

Appendix 4E

ASX Preliminary Final Report

Name of entity: **Data[#]3 Limited**

ABN: 31 010 545 267

Reporting period: **Year ended 30 June 2003**

Previous corresponding period: Year ended 30 June 2002

Results for announcement to the market

Results			
Revenues from ordinary activities	up	12.2 %	to \$192,805,000
Profit from ordinary activities after tax attributable to members	down	28.7 %	to \$2,259,000
Net profit for the period attributable to members	down	28.7 %	to \$2,259,000

Dividends	Amount per security	Franked amount per security
Current period		
Interim dividend	2.5 cents	2.5 cents
Final dividend	7.5 cents	7.5 cents
Previous corresponding period		
Interim dividend	0 cents	0 cents
Final dividend	0 cents	0 cents
The Record date for determining entitlements to the dividend is 17 October 2003		

Brief explanation of the figures reported above:
The current period result has been impacted by the 15 August 2002 voluntary administration and receivership of Powerlan (Qld) Pty Ltd (Powerlan Qld), the consolidated entity's former 50% joint venture partner in the joint venture partnerships Queensland Desktop Services (QDS) and Queensland Software Services (QSS).
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Effective from 1 September 2002 the joint venture partnerships' sales contracts were reassigned to the consolidated entity, and the revenue generated from those contracts has been included in the consolidated entity's revenues from ordinary activities from that date. Revenues from ordinary activities for the previous corresponding period, and for the first two months of the current period, do not include any share of joint venture partnership revenues generated by QDS or QSS. As a result there is a significant increase in reported revenue in the current period.

Powerlan Qld's receivership and administration has also impacted the current period profit of the consolidated entity, with the overall before-tax cost of \$1,950,000 partly offset by approximately \$900,000 in additional pre-tax profits generated from the exclusive operation of the former joint venture partnership contracts since 1 September 2002.

The underlying performance of the consolidated entity, excluding the financial effects of the joint ventures both in terms of the initial cost and the subsequent benefit from operating the joint venture contracts exclusively, is as follows:

- Profit from ordinary activities before tax of \$4,591,000 (2002: \$4,162,000)
- Profit from ordinary activities after tax of \$3,018,000 (2002: \$3,170,000)
- Basic earnings per share of 20.7 cents (2002: 21.7 cents).

Further details are outlined in the attached note titled "Receivership and administration of Powerlan Qld and the acquisition of QDS and QSS".

Data#3 Limited and Controlled Entities**Statements of Financial Performance
For the year ended 30 June 2003**

	Consolidated	
	2003	2002
	\$'000	\$'000
Revenues from ordinary activities		
Sale of goods	160,684	145,058
Services	31,925	26,474
Other	196	274
Total	192,805	171,806
Expenses from ordinary activities		
Changes in inventories of finished goods	(506)	602
Purchase of goods	(142,151)	(128,558)
Employee and contractor costs directly on-charged	(9,969)	(6,376)
Other employee and contractor costs	(26,471)	(25,500)
Telecommunications	(1,086)	(1,242)
Rent	(1,915)	(1,822)
Travel	(870)	(891)
Depreciation and amortisation	(934)	(967)
Borrowing costs	(208)	(346)
Other	(5,220)	(3,328)
Total	(189,330)	(168,428)
Share of net profits of joint venture partnerships accounted for using the equity method	80	784
Profit from ordinary activities before income tax expense	3,555	4,162
Income tax expense	(1,296)	(992)
Net profit	2,259	3,170
	Cents	Cents
Basic earnings per share	15.46	21.72
Diluted earnings per share	15.44	21.72

Data^{#3} Limited and Controlled Entities**Statements of Financial Position
For the year ended 30 June 2003**

	Consolidated	
	2003	2002
	\$'000	\$'000
Current assets		
Cash assets	14,659	5,193
Receivables	34,379	22,569
Inventories	790	1,296
Other	621	1,156
Total current assets	50,449	30,214
Non-current assets		
Investments accounted for using the equity method	-	631
Other financial assets	7	7
Property, plant and equipment	1,764	1,934
Deferred tax assets	907	573
Intangible assets	4,982	5,101
Total non-current assets	7,660	8,246
Total assets	58,109	38,460
Current liabilities		
Payables	43,768	21,983
Interest bearing liabilities	976	691
Current tax liabilities	405	344
Provisions	187	145
Other	1,746	5,180
Total current liabilities	47,082	28,343
Non-current liabilities		
Interest bearing liabilities	125	1,085
Provisions	466	435
Other	625	730
Total non-current liabilities	1,216	2,250
Total liabilities	48,298	30,593
Net assets	9,811	7,867
Equity		
Contributed equity	7,459	7,409
Retained profits	2,352	458
Total equity	9,811	7,867

