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**TRIAD GROUP PLC**  
**Annual Report**  
**for the year ended 31 March 2003**



# **TRIAD GROUP PLC**

## **Annual Report for the year ended 31 March 2003**

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## Chairman's statement

### Results

Turnover for the year ended 31 March 2003 is £27.8 million (2002: £41.6 million); pre tax losses are £4.98 million (2002: £0.47 million loss). This latter figure is after exceptional administrative expenses of £1.39 million (2002: £0.96 million) relating to a provision for costs of surplus property. The pre tax losses before exceptional administrative expenses are £3.59 million (2002: £0.49 million profit).

### Dividends

The board recommend that no final dividend be paid: no interim payment was made (2002: total dividend 1p).

### Review of activities

Since my interim statement, market conditions, which I described at the time as the worst that I have encountered in almost twenty years in the industry, have shown no sign of improvement. During the year, reductions in the cost base of the company have been made.

Market conditions remain extremely challenging. The global economic uncertainty undermines the ability to predict the timing of recovery in the short-term.

The resourcing business has performed creditably in view of the competitive challenge presented by the unprecedented downturn in the contractor market. The consultancy and systems integration business has experienced activity in the area of process and cost efficiency in both the public and private sectors. Other activity is in the area of essential upgrade of existing infrastructure on a cost effective and assured basis: "e-government" initiatives have been slow to date in gaining momentum.

The reduction in cost base has been achieved without undermining our underlying business. The weak market conditions have forced greater rigours from buyers of our services: demands which the company is well able to meet.

The Company has applied £4.9 million cash to buy back shares through tender offers in April 2002 and October 2002. A cash balance of £4.7 million remains.

# **TRIAD GROUP PLC**

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## **Employees**

On behalf of the board, I have pleasure in thanking our staff and executive directors for their substantial efforts throughout what has proved to be a difficult year.

John Rigg  
Chairman  
15 April 2003

## **Directors' report for the year ended 31 March 2003**

The directors present their report and the audited financial statements for the year ended 31 March 2003.

### **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**

The directors do not recommend that a final dividend be paid (2002: 0.00p). The total dividend for the year is 0.00p per 1p ordinary share (2002: 1.00p).

### **Directors**

The directors who held office during the financial year were:

#### **Executive directors**

Mira Makar, Group Chief Executive

Tim Harris (resigned 5 August 2002)

Ian Haynes

#### **Independent non-executive directors**

John C Rigg, Chairman

Alistair M Fulton, Senior independent non-executive director

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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 in 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 Information Technology Telecommunications and Electronics Association, Site Confidence Limited and Totem Systems 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.

**Ian Haynes** was a founder member and has been a director of Generic Software Consultants Limited from its formation in 1993 to 1995 when it was acquired by Triad. Since then he has been managing director of Generic and was appointed as an executive director of Triad in August 1999.

Ian Haynes and Alistair Fulton retire in accordance with article 75 and offer themselves for re-election.

Directors' emoluments are set out in the remuneration report on page 33 and are summarised in note 7 to the financial statements. Directors' interests are given in the remuneration report on page 35.

## Purchase of own shares

The company has made the following purchases of its own shares during the year:

- On 15 April 2002 by means of a tender offer dated 28 March 2002 a total of 3,733,295 ordinary shares of 1p each, having a nominal value of £37,333

# TRIAD GROUP PLC

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(representing 14.64 % of the company's issued share capital at that time) for a total consideration of £2.8 million.

- On 18 October 2002 by means of a tender offer dated 2 October 2002 a total of 6,602,735 ordinary shares of 1p each, having a nominal value of £66,027 (representing 30.35 % of the company's issued share capital at that time) for a total consideration of £1.8 million.

For each purchase the directors believed that the cash in the company's balance sheet was in excess of the company's current and foreseeable requirements. Having considered a number of methods of returning capital to shareholders, the directors decided that they would use up some of that cash to make the tender offers. This was to enable the company to return funds to shareholders whilst permitting shareholders a degree of choice as to whether or not to participate in the return of capital.

At the end of the year, the directors had authority, under the shareholders' resolution dated 14 August 2002, to purchase through the market a maximum of 3,260,000 ordinary shares, at a price that will not be less than the nominal value of 1 pence per share nor more than five per cent. above the average of the middle market quotations of the company's ordinary shares as derived from the London Stock Exchange Daily Official List for the five business days preceding the day on which the ordinary shares are purchased. The authority will expire at the conclusion of the AGM of the company to be held on 11 June 2003. However it is proposed to renew this authority at the next and subsequent AGMs.

## Substantial shareholdings

In addition to the disclosure on page 35 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 10 April 2003:

	Percentage of issued share capital
Lion Trust Investment Services Ltd.	7.57%

## Charitable donations

The company made charitable contributions of £1,169 (2002: £370).

## Annual general meeting

Resolutions will be proposed at the annual general meeting on the following matters:

- Renewal of authority to allot relevant securities
- Renewal of authority to allot equity securities for cash
- Renewal of authority for the company to purchase its own shares

An explanation of these resolutions is given on page 39. The directors consider each of these proposals to be in the interests of the company and its shareholders as a whole and unanimously recommend you to vote in favour of the resolutions to be put to the annual general meeting.

## 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 2003 was 22 days (2002: 23 days).

## Employment policies

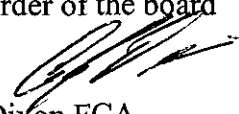
The company is committed to equal opportunities and operates employment policies which are designed to attract, retain and motivate high quality staff, regardless of sex, age, race, religion or disability. The company has a policy of supporting staff in long term career development.

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.

## Auditors

Following the conversion of our auditors, PricewaterhouseCoopers, to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 26 February 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors of the company will be proposed at the next annual general meeting.

