is stated after crediting:		
Profit on disposal of tangible fixed assets	22	29
And after charging:		
Depreciation of owned assets	945	752
Directors' emoluments (note 6)	294	115
Staff costs (note 7)	9,396	8,199
Operating leases for land and buildings	509	509
Auditors' remuneration:		
As auditors - current year	24	23
- previous year	9	2
For taxation services	17	23
	<u> </u>	<u> </u>

6. Directors' emoluments

The emoluments of each of the directors for the period they served as a director are set out below:

Year ended 31 March				2000	1999	2000	1999
	Salary £'000	Fees £'000	Benefits £'000	Total Emoluments £'000	Total Emoluments £'000	Pensions £'000	Pensions £'000
Executives							
M Makar	-	75	-	75	75	-	-
T D Harris (appointed 20/08/99)	80	-	7	87	-	2	-
I M Haynes (appointed 20/08/99)	83	-	6	89	-	4	-
Non executives							
J C Rigg (appointed 30/06/99)	-	19	-	19	-	-	-
A M Fulton	-	20	-	20	25	-	-
C J Duckworth (resigned 30/06/99)	-	4	-	4	15	-	-
Total	<u>163</u>	<u>118</u>	<u>13</u>	<u>294</u>	<u>115</u>	<u>6</u>	<u>-</u>

The above table includes amounts totalling £99,000 (1999: £115,000) paid to third parties in respect of making available the services of directors.

Details of directors' interests in shares and share options in the company are shown on page 30.

7. Employee information

	2000 £'000	1999 £'000
Average number of persons (including executive directors) employed:	265	248
Staff costs for the above persons (including executive directors)		
Wages and salaries	8,230	7,231
Social security costs	925	761
Contributions to personal pension schemes	241	207
	<u>9,396</u>	<u>8,199</u>

8. Tax on profit on ordinary activities

	2000 £'000	1999 £'000
United Kingdom corporation tax at 30 % (1999:31%)		
Current year	578	2,785
Under/(over) provision in respect of prior years	26	(5)
	<u>604</u>	<u>2,780</u>

9. Dividends

	2000 £'000	1999 £'000
Dividends on equity shares:		
Ordinary – interim paid of 0p per share (1999: 3p)	-	755
Ordinary – final proposed of 0p per share (1999: 3p)	-	764
	<u>-</u>	<u>1,519</u>

10. Earnings per ordinary share

The calculation of earnings per share is based on the profit on ordinary activities after taxation, namely £1,301,000 (1999: £5,849,000) and on 25,468,183 (1999: 25,178,493) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

The calculation of diluted earnings per share is based on the profit on ordinary activities after taxation, namely £1,301,000 (1999: £5,849,000) and on 25,713,073 (1999: 25,721,984) ordinary shares, which takes into account dilutive outstanding share options

	2000 pence per share	1999 pence per share
Earnings per share	5.11	23.23
Diluted earnings per share	<u>5.06</u>	<u>22.74</u>

11. Tangible fixed assets

	Computer equipment £'000	Fixtures & fittings £'000	Motor vehicles £'000	Assets in course of construction £'000	Total £'000
Cost					
At 1 April 1999	1,968	879	1,217	133	4,197
Additions	412	47	441	318	1,218
Transfers	451	-	-	(451)	-
Disposals	-	(12)	(366)	-	(378)
At 31 March 2000	<u>2,831</u>	<u>914</u>	<u>1,292</u>	<u>-</u>	<u>5,037</u>
Depreciation					
At 1 April 1999	1,146	572	460	-	2,178
Charge for year	452	122	371	-	945
Disposals	-	(8)	(261)	-	(269)
At 31 March 2000	<u>1,598</u>	<u>686</u>	<u>570</u>	<u>-</u>	<u>2,854</u>
Net book value					
At 31 March 2000	<u>1,233</u>	<u>228</u>	<u>722</u>	<u>-</u>	<u>2,183</u>
At 31 March 1999	822	307	757	133	2,019

12. Fixed asset investments

Fixed asset investments are:

(a) Generic Software Consultants Limited ("Generic"), a 100% subsidiary undertaking, which is registered in England and Wales and has an issued share capital of 5,610 US\$1 ordinary shares.

The investment is stated in the company's books at £440.