Data#3 Limited and Controlled Entities**Statements of Cash Flows
For the year ended 30 June 2003**

	Consolidated	
	2003	2002
	\$'000	\$'000
Cash flows from operating activities		
Receipts in the course of operations	202,007	189,379
Payments to suppliers and employees	(182,064)	(188,763)
Payments to former joint venture partnership creditors	(2,333)	-
Distributions from joint venture partnerships received	-	698
Interest received	167	197
Borrowing costs	(208)	(377)
Income taxes paid	(1,597)	(618)
Income taxes refunded	34	325
Net cash inflow from operating activities	16,006	841
Cash flows from investing activities		
Payments for property, plant and equipment	(316)	(245)
Proceeds from sale of property, plant and equipment	18	10
Payment for purchase of joint venture interest	(3,406)	-
Cash acquired through purchase of joint venture interest	2,176	-
Payment for purchase of businesses	(203)	(85)
Net cash outflow from investing activities	(1,731)	(320)
Cash flows from financing activities		
Loans from controlled entities	-	-
Repayment of borrowings	(2,065)	(580)
Repayment of lease liabilities	(110)	(118)
Proceeds from borrowings	1,500	-
Payment of dividends	(315)	-
Repayment of short term funds from joint venture partnership	(3,819)	(6,618)
Short term funds provided by joint venture partnership	-	8,255
Net cash inflow / (outflow) from financing activities	(4,809)	939
Net increase in cash held	9,466	1,460
Cash at the beginning of the financial year	5,193	3,733
Cash at the end of the financial year	14,659	5,193

Data^{#3} Limited and Controlled Entities

Notes to the financial statements For the year ended 30 June 2003

Revenue

	2003 \$'000	2002 \$'000
Revenue from operating activities		
Sale of goods	160,684	145,058
Services	31,925	26,474
	<u>192,609</u>	<u>171,532</u>
Revenue from outside the operating activities		
Interest	148	235
Proceeds from sale of non-current assets	18	10
Other	30	29
	<u>196</u>	<u>274</u>
Revenue from ordinary activities (excluding shares of equity accounted net profits of joint venture partnerships)	<u>192,805</u>	<u>171,806</u>

Included in consolidated revenue from operating activities above is revenue derived from contracts with the Queensland Government, formerly serviced by the QDS and QSS joint venture partnerships, since 1 September 2002, for the sale of goods totaling \$37,367.

During financial year 2002 all revenue was derived under these contracts via the joint venture partnerships QDS and QSS, of which the consolidated entity held a 50% interest, and the equity accounted net profits of these operations was recognised in the statement of financial performance.

Following the administration and receivership of Powerlan Qld, the consolidated entity purchased the remaining 50% interest in the QDS and QSS joint venture partnerships, and since then all revenue derived under the contracts has been recorded as revenue in the consolidated entity. Further details are outlined in the attached note titled "Receivership and administration of Powerlan Qld and the acquisition of QDS and QSS".

Data#3 Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2003

Profit from ordinary activities

	2003 \$'000	2002 \$'000
Profit from ordinary activities before income tax expense includes the following specific items:		
Cost of sales of goods	142,657	127,956
Depreciation		
Plant and equipment	371	419
Amortisation		
Leasehold improvements	138	126
Plant & equipment under finance leases	102	106
Goodwill	323	316
Total amortisation	563	548
Other charges against assets		
Bad and doubtful debts – trade debtors	(23)	137
Bad and doubtful debts – sundry debtors	66	-
Inventory obsolescence	-	(48)
Rental expenses on operating leases	1,915	1,822
Profit on disposal of plant and equipment	4	-
Significant items:		
Loss on assumption of joint venture net liabilities (Refer “Receivership and administration of Powerlan Qld and the acquisition of QDS and QSS” note below.)	1,950	-