By order of the board



AJ Dixon FCA  
Company secretary

25 April 2003

## Independent auditors' report to the members of TRIAD GROUP PLC

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the cash flow statement and related notes. We have also audited the disclosures required by Part 3 of Schedule 7A to the Companies Act 1985 contained in the directors' remuneration report ("the auditable part").

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements and the auditable part of the directors' remuneration report in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the auditable part of the directors' remuneration report have been properly prepared in accordance with the Companies Act 1985. 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 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. The other information comprises only the chairman's statement, the directors' report, the corporate governance statement and the unaudited part of the directors' remuneration report.

We review whether the corporate governance statement reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules of 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.

The maintenance and integrity of the Triad Group Plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Basis of audit opinion**

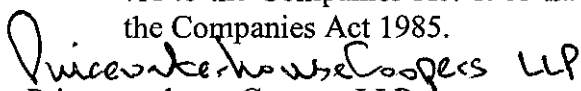
We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the auditable part of the directors' remuneration report. It also includes 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 and the auditable part of the directors' remuneration report 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 2003 and of its loss and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- those parts of the directors' remuneration report required by Part 3 of Schedule 7A to the Companies Act 1985 have been properly prepared in accordance with the Companies Act 1985.

  
PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London

29 April 2003

**Profit and loss account  
for the year ended 31 March 2003**

	Notes	2003	2002
		£'000	£'000
<b>Turnover</b>	3	<b>27,756</b>	41,567
Cost of sales		<b>(25,758)</b>	(34,845)
<b>Gross profit</b>		<u>1,998</u>	<u>6,722</u>
Administrative expenses	4	<b>(7,202)</b>	(7,654)
<b>Operating loss</b>	5	<b>(5,204)</b>	(932)
Interest receivable		224	463
Interest payable	6	-	(1)
<b>Loss on ordinary activities Before taxation</b>		<u>(4,980)</u>	<u>(470)</u>
Taxation on loss on ordinary activities	8	8	123
<b>Loss for the financial year</b>		<u>(4,972)</u>	<u>(347)</u>
Dividends	9	-	(255)
<b>Loss sustained for the financial year</b>	19	<u>(4,972)</u>	<u>(602)</u>
<b>Basic loss per ordinary share</b>	10	<u>(27.20)p</u>	<u>(1.36)p</u>
<b>Diluted loss per ordinary share</b>	10	<u>(27.20)p</u>	<u>(1.36)p</u>
<b>Dividends per share</b>	9	<u>0.00p</u>	<u>1.00p</u>

The above figures relate entirely to continuing operations. The loss on ordinary activities before taxation and the retained loss, as stated above, are prepared on a historical cost basis, and therefore no reconciliation to historical cost loss is required.

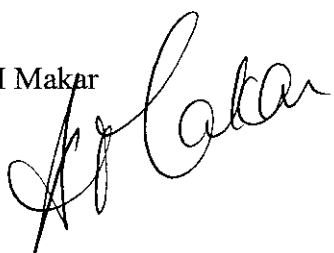
There are no recognised gains or losses except for the loss for the year as stated above, and therefore no separate statement of total recognised gains or losses has been prepared.

**Balance sheet  
at 31 March 2003**

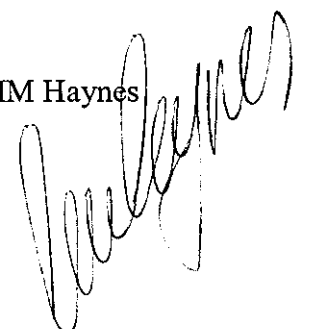
	Notes	2003	2002
		£'000	£'000
<b>Fixed assets</b>			
Tangible assets	11	726	1,115
<b>Current assets</b>			
Debtors	13	5,385	7,452
Cash at bank and in hand		4,739	11,300
		<u>10,124</u>	<u>18,752</u>
<b>Creditors: amounts falling due</b>			
Within one year	14	(3,363)	(3,890)
		<u>6,761</u>	<u>14,862</u>
<b>Net current assets</b>		<u>7,487</u>	<u>15,977</u>
<b>Total assets less current liabilities</b>		<u>7,487</u>	<u>15,977</u>
<b>Provisions for liabilities and charges</b>	15	(2,450)	(1,050)
<b>Net assets</b>		<u>5,037</u>	<u>14,927</u>
<b>Capital and reserves</b>			
Called up share capital	17	151	255
Share premium account	18	562	562
Capital redemption reserve	18	104	-
Profit and loss account	18	4,220	14,110
		<u>5,037</u>	<u>14,927</u>
<b>Equity shareholders' funds</b>	19	<u>5,037</u>	<u>14,927</u>

The financial statements on pages 9 to 25 were approved by the board of directors on 25 April 2003 and were signed on its behalf by:

M Makar



IM Haynes



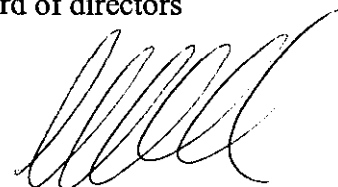
**Balance sheet  
at 31 March 2003**

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M Makar



IM Haynes

**Cash flow statement  
for the year ended 31 March 2003**

	Notes	2003 £'000	2002 £'000
<b>Net cash (outflow)/ inflow from operating activities</b>	20	<b>(2,071)</b>	4,990
<b>Returns on investments and servicing of finance</b>			
Interest received		224	463
Interest paid		-	(1)
		<u>224</u>	<u>462</u>
<b>Taxation</b>			
UK corporation tax received/(paid)		410	(1,254)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(370)	(598)
Sale of tangible fixed assets		164	183
		<u>(206)</u>	<u>(415)</u>
<b>Equity dividends paid</b>		-	(765)
<b>Cash (outflow)/inflow before financing</b>		<u>(1,643)</u>	<u>3,018</u>
<b>Financing</b>			
Proceeds from issue of ordinary share capital		-	19
Cost of purchasing own shares		(4,918)	-
<b>(Decrease)/increase in net cash</b>	21	<u><u>(6,561)</u></u>	<u><u>3,037</u></u>

**Notes to the financial statements  
for the year ended 31 March 2003****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.