Consolidated financial information has not been presented on the grounds that the inclusion of Generic is not material, since Generic's business is included within the company. Generic acts as an agent for the business, but does not enter into any transactions in its own right.

(b) Triad Special Systems Limited, OnlineITContractors Limited and OnlineITContractors.com Limited are all 100% subsidiaries which are registered in England and Wales. They are dormant companies which have never traded. Each has a share capital of £1.

13. Work in progress

	2000 £'000	1999 £'000
Work in progress	-	1
	<u> </u>	<u> </u>

14. Debtors

	2000 £'000	1999 £'000
Trade debtors	9,400	7,663
Other debtors	43	28
Prepayments and accrued income	2,000	1,724
	<u> </u>	<u> </u>
	<u>11,443</u>	<u>9,415</u>
	<u> </u>	<u> </u>

15. Creditors: amounts falling due within one year

	2000	1999
	£'000	£'000
Bank overdraft	93	28
Trade creditors	2,744	2,295
Amounts owed to subsidiary undertaking	5	5
Corporation tax:		
Mainstream corporation tax	288	2,344
Advance corporation tax	-	189
Other taxation and social security	877	826
Accruals	1,499	1,593
Deferred income	53	269
Dividends payable	-	764
	<u>5,559</u>	<u>8,313</u>
	<u>-----</u>	<u>-----</u>

The bank overdraft is unsecured.

16. Financial instruments

The company uses the financial instruments that are necessary to facilitate its ordinary purchase and sale activities, namely cash and trade payables and receivables: the resultant risks are foreign currency risk and interest rate risk. The company does not use financial derivatives in its management of these risks.

The board reviews and agrees policies for managing these risks and they are summarised below. These policies are consistent with last year.

Short term debtors and creditors

Short term debtors and creditors have been excluded from all the following disclosures, other than currency risk disclosures.

Foreign currencies

The company has a small number of routine trading contracts with both suppliers and clients which are in foreign currencies. In all such circumstances the "back to back" contracts with supplier and client will be in the same currency thereby mitigating the company's exposure to movements in exchange rates. Payments and receipts are made through a bank account in the currency of the contract: therefore balances held in any foreign currency are to facilitate day to day transactions.

There is no material exposure to foreign currency risk as monetary assets and liabilities in any foreign currency are broadly matched.

Interest rates

The company holds its cash balances in short term deposit accounts, which attract interest rates which fluctuate in relation to movements in bank base rate. This maintains liquidity and does not commit the company to long term deposits at fixed rates of interest.

Financial assets and liabilities

The company has no financial assets or liabilities other than short term debtors and creditors and bank balances: these are stated at book values, which approximate closely to their fair values.

17. Share capital

	2000	1999
Ordinary shares of 1p each		
Authorised:		
Number	<u>33,500,000</u>	<u>33,500,000</u>
Nominal value	<u>£335,000</u>	<u>£335,000</u>
Issued, called up and fully paid:		
Number	<u>25,469,765</u>	<u>25,467,580</u>
Nominal value	<u>£254,698</u>	<u>£254,676</u>

During the year 2,185 1p ordinary shares were issued at a price of 183p per share as a result of the exercise by employees of share options. The premium of 182p per share created a total share premium of £3,977 (see note 18).

18. Share premium account

	2000	1999
	£'000	£'000
At 1 April 1999	529	-
Premium on shares issued during the year	4	529
At 31 March 2000	<u>533</u>	<u>529</u>

19. Profit and loss account

	2000 £'000	1999 £'000
At 1 April 1999	10,703	6,373
Profit retained for the financial year	1,301	4,330
At 31 March 2000	<u>12,004</u>	<u>10,703</u>

20. Reconciliation of movements in shareholders' funds

	2000 £'000	1999 £'000
Profit for the financial year	1,301	5,849
Dividends	(-)	(1,519)
Profit retained for the financial year	<u>1,301</u>	<u>4,330</u>
Ordinary shares issued during the year	4	532
Net addition to shareholders' funds	<u>1,305</u>	<u>4,862</u>
Opening shareholders' funds	<u>11,487</u>	<u>6,625</u>
Closing shareholders' funds	<u>12,792</u>	<u>11,487</u>