Data#3 Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2003

Income Tax

	2003 \$'000	2002 \$'000
The income tax expense for the financial year differs from the amount calculated on the profit. The differences are reconciled as follows:		
Profit from ordinary activities before income tax expense	3,555	4,162
Income tax calculated at 30% (2002: 30%)	1,067	1,249
Tax effect of permanent differences:		
Amortisation of goodwill	97	95
Share of joint venture partnership's non-deductible expenses	367	-
Share of joint venture partnership's non-assessable revenue	(362)	-
Non-allowable items	102	76
Income tax adjusted for permanent differences	1,271	1,420
Under provision in previous year	25	46
Benefit of tax losses of prior years recouped	-	(474)
Income tax expense	1,296	992

Data^{#3} Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2003

Acquisition of businesses

(a) Receivership and administration of Powerlan Qld and the acquisition of QDS and QSS

On 15 August 2002, Powerlan Limited announced that its subsidiary Powerlan (Qld) Pty Ltd (Powerlan Qld) had been placed into voluntary administration. The Administrators appointed were from KPMG. On the same day the Australia and New Zealand Banking Group Limited (ANZ), as a creditor of Powerlan Limited secured by, among other things, a guarantee and mortgage debenture provided by Powerlan Qld, appointed partners of PricewaterhouseCoopers as Receivers.

Powerlan Qld was the joint venture partner of a controlled entity, Data^{#3} Business Systems Pty Ltd, in Queensland Desktop Services (QDS) and Queensland Software Services (QSS).

Negotiations with the Powerlan Qld receivers (Receivers) and administrators (Administrators) were concluded on 25 November 2002 and various outstanding claims and issues relating to this matter were agreed.

Under this agreement the Receivers were paid \$2,500,000 from joint venture partnership assets. The consolidated entity assumed the remaining assets and liabilities of the joint venture partnerships. One of the joint venture partnership assets was a loan of \$3,092,000 to Powerlan Qld (being the net of the original QSS loan to Powerlan Qld of \$3,819,000 offset by moneys owed to Powerlan Qld by the joint venture partnerships). The agreement also confirmed the consolidated entity's right to prove as a creditor for the \$3,092,000 receivable in the administration of Powerlan Qld.

The payment to the Receiver facilitated the discharge of Powerlan Limited's secured ANZ debt, which effectively enabled the administration of Powerlan Qld to continue. On 23 December 2002 a Deed of Company Arrangement (DOCA) was executed by Powerlan Limited under which Powerlan Limited committed to pay the Administrators \$2,600,000 by 30 June 2003, and a further \$100,000 per month for 24 months commencing from 1 July 2003. At the date of this report, Powerlan has complied with the DOCA terms. The DOCA also approved the transfer of the secured charge over the assets of Powerlan Limited and its controlled entities, to the creditors of Powerlan Qld. The consolidated entity is the largest creditor of Powerlan Qld, representing approximately 25% of total creditors.

At 31 December 2002 the consolidated entity had estimated that it would recover at least \$1,000,000 of the \$3,092,000 Powerlan Qld receivable, representing its approximate 25% share of the \$4,000,000 in administration funds that was expected to be available for distribution following receipt of the first \$2,600,000 DOCA payment from Powerlan Limited in June 2003. The consolidated entity had provided for the remaining \$2,092,000 of the Powerlan Qld receivable at 31 December 2002. Since then, the consolidated entity has increased its estimate of recovery to \$1,150,000, thereby reducing its provision for collectibility by \$150,000 in the six months ended 30 June 2003.

Data#3 Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2003

Acquisition of businesses (continued)

Based on the updated estimates of the recoveries provided by Administrators, the consolidated entity's possible total recovery ranges up to approximately \$1,800,000. Any additional funds that may be recovered from the administration process, in excess of the current \$1,150,000 net receivable, will provide further mitigation against the loss.

The consolidated entity also negotiated arrangements with the joint venture partnership creditors to permanently forbear from pursuing recovery of a component of the joint venture partnership debt. The debt forgiveness recognized by the partnerships totaled approximately \$1,600,000.