## **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.

## **Research and development expenditure**

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

## **Turnover**

Turnover, which excludes value added tax, represents the invoiced value of goods and services supplied: where a service has been provided, but not yet invoiced, the amount is included in the financial statements as accrued income. Income from consultancy contracts, which are on a time hire basis, is recognised as the services are delivered. 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.

Deferred taxation has been recognised as a liability or an asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

## **Pension costs**

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

## **Surplus property**

Provision has been made to meet the estimated liabilities of any property surplus to the requirements of the business. All ongoing costs net of estimated future rental income are charged to the provision. The provision is discounted, unless the effect of the time value of money is not material.

## 2. Segmental analysis by class of business

The principal activity of the company during the year was that of business consultancy, software and systems delivery. All turnover, profit and net assets are attributable to this one class of business.

## 3. Turnover

Substantially all turnover arises in and is supplied to the United Kingdom.

## 4. Administrative expenses

Administrative expenses include a charge of £1,394,000 (2002: £955,000) for exceptional administrative expenses in respect of a provision for vacant properties, which is detailed in note 15.

	2003	2002
	£'000	£'000
Administrative expenses	5,808	6,699
Exceptional administrative expenses (see note 15)	1,394	955
Total administrative expenses	<u>7,202</u>	<u>7,654</u>

## 5. Operating loss

	2003	2002
	£'000	£'000
<b>Operating loss on ordinary activities before taxation is stated after crediting:</b>		
Profit on disposal of tangible fixed assets	22	4
<b>And after charging:</b>		
Depreciation of owned assets	617	853
Operating leases for land and buildings	634	564
Auditors' remuneration:		
As auditors	30	27
For other services	11	12
	<u>          </u>	<u>          </u>

## 6. Interest payable

	2003 £'000	2002 £'000
Interest on bank overdraft	-	1
	<u>          </u>	<u>          </u>

## 7. Employees and directors

	2003 Number	2002 Number
Average number of persons (including executive directors) employed:	172	228
	<u>          </u>	<u>          </u>
<b>Staff costs for the above persons (including executive directors)</b>	<b>£'000</b>	<b>£'000</b>
Wages and salaries	7,137	9,110
Social security costs	792	1,041
Contributions to personal pension schemes	229	275
	<u>8,158</u>	<u>10,426</u>
	<u>          </u>	<u>          </u>
<b>Directors</b>	<b>£'000</b>	<b>£'000</b>
Emoluments	451	545
Money purchase pension contributions	13	17
	<u>464</u>	<u>562</u>
	<u>          </u>	<u>          </u>

One existing director and one director who resigned during the year (2002: two) had retirement benefits accruing under money purchase pension schemes.

## 8. Taxation

	2003	2002
<i>Analysis of credit in period</i>	<i>£'000</i>	<i>£'000</i>
Current tax:		
UK corporation tax on losses of the year at 30% (2002: 30%)	-	(73)
Adjustments in respect of previous periods	(7)	(29)
Total current tax	<u>(7)</u>	<u>(102)</u>
Deferred taxation	(1)	(21)
Taxation on loss on ordinary activities	<u>(8)</u>	<u>(123)</u>

The tax credit for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below.

	2003	2002
	<i>£'000</i>	<i>£'000</i>
Loss on ordinary activities before tax	(4,980)	(470)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002: 30%)	(1,494)	(141)
Effects of:		
Expenses not deductible for tax purposes	17	40
Short term timing differences	(12)	(31)
Depreciation in excess of capital allowances	13	59
Adjustments in respect of previous periods	(7)	(29)
Unrecognised deferred tax asset in respect of operating losses	<u>1,476</u>	<u>-</u>
Total current tax credit	<u>(7)</u>	<u>(102)</u>

A deferred tax asset has not been recognised, in respect of the unrelieved tax losses, of £1,476,000 (2002: £ nil), because of the uncertainty of the timing of future profits. The unrecognised deferred tax asset will result in future profits being charged to tax below the standard rate.

## 9. Dividends

	2003 £'000	2002 £'000
Dividends on equity shares:		
Ordinary – interim paid of £ nil per share (2002: 1p)	-	255
Ordinary – final proposed of £ nil per share (2002: 0p)	-	-
	<u>-</u>	<u>255</u>
	<u>-</u>	<u>255</u>

## 10. Loss per ordinary share

Loss per share has been calculated on the loss on ordinary activities after tax divided by the weighted average number of shares in issue during the period based on the following:

	2003	2002
Loss on ordinary activities after taxation	<b>£(4,972,000)</b>	£(347,000)
	<u>£(4,972,000)</u>	<u>£(347,000)</u>
Average number of shares in issue	<b>18,277,572</b>	25,483,184
Effect of dilutive options *	-	-
	<u>18,277,572</u>	<u>25,483,184</u>
Average number of shares in issue plus dilutive options	<b>18,277,572</b>	25,483,184
	<u>18,277,572</u>	<u>25,483,184</u>
Basic loss per share	<b>(27.20)p</b>	(1.36)p
Diluted loss per share	<b>(27.20)p</b>	(1.36)p
	<u>(27.20)p</u>	<u>(1.36)p</u>

\* The share options have no dilutive effect in the current year or previous year.