21. Reconciliation of operating profit to net cash inflow from operating activities

	2000 £'000	1999 £'000
Operating profit	1,580	8,265
Depreciation of tangible fixed assets	945	752
Profit on sale of fixed assets	(22)	(29)
Movement in work in progress	1	2
Movement in debtors	(2,027)	(1,381)
Movement in creditors	190	42
Net cash inflows from operating activities	<u>667</u>	<u>7,651</u>

22. Analysis of changes in net funds

	At 1 April 1999	Cash flow	At 31 March 2000
	£'000	£'000	£'000
Cash at bank and in hand	8,365	(3,640)	4,725
Overdrafts	(28)	(65)	(93)
	<u>8,337</u>	<u>(3,705)</u>	<u>4,632</u>
	-----	-----	-----

23. Reconciliation of net cash flow to movement in net funds

	2000	1999
	£'000	£'000
(Decrease) / increase in cash in the period	(3,705)	3,384
Net funds at 1 April 1999	8,337	4,953
Net funds at 31 March 2000	<u>4,632</u>	<u>8,337</u>
	-----	-----

24. Commitments and contingent liabilities

The company had no capital commitments or contingent liabilities at 31 March 1999 or 31 March 2000. The company had annual commitments under non-cancellable operating leases in respect of land and buildings as follows:

	2000	1999
	£'000	£'000
Expiring in between two and five years	126	126
Expiring in more than five years	395	395
	<u>521</u>	<u>521</u>
	-----	-----

25. Related party transactions

The company rents offices under contracts expiring in 2018. The current annual rents of £395,000 were fixed, by independent valuation, for a five year period at the last rent review in 1998. JC Rigg has notified the board that he has a 50% beneficial interest in these contracts.

Five year record

Profit and loss account

Years ended 31 March	2000	1999	1998	1997	1996
	£'000	£'000	£'000	£'000	£'000
Turnover	48,366	49,306	32,161	18,827	11,680
Gross profit	7,560	13,854	10,320	5,540	4,271
Profit on ordinary activities before taxation	1,905	8,629	6,609	2,656	2,131
Tax on profit on ordinary activities	(604)	(2,780)	(2,132)	(830)	(800)
Profit on ordinary activities after taxation	1,301	5,849	4,477	1,826	1,331
Dividends	-	(1,519)	(1,511)	(755)	-
Retained profit for the financial year	1,301	4,330	2,966	1,071	1,331
Earnings per ordinary share of 1p each (pence)	5.11	23.23	17.78	7.25	5.86
	=====	=====	=====	=====	=====

Balance sheet

As at 31 March	2000	1999	1998	1997	1996
	£'000	£'000	£'000	£'000	£'000
Fixed assets	2,183	2,019	1,553	1,182	1,017
Net current assets	10,609	9,468	5,072	2,477	1,571
	-----	-----	-----	-----	-----
Net assets employed	12,792	11,487	6,625	3,659	2,588
	=====	=====	=====	=====	=====
Share capital	255	255	252	252	252
Share premium	533	529	-	-	-
Profit and loss account	12,004	10,703	6,373	3,407	2,336
	-----	-----	-----	-----	-----
Equity shareholders' funds	12,792	11,487	6,625	3,659	2,588
	=====	=====	=====	=====	=====

Corporate governance

The board has considered the principles and provisions of the Combined Code ("the Code") introduced by the London Stock Exchange's Listing Rules and applicable for this financial period. The following statement sets out the company's application of the principles of the Code and the extent of compliance with the Code's provisions, made in accordance with the requirements of the Listing Rules.

Directors

The board, which comprises three executive and two independent non-executive directors, exercises full and effective control of the company. The board has a formal schedule of matters specifically reserved to it for decision, including responsibility for formulating, reviewing and approving company strategy, budgets and major items of capital expenditure.

Each month every board member is supplied with a report which includes management accounts and underlying detail to support these management accounts. Company performance is measured against both budgets and the previous year's performance.

There is a division of responsibility at the head of the company between the non-executive chairman and the chief executive. The non-executives have long standing industry experience. They are also free from any business or other relationship which could materially interfere with the exercise of their independent judgement. The board benefits from this experience and independence, when they bring their individual judgement to board decisions.

The company has a procedure for directors to take independent professional advice in connection with the affairs of the company and the discharge of their duties as directors. The company's Articles of Association allow a director to be paid out of the funds of the company all such expenses incurred.