The joint venture partnership assets and liabilities acquired by the consolidated entity at settlement are shown below:

	2003 \$'000
<i>Fair value of identifiable net assets/(liabilities) acquired:</i>	
Cash	2,176
Trade and other debtors	1,356
Receivable – Powerlan Qld	3,092
Provision for doubtful debt – Powerlan Qld	(1,942)
Inventories	61
Plant and equipment	121
Trade and other creditors	(2,450)
Loan payable to consolidated entity	(3,406)
Unearned income	(80)
Net identifiable liabilities assumed	(1,072)
Less: 50% interest in joint venture partnerships already held	(638)
Legal and other costs	(240)
Loss on assumption of joint venture partnerships' net liabilities	(1,950)

Data^{#3} Limited and Controlled Entities

Notes to the financial statements

For the year ended 30 June 2003

Acquisition of businesses (continued)

(b) Acquisition of Stockford Limited's Navision Solution Centre business

In July 2002 the consolidated entity acquired Stockford Limited's Navision Solution Centre business for \$203,000. The operating results of the acquired business have been included in the consolidated statement of financial performance since 1 July 2002.

Details of the acquisition are as follows:

	2003 \$'000
<i>Fair value of identifiable net assets/(liabilities) acquired:</i>	
Plant and equipment	18
Future income tax benefit	7
Provision for employee entitlements	(24)
Other provisions	(2)
Net identifiable liabilities assumed	(1)
Goodwill	204
	<u>203</u>
Consideration:	
Cash paid	<u>203</u>

(c) Acquisition of Maggs Business Advisory's Navision Solution Centre business

During 2001 the consolidated entity acquired this business. In 2002 a final payment of \$85,000 was made in respect of the acquisition.

Data[#]3 Limited and Controlled Entities

Notes to Appendix 4E

For the year ended 30 June 2003

Retained Profits

	Current year \$'000	Previous year \$'000
Retained profits (accumulated losses) at the beginning of financial period	458	(2,712)
Net profit attributable to members	2,259	3,170
Net transfers to and from reserves	-	-
Dividends provided for or paid	(365)	-
Retained profits at end of financial period	2,352	458

Additional Dividend Information

Details of dividends declared or paid during or subsequent to the year ended 30 June 2003 are as follows:

Record date	Payment date	Type	Amount per security	Franked amount per security	Total dividend \$'000
16 April 2003	30 April 2003	Interim	2.5 cents	2.5 cents	365
17 October 2003	31 October 2003	Final	7.5 cents	7.5 cents	1,099

Total dividend per security (interim plus final)

	Current year	Previous year
Ordinary securities	10.0 cents	0.0 cents

Dividend Reinvestment Plan

Data[#]3 Limited Dividend Reinvestment Plan

Shares under the plan are issued at a discount of 5% to the weighted average market price of all shares sold on the ASX on the first day on which those shares are quoted ex-dividend in relation to the dividend and on the following 4 trading days.

The last date for the receipt of an election notice for participation in the plan is the Record date.

Data#3 Limited and Controlled Entities**Notes to Appendix 4E****For the year ended 30 June 2003****Net Tangible Assets Per Security**

	Current year	Previous year
Net tangible asset backing per ordinary security	\$0.33	\$0.19

Control gained over entities having a material effect

Name of entity (or group of entities)	N/A
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Loss of control of entities having a material effect

Name of entity (or group of entities)	N/A
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Details of aggregate share of profits (losses) of associates and joint venture entities

Name of entities	Queensland Desktop Services (QDS) and Queensland Software Services (QSS) joint venture partnerships.	
	Current year	Previous year
Consolidated entity's percentage holding in each of these entities	50% until 25 November 2002, thereafter 100%.	50%
Aggregate share of profits after tax of these entities.	\$56,000	\$549,000
QDS contribution to net profit after tax	\$44,000	\$200,000
QSS contribution to net profit after tax	\$12,000	\$349,000

Data#3 Limited and Controlled Entities

Notes to Appendix 4E

For the year ended 30 June 2003

CEO's commentary on the results for the period

Rounding out an excellent year for the company, the return to dividends with a full year payment of 10.0 cents per share rewards the patience and support of our shareholders.

In financial terms, while the result in 2003 was impacted by the failure of Powerlan (Qld) Pty Ltd and its effect on our joint ventures, Queensland Desktop Services and Queensland Software Services, the overall performance reflects a continuation of that achieved in 2002 in a competitive and uncertain market. We trust we have met the expectations of our stakeholders and that the improving sentiment towards the company continues.

This commentary looks at the financial results in some detail, including the underlying performance of the Group, which excludes the effect of the joint ventures, both in terms of the first half loss and the second half benefit from operating the joint venture contracts exclusively, and then examines actual performance. It also outlines the objectives and outlook for 2004.