## 11. Tangible fixed assets

	Computer Equipment £'000	Fixtures & fittings £'000	Motor Vehicles £'000	Total £'000
<b>Cost</b>				
At 1 April 2002	1,973	920	820	3,713
Additions	169	4	197	370
Disposals	(21)	(-)	(487)	(508)
<b>At 31 March 2003</b>	<b>2,121</b>	<b>924</b>	<b>530</b>	<b>3,575</b>
<b>Depreciation</b>				
At 1 April 2002	1,527	731	340	2,598
Charge for year	324	78	215	617
Disposals	(21)	(-)	(345)	(366)
<b>At 31 March 2003</b>	<b>1,830</b>	<b>809</b>	<b>210</b>	<b>2,849</b>
<b>Net book value</b>				
<b>At 31 March 2003</b>	<b>291</b>	<b>115</b>	<b>320</b>	<b>726</b>
At 31 March 2002	446	189	480	1,115

## 12. Fixed asset investments

Fixed asset investments are:

(a) Generic Software Consultants Limited ("Generic"), a 100% subsidiary undertaking, in respect of both voting rights and issued shares, 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, Generic Online 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. Debtors**

	2003	2002
	£'000	£'000
Trade debtors	4,087	5,403
Other debtors	9	27
Prepayments and accrued income	1,000	1,331
Corporation tax	-	403
Deferred taxation	289	288
	<u>5,385</u>	<u>7,452</u>

Included in the above figures is a deferred tax asset of £289,000 (2002: £288,000) which is due after more than one year. The deferred tax asset comprises:

	2003	2002
	£'000	£'000
Accelerated depreciation	212	199
Short term timing differences	77	89
Deferred taxation asset	<u>289</u>	<u>288</u>
At 1 April	288	267
Amount credited to profit and loss account (note 8)	1	21
At 31 March	<u>289</u>	<u>288</u>

**14. Creditors: amounts falling due within one year**

	2003	2002
	£'000	£'000
Trade creditors	1,756	2,155
Amounts owed to subsidiary undertaking	5	5
Other taxation and social security	590	538
Accruals and deferred income	1,012	1,192
	<u>3,363</u>	<u>3,890</u>

**15. Provisions for liabilities and charges**

	Provision for vacant properties	Provision for property dilapidation	Total
	£'000	£'000	£'000
At 1 April 2002	955	95	<b>1,050</b>
Charged to profit and loss account	1,606	6	<b>1,612</b>
Utilised in year	(212)	-	<b>(212)</b>
<b>At 31 March 2003</b>	<u>2,349</u>	<u>101</u>	<u><b>2,450</b></u>

The provision for vacant properties covers the anticipated discounted future costs of rent, rates, and other outgoings in respect of unoccupied property, less anticipated future rental income. It has been calculated on the basis of when the property is anticipated to be sub-let.

The provision for property dilapidation covers the estimated future costs required to meet obligations under property leases to redecorate and repair property.

**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 in euros. 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.

The company with a functional currency of sterling has the following foreign currency net assets:

	<b>2003</b>	2002	2002	2002
	<b>£'000</b>	£'000	£'000	£'000
	<b>Euros</b>	Euros	Swiss Fr	Total
Net cash	<b>106</b>	58	-	58
Trade debtors	<b>35</b>	77	206	283
Trade creditors and accruals	<b>(16)</b>	(47)	-	(47)
	<u><b>125</b></u>	<u>88</u>	<u>206</u>	<u>294</u>
	<u><u><b>125</b></u></u>	<u><u>88</u></u>	<u><u>206</u></u>	<u><u>294</u></u>

## Interest rates

The company holds its cash balances in short term deposit accounts, repayable on demand: these 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: cash at bank	<b>2003</b>	2002
	<b>£'000</b>	£'000
Sterling	<b>4,633</b>	11,242
Euros	<b>106</b>	58
	<u><b>4,739</b></u>	<u>11,300</u>
	<u><u><b>4,739</b></u></u>	<u><u>11,300</u></u>

## Financial assets and liabilities

The company has the following financial assets and liabilities:

- Cash balances: these are stated at book values, which approximate closely to their fair values.
- A provision for vacant properties, which represents the estimated cost of future liabilities in respect of leasehold properties which are surplus to the requirements of the company. These liabilities are expected to mature in more than 5 years: they have been discounted therefore there is no material difference between the value of the provision recorded in the accounts and the fair value.

## 17. Share capital

	2003	2002
Ordinary shares of 1p each		
Authorised:		
Number	33,500,000	33,500,000
Nominal value	£335,000	£335,000
Issued, called up and fully paid:		
Number	15,149,579	25,485,609
Nominal value	£151,496	£254,856

During the year the company purchased, and subsequently cancelled, 10,336,030 of its own shares as detailed in the Directors' Report on page 4.

### Share options

At 31 March 2003 1,494,757 options granted under employee share option schemes remain exercisable:

Number	Exercise price	Period options exercisable
4,096	183.0p	27 March 1999 to 27 March 2006
33,243	201.5p	4 July 2000 to 4 July 2007
8,691	403.5p	14 January 2001 to 14 January 2008
1,809	417.5p	14 January 2001 to 14 January 2008
1,800	297.5p	5 November 2002 to 5 November 2009
53,026	207.5p	10 July 2003 to 10 July 2010
43,134	210.0p	10 July 2003 to 10 July 2010
50,081	223.5p	29 March 2004 to 29 March 2011
1,097,127	26.5p	25 September 2005 to 25 September 2012
200,000	25.0p	4 October 2005 to 4 October 2012
1,750	26.5p	16 October 2005 to 16 October 2012

Movement in share options during the year:

At 1 April 2002	1,837,858
Exercised	-
Lapsed	(479,328)
Released	(1,203,150)
Granted	1,339,377
<b>At 31 March 2003</b>	<b><u>1,494,757</u></b>

The above figures include options held by directors which are set out in the directors' remuneration report on page 34.