Any new board members are made fully aware of their duties and responsibilities as directors of listed companies, and are supported in understanding and applying these by established and more experienced directors. Further training is available for any director at the company's expense should the board consider it appropriate in the interests of the company.

A nominations committee is not considered to be appropriate due to the size of the board. Decisions on the appointment of directors are taken by the board as a whole.

All directors have offered themselves for re-election at either one of the previous two Annual General Meetings or are offering themselves for re-election at this year's Annual General Meeting.

Non-executive directors are subject to a notice period of one month.

Directors' remuneration

Details of how the aspects of the Code relating to directors' remuneration are applied are disclosed in the Remuneration Report on page 28.

Relations with shareholders

Substantial time and effort is spent by board members and senior staff on meetings with and presentations to existing and prospective institutional investors and private client brokers.

Private shareholders are invited to attend and participate at the Annual General Meeting.

Accountability and audit

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Going concern

After making appropriate inquiries, the directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Internal controls

The Turnbull Committee's "Internal Control: Guidance for Directors on the Combined Code" was published in September 1999. The board has taken advantage of the London Stock Exchange's transitional rules and has continued to review and report upon internal financial controls in accordance with the ICAEW's 1994 guidance "Internal Control and Financial Reporting". The board consider that the company is in a position to comply fully with the recommendations of the Turnbull Committee from 1 April 2000. The board have carried out a review of the effectiveness of internal financial controls during the year ended 31 March 2000.

The directors are responsible for the company's system of internal financial controls which is designed to provide reasonable, but not absolute, assurance regarding;

- the safeguarding of assets against unauthorised use or disposition;
- the maintenance of proper accounting records and the reliability of financial information used within the business or for publication.

The key features of the system which have been established are as follows:

Control environment

There is a clearly defined organisational structure within which lines of responsibility and delegation of activity are clearly defined.

Identification of business risks

The board has the primary responsibility for identifying the major business risks facing the company and for putting in place procedures to mitigate and monitor risks. Risks are assessed throughout the quality management review process.

Major corporate information systems

The company has a comprehensive system of financial reporting. The annual budget of the company is approved by the board, monthly actual results are reported against the budget and revised forecasts, and any significant variances are examined by the directors. Remedial action is taken where necessary. There is monthly cash reporting and forecasting.

Main control procedures

Policy and procedures manuals are maintained by the company. There are clearly defined procedures for the authorisation of expenditure and for the commitment of the company's resources.

Monitoring system used by the board

Detailed management accounts are reviewed by the board monthly and the underlying internal controls are examined whenever a change in systems is proposed. The control system is monitored by the executive directors whose focus is on those areas of greatest

risk to the company. The company has independent project monitoring with a direct reporting line to the board.

The board reviews the operations and effectiveness of this framework on a regular basis.

Audit committee

The board has an audit committee which comprises the company's two independent non-executive directors. This is considered to be appropriate in relation to the size of the company. It provides a forum through which the company's external auditors report to the board. It is responsible for reviewing statements by the directors to be included in the annual accounts. It may be required to deal with other matters as defined by the board.

Statement of compliance

The board considers that it has been compliant with the provisions of the Code for the whole of the period, except as detailed below.

* Non-executive directors are not appointed for specified terms. However they are all subject to re-election by rotation every three years at the Annual General Meeting. Their contracts are subject to a notice period that does not exceed one month. (A.6.1)

* The board has an audit committee which comprises the company's two independent non-executive directors. This is considered to be appropriate in relation to the composition of the board. (D.3.1)

By order of the board

AJ Dixon FCA
Company secretary
10 July 2000



Remuneration report

The remuneration committee is comprised exclusively of independent non-executive directors. It currently comprises:

A M Fulton (chairman of the remuneration committee)

J C Rigg (appointed 30 June 1999)

C J Duckworth served on this committee until his resignation from the board on 30 June 1999.

The company's remuneration committee decides the remuneration policy that applies to executive directors. It normally meets once each financial year in order to consider and agree the annual salaries and fees for executive directors.