Financial Performance

Coming into the year we expected the revenue from Procurement to decrease, and therefore our objective was to offset this with higher levels of performance in those parts of the business that did not positively contribute in 2002. Specifically we targeted significant improvement from our national Application and Recruitment businesses and from the Technology Solutions business in NSW and Victoria. Revenues for the year were higher than expected given that the second half was enhanced by 'joint venture' revenue not included in previous years, and by increases in Services, Recruitment, Applications and New South Wales Technology revenues. These gains were offset by a decrease in Procurement revenue.

While underlying revenue increased over the previous year, revenue is becoming less reliable as a measure of our market share given the increasing incidence of our major suppliers invoicing our customers directly for the gross amount and paying us a fee that we take up as revenue. Gross margin generated is a more accurate indicator of growth and market share. On this basis, the underlying business grew over the previous year by 2%. A pleasing aspect was the substantial growth in services revenue, up 21% from \$26.474 million to \$31.925 million and indicative of a greater 'solutions' focus. This increase was primarily due to an increased number of projects over the previous year in Application Solutions and Technology Integration.

Underlying EBITDA increased by 5% to \$5.727 million up from \$5.475 million, and underlying net profit before tax increased 10%, from \$4.162 million to \$4.591 million.

Total operating costs showed a 7% increase over 2002 primarily due to increased staff costs associated with the business acquisition from Stockford Limited and operation of the joint venture contracts, and also the costs associated with the receivership and administration of Powerlan Qld. A measure we use internally is 'staff costs as a percentage of gross margin', which reduced by 2%. In these terms, the level of expenditure required to generate this year's profit reduced over the previous year. On the same basis as in the previous year, which includes 90 contractors engaged through the Recruitment Solutions business, staff numbers ended at 415.

Data#3 Limited and Controlled Entities

Notes to Appendix 4E

For the year ended 30 June 2003

CEO's commentary on the results for the period (continued)

The ongoing review of the value of goodwill resulted in amortisation of \$0.323 million during the year, reducing its carrying value to \$4.982 million. Net profit after tax was \$2.259 million and basic earnings per share were 15.46 cents. With the joint venture issues behind us in the first half, second half earnings allowed a return to improved dividends. It was a pleasure to declare a dividend for the second half of 7.5 cents per share which, added to the 2.5 cents in the first half, returned 10.0 cents per share to shareholders.

The company's cash position reflected the joint venture losses and customer receipts in advance of payments, and the otherwise strong profit performance. The full year net cash flow from operations was significantly skewed by advance receipts at year-end. However the second half saw a return to positive cash flow that enabled debt levels to be reduced. The key debtor indicators showed further reductions in average aging with 3.5% of the ledger older than 60 days against 5.8% in the previous year. Given a continuing tight business environment, this has been an excellent result.

While underlying performance exceeded our financial objectives, performance remained varied across the businesses. Coming into the year, we had targeted more balance in earnings across all parts of the business and at the half year this trend was evident. However we were not able to hold this trend in the second half in all areas and consequently have made some structural changes to improve performance in 2004.

Application Solutions' performance was affected by two factors foreshadowed in the interim report. Firstly, the global roll out of a new reseller plan and the consequent uncertainty in the terms and conditions of our reseller agreement with SAP led to no new license sales in the year. Secondly, software license sales of Navision subsequent to its acquisition by Microsoft were lower than targeted. These impacts were offset in part by a generally stronger services performance, however not sufficient for the business to reach its targets for the year.

Technology Solutions had an excellent year once again, exceeding its overall targets. The technology integration business in Queensland grew very strongly as we increased our level of expertise in our customers' core technologies through additional key staff and gained further market share. Our presence in Central Queensland also grew substantially. Following an improved first half in technology integration and managed services in New South Wales and Victoria, the second half did not follow suit. Difficulties in our sales processes and in a large integration project and the loss of a significant remote management contract, while not detracting from the efforts of our staff, impacted on financial performance. We expect an improvement early in 2004 after making some structural changes and appointing additional staff to enhance our management and technical expertise, and working more closely with our major vendor partners. After an investment in the first half in establishing a presence in the ACT, we broke even in the second half and are well positioned to produce a positive contribution in 2004.