## 18. Reserves

	Share premium account	Capital redemption reserve	Profit and loss account
	£'000	£'000	£'000
At 1 April 2002	562	-	14,110
Sustained loss for the year	-	-	(4,972)
Purchase of ordinary shares, including costs	-	104	(4,918)
<b>At 31 March 2003</b>	<u><u>562</u></u>	<u><u>104</u></u>	<u><u>4,220</u></u>

An amount of £104,000 has been transferred to the capital redemption reserve, being an amount equal to the nominal value of the purchases made by the company of its own shares, as detailed in note 17 and the Directors' Report on page 4.

## 19. Reconciliation of movements in shareholders' funds

	2003	2002
	£'000	£'000
Shareholders' funds at 1 April	14,927	15,510
Loss for the financial year	(4,972)	(347)
Dividends	-	(255)
Loss sustained for the financial year	(4,972)	(602)
Purchase of ordinary shares, including costs	(4,918)	-
Issue of ordinary shares	-	19
Net reduction to shareholders' funds	(9,890)	(583)
Shareholders' funds at 31 March	<u><u>5,037</u></u>	<u><u>14,927</u></u>

**20. Reconciliation of operating loss to net cash flow from operating activities**

	2003 £'000	2002 £'000
Operating loss	(5,204)	(932)
Depreciation of tangible fixed assets	617	853
Profit on sale of fixed assets	(22)	(4)
Decrease in debtors	1,665	6,078
Decrease in creditors	(527)	(2,055)
Increase in provisions	1,400	1,050
Net cash (outflow)/inflow from operating activities	<u>(2,071)</u>	<u>4,990</u>

**21. Analysis of changes in net funds**

	At 1 April 2002 £'000	Cash flow £'000	At 31 March 2003 £'000
Cash at bank and in hand	11,300	(6,561)	4,739
	<u>11,300</u>	<u>(6,561)</u>	<u>4,739</u>

**22. Reconciliation of net cash flow to movement in net funds**

	2003 £'000	2002 £'000
(Decrease)/increase in cash in the year	(6,561)	3,037
Net funds at 1 April	11,300	8,263
Net funds at 31 March	<u>4,739</u>	<u>11,300</u>

**23. Commitments and contingent liabilities**

The company had no capital commitments or contingent liabilities at 31 March 2002 or 31 March 2003. The company had annual commitments under non-cancellable operating leases in respect of land and buildings as follows:

	2003 £'000	2002 £'000
Expiring within one year	45	-
Expiring in between two and five years	154	200
Expiring in more than five years	395	395
	<u>          </u>	<u>          </u>

**24. 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.

On 7 September 2002 I Haynes purchased a car from the company, at market value, for £26,900.

## Five year record

### Profit and loss account

Years ended 31 March	2003	2002	2001 (restated)	2000 (restated)	1999 (restated)
	£'000	£'000	£'000	£'000	£'000
Turnover	27,756	41,567	52,783	48,366	49,306
Gross profit	1,998	6,722	11,696	7,560	13,854
(Loss)/profit on ordinary activities before taxation	(4,980)	(470)	4,511	1,905	8,629
Taxation on loss/(profit) on ordinary activities	8	123	(1,397)	(651)	(2,671)
(Loss)/profit on ordinary activities after taxation	(4,972)	(347)	3,114	1,254	5,958
Dividends	-	(255)	(510)	-	(1,519)
(Sustained loss)/retained profit for the financial year	(4,972)	(602)	2,604	1,254	4,439
Basic (loss)/earnings per ordinary share of 1p each (pence)	(27.20)	(1.36)	12.22	4.93	23.66
	=====	=====	=====	=====	=====

### Balance sheet

As at 31 March	2003	2002	2001 (restated)	2000 (restated)	1999 (restated)
	£'000	£'000	£'000	£'000	£'000
Fixed assets	726	1,115	1,549	2,183	2,019
Net current assets	6,761	14,862	13,961	10,713	9,619
Provisions for liabilities and charges	(2,450)	(1,050)	-	-	-
	-----	-----	-----	-----	-----
Net assets employed	5,037	14,927	15,510	12,896	11,638
	=====	=====	=====	=====	=====
Share capital	151	255	255	255	255
Share premium	562	562	543	533	529
Capital redemption reserve	104	-	-	-	-
Profit and loss account	4,220	14,110	14,712	12,108	10,854
	-----	-----	-----	-----	-----
Equity shareholders' funds	5,037	14,927	15,510	12,896	11,638
	=====	=====	=====	=====	=====

## **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 two 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, John Rigg and the chief executive, Mira Makar. 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. Alistair Fulton is the nominated senior independent non-executive director.

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 Directors' Remuneration Report on page 31.

## **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 Board has applied the internal control provisions of the Combined Code by establishing a continuous process for identifying, evaluating and managing the significant risks faced by the company. The Board regularly reviews the process, which has been in place from the start of the year to the date of approval of this report and which is in accordance with internal control: Guidance for Directors on the Combined Code published September 1999. The Board is responsible for the company's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against misstatement or loss.

In compliance with the Combined Code, the Board continuously reviews the effectiveness of the company's system of internal control. The Board's monitoring covers all controls, including financial, operational and compliance controls and risk management. It is based principally on reviewing reports from management to consider whether significant weaknesses are promptly remedied and indicate a need for more extensive monitoring. The Board has also performed a specific assessment for the purpose of this annual report. This assessment considers all significant aspects of internal control arising during the period covered by the report.