The company's remuneration committee is authorised to take appropriate counsel to enable it to discharge its duties. These duties are to assume responsibility for recommendations to the board in respect of all aspects of the remuneration package of directors and to deal with other matters referred to it such as the grant of share options to employees. It considers a number of factors including:

- (a) the salaries and benefits available to executive directors of comparable companies;
- (b) the need to retain directors of an appropriate calibre; and
- (c) the need to ensure executive directors' commitment to the continued success of the company.

Remuneration policy for executive directors

The company's remuneration policy for full time executive directors is to have regard to the directors' experience, and the nature and complexity of their work in order to:

- (a) pay a competitive salary that secures management of the highest quality;

make contributions to personal pension schemes;

provide employment related benefits including the provision of a company car, life assurance and medical assurance; and

provide when appropriate performance-related remuneration in accordance with the provisions of schedule A of the combined code;

or

- (b) pay an equivalent fee to a company supplying the services of an executive director.

Directors' remuneration

Mira Makar is chief executive. Her services are supplied by Phoenix Management Consultants Limited, which receives an annual fee of £75,000 under the terms of a consultancy agreement. This agreement can be terminated by either party with a notice period of six months.

Ian Haynes was appointed as an executive director on 20 August 1999. He receives an annual salary of £125,000 under the terms of a service contract, which allows for a performance related bonus to be paid at the discretion of the board. This agreement can be terminated by either party with a notice period of six months.

Tim Harris was appointed as an executive director on 20 August 1999. He receives an annual salary of £130,000 under the terms of a service contract. This agreement can be terminated by either party with a notice period of six months.

John Rigg was appointed non-executive chairman on 30 June 1999. He receives an annual fee of £25,000 under the terms of a service contract. This agreement can be terminated by either party with a notice period of one month.

Alistair Fulton is non-executive director. His services are supplied by Alimton Limited, which receives an annual fee of £15,000 for his services as a non-executive director, and whilst he was chairman a further annual fee of £10,000, under the terms of a service contract. This agreement allows for an additional £1,500 per annum to be paid at the discretion of the board. This agreement can be terminated by either party with a notice period of one month.

Christopher Duckworth was non-executive director until his resignation on 30 June 1999. His services were supplied by Millennium Management Consultants Limited, which received an annual fee of £15,000 under the terms of a service contract. This agreement could be terminated by either party with a notice period of one month.

No other remuneration has been paid in connection with the provision of services of any of the directors.

The remuneration of each non-executive director is agreed by the board. However no director is involved in deciding their own remuneration.

Directors' interests

The directors who held office at the end of the financial year had the following beneficial interests in the ordinary shares of the company as recorded in the register of directors' share and debenture interests. No change has occurred between the year-end and the date of this report.

	Interest at end of year	Interest at beginning of year	Interest at date of appointment
A M Fulton	354,100	654,100	-
M Makar	3,257,999	3,257,999	-
J C Rigg	3,259,400	-	3,259,400
I M Haynes	275,000	-	300,000

Directors' share options

Share options which have been granted to executive directors and which remained outstanding at 31 March 2000 are as follows:

	At date of appointment	Granted during year	At end of year	Exercise price	Exercise period
T D Harris	21,858	-	21,858	183.0p	27.03.99 to 27.03.06
	4,962	-	4,962	201.5p	04.07.00 to 04.07.07
	-	250,000	250,000	315.0p	05.11.02 to 05.11.09
I M Haynes	-	10,084	10,084	297.5p	05.11.02 to 05.11.09
	-	189,916	189,916	315.0p	05.11.02 to 05.11.09

No director exercised any share options during the year. No options lapsed during the year.

Employee share options

During the year options have been granted to employees over ordinary shares as follows:

Number	Exercise price	Period options exercisable
200,359	297.5p	5 November 2002 to 5 November 2009
319,941	315.0p	5 November 2002 to 5 November 2009
22,000	284.0p	12 November 2002 to 12 November 2009
62,200	360.0p	9 March 2003 to 9 March 2010

In respect of options that had previously been granted to employees:

During the year options over 2,185 ordinary shares were exercised by employees at a subscription price of 183p per share: at 31 March 2000 the following options remain exercisable:

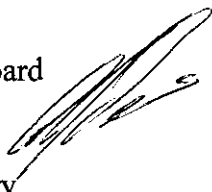
Number	Exercise price	Period options exercisable
81,128	183.0p	27 March 1999 to 27 March 2006
220,315	201.5p	4 July 2000 to 4 July 2007
261,472	403.5p	14 January 2001 to 14 January 2008
113,829	417.5p	14 January 2001 to 14 January 2008
2,613	456.5p	26 February 2001 to 26 February 2008
2,387	470.0p	26 February 2001 to 26 February 2008

Compliance

The remuneration committee has followed the provisions of section B of the combined code annexed to the London Stock Exchange's Listing Rules.