The interim report noted that continuation of the strong performances in our national enterprise infrastructure and licensing businesses was a key success factor for the full year. Both businesses finished the year with best ever performances. In December the enterprise infrastructure business was awarded IBM's Asia Pacific

Data^{#3} Limited and Controlled Entities

Notes to Appendix 4E

For the year ended 30 June 2003

CEO's commentary on the results for the period (continued)

Partner of the Year Award (2003) for Australia and New Zealand acknowledging our expertise and the success it brought, nationally. Similarly the licensing business was awarded Microsoft's Large Account Reseller Excellence Award for the Asia Pacific Region (2002) in acknowledgement of the expertise we have in licensing solutions and for our 'Licensing-on-line' web-based software management tool. Both businesses are positioned for continuing success in 2004.

In a recruitment market that remains tough, **Recruitment Solutions'** performance improved considerably over 2002. We have built a competent and professional team and have developed specialisation in a number of areas, which offers us a clear competitive differentiator. The contribution from Recruitment Solutions can improve further in 2004 and we will look for opportunities to expand the business into Victoria and the ACT.

The **Procurement Solutions** business was unable to produce performance matching that of 2002 when it positioned itself to take advantage of a specific procurement opportunity that existed at that time. During 2003 more emphasis has been placed on market coverage through direct tele-sales and continued rollout of CustomerNet for online procurement. These initiatives successfully introduced a large number of new customers to Data^{#3} with 135 CustomerNet registrations, up from 48 at the start of the year. Our logistics and warehousing function reduced transaction costs by a further 40% over the year following the 11% reduction in the previous year, and in 2003, on average, we shipped orders to customers in 3.9 days, similar to that in the previous year.

Overall 2003 was a rewarding year for all stakeholders. Shareholders were rewarded for their support and patience with a dividend of 10.0 cents and significant gains in share price over the full year between year end announcements; customers indicated that the value we deliver as an IT Solutions company is substantial with 92% of respondents to our customer survey indicating we were their preferred supplier in the areas in which we engage; and our staff survey recorded a significant increase in satisfaction with 85% rating Data^{#3} as an excellent company to work for and one that they would recommend to others as an employer. The management team and staff are to be congratulated for their commitment to the task in a year that presented significant challenges. We are well prepared for continuing this performance in 2004.

Objectives and Outlook for 2004

The recently published PricewaterhouseCoopers' "TechReview" reports that in the 2002 calendar year the majority of the 103 ASX listed IT companies performed poorly with the market value falling by 49% over the previous year. This compares with the S&P/ASX 200 index, which fell by 12%. There is some evidence that this trend may have levelled during recent months but nevertheless our results reflect continuation of the improving trend that started in the second half of 2001.

Our minimum financial objective for 2004 is to maintain the underlying performance of 2003 through a more balanced contribution to earnings from all areas of the business. We made some progress in this direction in 2003 but have further to go. Although competitive pressures remain significant on all fronts, we can see no reason why this minimum objective is not realisable and our targets exceed that position.

Data#3 Limited and Controlled Entities

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For the year ended 30 June 2003

CEO's commentary on the results for the period (continued)

Our plans for 2004 are based on four strategic assumptions:

- That there will be no significant change in the economic environment from 2003
- That the IT industry will remain competitive with continuing tight margins
- That vendors, while under global financial pressure and hence somewhat unpredictable, are key to our potential, and
- That expertise in our people and processes provides the greatest opportunity for success.

The financial targets for 2004 imply:

- Improved performance in Technology Integration in Queensland predominantly through services growth, and in NSW, Victoria and ACT predominantly through increased product sales
- Similar performance in Enterprise Infrastructure as we expand the operation considerably in NSW and Victoria in line with market opportunity
- Growth in the core Licensing business through capitalisation on new contracts won in 2003 and further expansion in NSW, Victoria and ACT
- An improvement in contribution from our Application Solutions business across all areas
- Similar contribution to 2003 from Procurement Solutions
- A further improvement in contribution from Recruitment Solutions given our improved capability and the specialisations we have and will continue to develop
- Similar corporate costs as in 2003.

Additionally and in line with the previous year, we will address the more qualitative areas of customer and staff commitment, organisational development and competitive positioning through setting Key Performance Indicators and an action plan that realises their associated targets.

Conclusion

We have now demonstrated sustained profitability over the past two and a half years and have re-established shareholder dividends. We are intent on maintaining this momentum.

Compliance Statement

This report is based on financial statements that are in the process of being audited.

Signed:



John Grant
Chief Executive Officer

Date: 29 August 2003