The key elements of the internal control system are described below:

- Clearly documented procedures contained in a series of manuals covering company operations and management, which are subject to both internal project audit and external statutory audit as well as regular board review.
- Regular and comprehensive information provided to the Board covering financial performance and key business indicators.
- An appropriate budgeting process where operating divisions prepare budgets for the coming year, which are approved by the Board.
- Close involvement in the day to day management of the business by the executive directors.
- Regular meetings between the Chairman and executive directors to discuss and monitor potential risks to the business.

The board has considered the need for a separate internal audit function this year but does not consider it appropriate in view of the above controls, and in light of the size of the company. The company is certified to ISO 9001: 2000.

## *Audit committee*

The board has an audit committee which comprises the company's two independent non-executive directors, J C Rigg and A M Fulton. 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

25 April 2003

## **Directors' remuneration report**

### **Unaudited information**

#### **Remuneration committee**

The remuneration committee has, during the year, been comprised exclusively of independent non-executive directors. These are:

A M Fulton (chairman of the remuneration committee)

J C Rigg

The company's remuneration committee is authorised to take appropriate counsel to enable it to discharge its duty to make recommendations to the board in respect of all aspects of the remuneration package of directors.

#### **Remuneration policy**

The company's remuneration policy is to provide remuneration packages which secure and retain management of the highest quality. Therefore when determining the remuneration packages of executive directors, the remuneration committee considers a number of factors including:

- the salaries and benefits available to executive directors of comparable companies;
- the need to ensure executive directors' commitment to the continued success of the company;
- the experience of each executive director; and
- the nature and complexity of the work of each executive director.

The resultant remuneration packages for executive directors comprise the following elements:

- a competitive basic salary;
- contributions to personal pension schemes or a cash alternative;
- employment related benefits including the provision of a company car or car allowance, life assurance and medical assurance;
- share options; and
- appropriate performance-related remuneration

It is the company's policy to contribute, to the personal pension scheme of each executive director, 5% of the director's basic annual salary. A director may elect to receive an equivalent cash alternative.

There is no scheme providing entitlement to share options, and there is no long-term incentive scheme. The company does not believe that performance related bonuses are

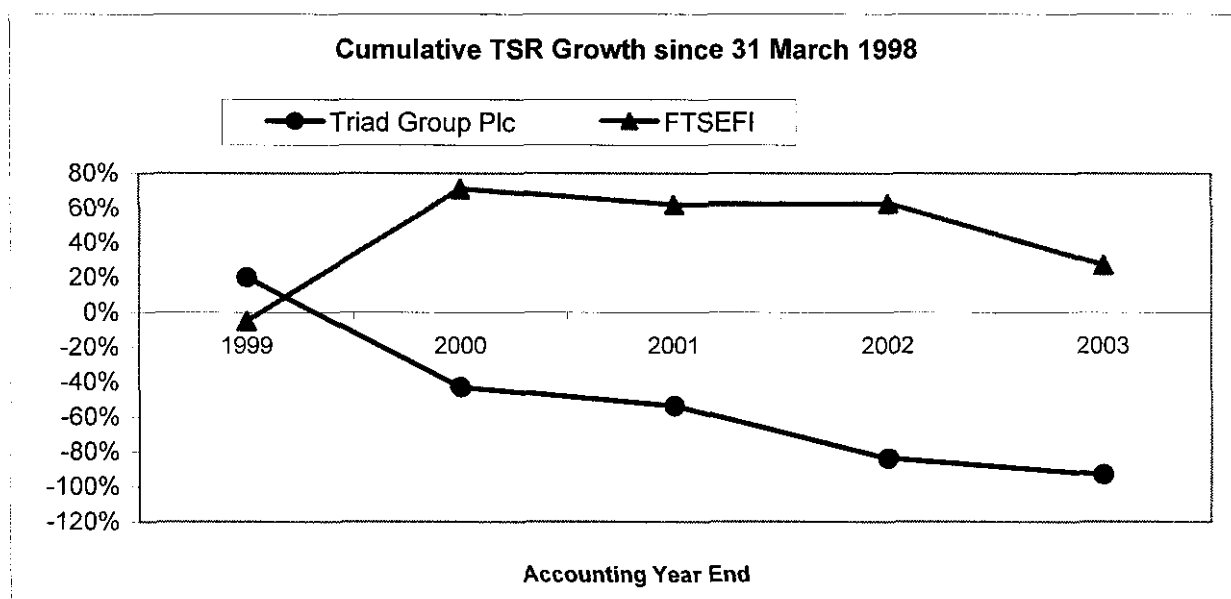
It is the company's policy in relation to directors' contracts that:

- executive directors should have contracts with an indefinite term providing for a maximum of six months notice by either party.
- non-executive directors should have terms of engagement for an indefinite term providing for one month notice by either party.
- there is no provision for termination payments to directors.

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

## Performance graph

The following graph shows the company's performance, measured by total shareholder return, compared with the performance of the FTSE Fledgling Index ("FTSEFI") also measured by total shareholder return ("TSR"). The FTSEFI has been selected for this comparison because it is an index of companies with similar current market capitalisation to Triad Group Plc.



## Directors' contracts

The details of the directors' contracts are summarised as follows:

	Date of contract	Notice period
M Makar	01/04/2001	6 months
I M Haynes	20/08/1999	6 months
T D Harris (resigned 05/08/02)	20/08/1999	6 months
J C Rigg	01/07/1999	1 month
A M Fulton	19/12/1997	1 month

All contracts are for an indefinite period. No contract has any provision for the payment of compensation upon the termination of that contract.

Ian Haynes who is proposed for re-election at the next annual general meeting has a service contract which provides for a notice period of six months. Alistair Fulton, who is also proposed for re-election, being a non-executive director does not have a service contract: his terms of appointment provide for a notice period of one month.