By order of the board

AJ Dixon FCA
 Company secretary
 10 July 2000




Notice of meeting

Notice is hereby given that the annual general meeting of Triad Group Plc will be held at The Registry, Royal Mint Court, London, EC3N 4EY on 17 August 2000, at 3pm to transact the following business:

1. To receive and adopt the directors' report and audited financial statements for the year ended 31 March 2000.
2. To re-elect, in accordance with the company's articles of association, a director of the company who retires by rotation: AM Fulton
3. To re-elect, in accordance with the company's articles of association, directors of the company appointed by the board:
 - a) T D Harris
 - b) I M Haynes
4. To re-appoint PricewaterhouseCoopers as the auditors of the company until the conclusion of the next general meeting at which accounts are laid before the company and to authorise the directors to fix their remuneration.

By order of the board


AJ Dixon FCA
Company secretary
10 July 2000

Registered office:
Weyside Park
Catteshall Lane
Godalming
Surrey
GU7 1XE

Notes

1. A member entitled to attend and vote at the annual general meeting may appoint one or more proxies to attend and, on a poll, to vote in his place. A proxy need not be a member of the company.
2. To be valid an instrument of proxy and any letter or power of attorney (or a duly certified copy thereof) must (failing previous registration with the company) be lodged with the company's registrars, Lloyds TSB Registrars Scotland, 117 Dundas Street, Edinburgh, EH3 5WY at least 48 hours before the time appointed for holding the annual general meeting.
3. Completion and return of a form of proxy does not preclude a member from subsequently attending and voting at the annual general meeting.
4. There will be available for inspection at the registered office of the company during normal business hours on a weekday (Saturday excepted) from the date of this notice until the date of the annual general meeting and at the place of the meeting for fifteen minutes prior to and during the annual general meeting, the register of directors' interests in the capital of the company, copies of all service contracts between the directors and the company.

Shareholders' information and financial calendar

Share register

Lloyds TSB Registrars Scotland maintain the register of members of the company. If you have any questions about your personal holding of the company's shares, please contact Lloyds TSB Registrars Scotland, 117 Dundas Street, Edinburgh, EH3 5ED. Telephone: 0870 6015366.

If you change your name or address or if the details on the envelope enclosing the report, including your postcode, are incorrect or incomplete, please notify the registrar in writing.

Shareholders' enquiries

If you have an enquiry about the company's business, or about something affecting you as a shareholder (other than queries which are dealt with by the registrar) you should contact the company secretary, by letter or telephone at the company's registered office.

Company secretary and registered office:

Andrew Dixon, Triad Group Plc,
Weyside Park, Catteshall Lane, Godalming,
Surrey GU7 1XE

Telephone: 01483 860222 Fax: 01483 860198

Financial calendar

Annual general meeting	17 August 2000
Financial year ended 31 March 2001: expected announcement of results	
Half year	December 2000
Full year preliminary announcement	July 2001

Executive directors

Mira Makar, Chief Executive

Tim D Harris

Ian M Haynes

Non-executive directors

John C Rigg, Chairman

Alistair M Fulton

Secretary and registered office

Andrew J Dixon FCA
Triad Group Plc
Weyside Park
Catteshall Lane
Godalming
Surrey
GU7 1XE

Telephone: 01483 860222

Fax: 01483 860198

Company number

2285049

Registrars

Lloyds TSB Registrars Scotland
117 Dundas Street
Edinburgh
EH3 5ED

Registered auditors

PricewaterhouseCoopers
1 Embankment Place
London
WC2N 6NN

Solicitors

Allen & Overy
One New Change
London
EC4M 9QQ

Bankers

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38 Threadneedle Street
London
EC2P 2EH

Stockbrokers

Beeson Gregory Limited
The Registry
Royal Mint Court
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EC3N 4EY