## Audited information

### Directors' emoluments

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

Director	Basic salary and fees £'000	Expense allowances £'000	Benefits in kind £'000	2003 Total £'000	2002 Total £'000
<b>Executive</b>					
M Makar	150	18	-	168	161
T D Harris (resigned 05/08/02)	63	-	6	69	165
I M Haynes	150	17	5	172	170
<b>Non-executive</b>					
J C Rigg	25	-	-	25	25
A M Fulton	17	-	-	17	17
	405	35	11	451	538

Expense allowances include car allowances and payments in lieu of pensions and other benefits. Benefits in kind include the provision of medical insurance for Ian Haynes and Tim Harris. In addition this includes the provision of a company car and fuel for Ian Haynes until 10 May 2002 and Tim Harris until the date of his resignation.

Directors pension entitlements are shown on page 35.

**Directors' share options**

The interests of executive directors in share options were as follows:

	At beginning of year	Granted during year	Released during year	Lapsed 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
	240,361	-	-	(240,361)	-	210.0p	10.07.03 to 10.07.10
	9,639	-	-	(9,639)	-	207.5p	10.07.03 to 10.07.10
	23,180	-	-	(23,180)	-	223.5p	29.03.04 to 29.03.11
	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>(300,000)</u>	<u>-</u>		
I M Haynes	185,543	-	(185,543)	-	-	210.0p	10.07.03 to 10.07.10
	14,457	-	(14,457)	-	-	207.5p	10.07.03 to 10.07.10
	-	200,000	-	-	200,000	25.0p	04.10.05 to 04.10.12
	<u>200,000</u>	<u>200,000</u>	<u>(200,000)</u>	<u>-</u>	<u>200,000</u>		

No director exercised any share options during the year.

Tim Harris' options lapsed on 3 September 2002 upon the termination of his employment with the company.

During the year employees were given the opportunity to release existing options. Ian Haynes released all of his existing options on 12 September 2002.

Ian Haynes was granted 200,000 options on 4 October 2002.

Share options are exercisable provided that the relevant performance requirement has been satisfied.

- The performance requirement in relation to the options granted during the current year is that the company shall have achieved a positive Earnings Per Share in any financial year commencing at least one year after the date of grant of the option. This performance requirement is the same as that applying to employee share options granted at the same time.
- The performance requirement in relation to the options granted in previous years was that over a three year period the percentage increase in the company's Earnings Per Share is equal to or greater than the increase in the United Kingdom Retail Prices Index over the same three year period. This performance requirement is the same as that applying to employee share options granted at the same time. All of these options, in respect of directors, had been released or had lapsed by the end of the year.

The market price of the company's shares was 30.0p at 31 March 2003 and the range during the year was between 22.0p and 75.0p.

## Directors' pension entitlement

Two directors were members of money purchase schemes into which the company made contributions during the year. The contributions paid by the company for each of these directors for the period they served as a director are set out below:

	2003 £'000	2002 £'000
T D Harris (resigned 05/08/02)	3	7
I M Haynes	10	10
	<u>13</u>	<u>17</u>

## Long term incentive scheme

The company does not operate a long term incentive scheme.

## Directors' interests in shares

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.

	1 April 2002	31 March 2003
A M Fulton	354,100	354,100
M Makar	3,257,999	4,507,999
J C Rigg	3,259,400	4,509,400
I M Haynes	255,000	255,000

## Compliance

This report has been prepared in accordance with the Directors' Remuneration Report Regulations 2002. The report also meets the relevant requirements of the Financial Services Authority's Listing Rules and describes how the board has applied the Principles of Good Governance relating to directors' remuneration. As required by the Regulations, a resolution to approve the report will be proposed at the Annual General Meeting.

By order of the board

AJ Dixon FCA  
Company secretary

25 April 2003

**Notice of meeting**

Notice is hereby given that the annual general meeting of Triad Group Plc will be held at the company's offices at 145 Cannon Street, London EC4N 5BQ on Wednesday 11 June 2003, at 10am to transact the following business:

**ORDINARY BUSINESS**

To consider and, if thought fit, pass the following resolutions which will be proposed as ordinary resolutions.

1. To receive and adopt the directors' report and audited financial statements for the year ended 31 March 2003.
2. To receive and approve the directors' remuneration report for the year ended 31 March 2003.
3. To re-elect, in accordance with the company's articles of association, a directors of the company who retire by rotation:
  - a) IM Haynes
  - b) AM Fulton
4. To consider the following resolution, special notice having been received of the intention to propose the resolution as an ordinary resolution:

That PricewaterhouseCoopers LLP be reappointed auditors of the company (having previously been appointed by the board to fill the casual vacancy arising by reason of the resignation of PricewaterhouseCoopers), to hold office until the conclusion of the next general meeting at which accounts are laid before the company and that their remuneration be fixed by the directors.

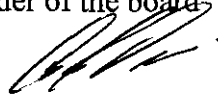
**SPECIAL BUSINESS**

To consider and, if thought fit, pass the following resolutions which will be proposed as to resolution 5 as an ordinary resolution and as to 6 and 7 as special resolutions.

5. That:
  - (a) in accordance with article 6 of the company's articles of association, the directors be authorised to allot relevant securities up to a maximum nominal amount of £50,490;
  - (b) this authority shall expire on 11 June 2008; and;
  - (c) all previous authorities under section 80 of the Companies Act 1985 be revoked.
6. That:
  - (a) in accordance with article 7 of the company's articles of association, the directors be given power to allot equity securities for cash;
  - (b) for the purposes of paragraph (1)(b) of that article, the nominal amount to which this power is limited is £7,570;

- (c) this authority shall expire at the conclusion of the next annual general meeting after the passing of this resolution; and
  - (d) all previous authorities under section 95 of the Companies Act shall cease to have effect.
7. That, in accordance with article 11 of the company's articles of association, the company is generally and unconditionally authorised to make market purchases (within the meaning of section 163 of the Companies Act 1985) of ordinary shares of £ 0.01 each in the capital of the company ("ordinary shares") on such terms and in such manner as the directors of the company may from time to time determine provided that:
- (a) the maximum number of ordinary shares that may be purchased under this authority is 2,272,400 (representing 15 per cent. of the company's issued ordinary share capital);
  - (b) the maximum price which may be paid for any ordinary share purchased under this authority is an amount equal to 105 per cent. of the average of the middle market prices shown in the quotations for ordinary shares in the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that ordinary share is purchased and the minimum price which may be paid is £ 0.01 per ordinary share (in each case exclusive of expenses payable by the company in connection with the purchase);
  - (c) unless previously renewed, varied or revoked this authority will expire on 30 November 2004 or if earlier at the conclusion of the next annual general meeting of the company; and
  - (d) the company may make a contract or contracts to purchase ordinary shares under this authority before its expiry which will or may be executed wholly or partly after the expiry of this authority.

By order of the board

  
AJ Dixon FCA  
Company secretary

25 April 2003

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, The Causeway, Worthing BN99 6ZR 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.

5. Special business

Ordinary resolution number 5 and special resolutions number 6 and 7, which are explained on pages 39 and 40 will be put to the annual general meeting as special business.

6. Pursuant to the Uncertificated Securities Regulations 2001, the company specifies that to be entitled to attend and vote at the annual general meeting (and for the purposes of determining the number of votes they may cast) members must be entered on the company's register of members at the close of business on 9 June 2003. Changes to entries on the register of members after the close of business on 9 June 2003 shall be disregarded in determining the rights of any person to attend or vote at the annual general meeting.

## **Explanation of special business**

### **Authority to allot to relevant securities (Resolution 5)**

It is proposed to seek the authority to allot ordinary shares for a period of five years. The £50,490 nominal amount of relevant securities to which this authority will relate, after allowing for ordinary shares arising on the exercise of share options, represents approximately one third of the nominal amount of the issued ordinary share capital of the company at 31<sup>st</sup> March 2003. The directors have no present intention of exercising this authority except in relation to the exercise of share options. The authority will expire on 11<sup>th</sup> June 2008 but it is the current intention to renew this authority annually.

Resolution 5 will be proposed as an ordinary resolution to grant this authority to the directors.

### **Authority to allot equity securities for cash (Resolution 6)**

It is proposed to seek the authority to allot equity securities for cash without first being required to offer such securities to existing shareholders. The £7,570 nominal amount of equity securities to which this authority relates represents approximately 5 per cent. of the nominal amount of the issued ordinary share capital of the company at 31<sup>st</sup> March 2003. The directors have no present intention of exercising this authority. The authority will expire at the conclusion of the next annual general meeting but it is the current intention to renew this authority annually.

Resolution 6 will be proposed as a special resolution to grant this authority to the directors.

### **Purchase by the company of its own shares (Resolution 7)**

It is proposed to seek the authority for the company to purchase its own shares as the directors consider that there may be occasions when it will be desirable to reduce the issued ordinary share capital of the company by purchases in the market. The authority given by this resolution will be exercised only if the directors are satisfied that any purchase will increase the earnings per share of the ordinary share capital in issue after the purchase and, accordingly, that the purchase is in the interests of shareholders. The directors will also give due consideration to the company's interest cover, gearing, and its general financial position. The price of such purchases will be deducted from distributable profits.

The maximum number of ordinary shares which may be purchased under the proposed authority will be 2,272,400 ordinary shares representing approximately 15 per cent. of the issued ordinary share capital of the company at 31<sup>st</sup> March 2003. The price paid for ordinary shares will not be less than the nominal value of 1 pence per share nor more than five per cent. above the average of the middle market quotations of the company's ordinary shares as derived from the London Stock Exchange Daily Official List for the five business days preceding the day on which the ordinary shares are purchased.

The total number of ordinary shares that are under option through the company's share option schemes at 10<sup>th</sup> April 2003 (being the latest practicable date prior to publication of

this notice) is 1,357,370 of which 1,357,370 are options over unissued ordinary shares. The proportion of issued ordinary share capital that the unissued ordinary shares represented on this date was 8.96 per cent. and the proportion of issued ordinary share capital that they will represent if the full authority to purchase shares (existing and being sought) is used is 10.54 per cent.

The authority will expire on 30<sup>th</sup> November 2004 or, if earlier, at the conclusion of the AGM of the company to be held in 2004, but it is the current intention of the directors to renew this authority annually.

Resolution 7 will be proposed as a special resolution to grant this authority to the company.

**Shareholders' information and financial calendar****Share register**

Lloyds TSB Registrars 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, PO Box 28448, Finance House, Orchard Brae, Edinburgh, Scotland, EH4 1WQ. 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 FCA, Triad Group Plc,  
Weyside Park, Catteshall Lane, Godalming,  
Surrey GU7 1XE  
Telephone: 01483 860222 Fax: 01483 860198

**Financial calendar**

Annual general meeting	11 June 2003
Financial year ended 31 March 2004: expected announcement of results	
Half year	December 2003
Full year preliminary announcement	July 2004

## **Executive directors**

Mira Makar, Chief Executive

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  
PO Box 28448  
Finance House  
Orchard Brae  
Edinburgh  
Scotland  
EH4 1WQ

## **Registered auditors**

PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
WC2N 6NN

## **Solicitors**

Allen & Overy  
One New Change  
London  
EC4M 9QQ

## **Bankers**

Bank of Scotland  
38 Threadneedle Street  
London  
EC2P 2EH

## **Stockbrokers**

Evolution Beeson Gregory Ltd  
The Registry  
Royal Mint Court  
London  
EC3N 4EY