TRIAD GROUP PLC

ANNUAL REPORT AND ACCOUNTS
2007-2008

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- *Revenue for the year ended 31 March 2008: £33.3m (2007: £36.1m)*
- *Operating loss after exceptional items: £0.48m (2007: £0.87m loss)*
- *Loss before tax: £0.70m (2007: £0.99m loss)*
- *Operating loss before exceptional items: £0.23m (2007: £0.03m profit)*
- *Gross profit as a percentage of revenue: 18.3% (2007: 17.4%)*

Business Performance

It was a year of consolidation for the resourcing business, with growth in niche markets continuing to offset the decline in public sector business. This strategy of developing niche markets and its associated move up the value chain will continue to be pursued.

The demand for our IT consultancy services remains strong, particularly in analysing clients' business needs for IT support and managing IT related projects. In addition to winning new assignments in our key markets we have also been successful in other markets including utilities.

We have successfully delivered a number of high profile systems to clients and continue to win systems development and integration projects across sectors. A concentration on using mainly Microsoft technologies has helped to focus the efforts in this area. The relationship with Microsoft is developing well and is particularly focused on some of their newer releases of technologies such as Microsoft Office SharePoint Server 2007.

We have been actively recruiting high-quality permanent staff across many areas, particularly business analysts and Microsoft designers/developers. Recruitment has been necessary as utilisation in the IT systems and consultancy business continues to remain high. Average fee rates have shown improvement in the second half of the year and I am confident we can continue this trend into the new financial year.

The market for IT consultancy and systems development remains very competitive.

Board Appointment

On 5 September 2007 I announced the appointment of Ian Haynes as Chief Executive Officer. Since February 2005 I had held the role of Acting Chief Executive. I am confident Ian will continue to build on his previous successes as an executive director of the Group. I continue in my role as Executive Chairman.

Financial Review

For the year ended 31 March 2008 the Group reports an operating loss before exceptional items of £226,000 (2007: profit of £32,000). Operating loss after exceptional items of £478,000 (2007: £873,000 loss) and a loss before tax of £698,000 (2007: £995,000 loss) are both stated after deducting exceptional administrative expenses of £252,000 (2007: £905,000).

In the 6 months to 30 September 2007 the Group reported an operating loss of before exceptional items of £246,000 (6 months to 30 September 2006: loss of £303,000). For the second 6 months of the year the Group is reporting an operating profit of before exceptional items of £20,000 (6 months to 31 March 2007: profit of £335,000).

Revenue has decreased to £33.3m (2007: £36.1m) following a reduction in resourcing activity, particularly in the government sector. Consultancy revenues have improved following increase in headcount and high utilisation levels achieved.

Gross profit as a percentage of revenue has increased to 18.3% (2007: 17.4%). This increase is due to improved utilisation in the consultancy business and the move away from lower margin activity in the contracting business, the effect of which is now fully realised.

Pre-exceptional administrative expenses have increased slightly by 0.7% to £6.30m (2007: £6.26m). Included in exceptional administrative expenses for the year is a charge of £252,000 arising from an increase in the vacant property provision following the abolition of empty property rates relief (see note 5 to the accounts).

During the year we have capitalised £248,000 of expenditure, being the costs of developing a family of web-based sales and resource management services which will provide significant improvements in the process of sales prospecting, talent acquisition and talent management by our clients (note 12). Work on this project has incorporated semantic processing in wider areas of web search, in relation to which a number of patents have been applied for. Originally an internal project, designed to replace the Company's current internal CRM and resource management system, we are now moving to a phase of generating external income from this service which will operate on the SaaS principle (Software as a Service). We have recently started to market these services to our client base and third parties under the brand name 'Zubed', and a number of large corporates have signed up to early trials. Further details regarding these services can be found at www.zubed.com."

Cash reserves at the year end were £0.14m (2007: £1.02m). As explained in my half year statement, the deterioration in cash balances since 31 March 2007 is largely due to the payment of legal and other professional costs relating to the settlement of the claim brought against the Group by its former Chief Executive Mira Makar. Cash control remains a priority and we continue to trade comfortably within the facilities available to us.

Debtor days at the year end were 56 days (2007: 54 days).

Employees

On behalf of the Board I would like to thank staff for their efforts during the past year.

John Rigg
Chairman
16 June 2008

Directors' report
for the year ended 31 March 2008

The Directors present their report and the audited financial statements for the year ended 31 March 2008.

Principal activities

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

Review of business

A review of the Group's business and future developments is contained within the Chairman's statement on page 1. The financial results of the Group are set out in the income statement on page 6 of these financial statements. The key measures used by the Group to monitor its performance are discussed in the Chairman's statement.

Principal risks and uncertainties

As with any business in the UK IT services market the Group faces a number of principal risks and uncertainties. These are summarised as follows;

IT services market

The demand for IT services is affected by UK market conditions. The continual development of Triad's business into new niches and sectors is important in protecting the Group from fluctuations in market conditions.

Revenue visibility

The pipeline of contracted orders for time and materials consultancy work is relatively short. The Board carefully reviews forecasts to assess the level of risk arising from business that is forecast to be won.

Offshore competition

Offshore IT service companies, particularly those located in Asia and Eastern Europe, continue to exert downward pressure on fee rates. Triad continues to develop niche markets and focus on delivering effective solutions where close collaboration with the client is required.

Availability of staff

The ability to recruit and retain staff, and access to a large, appropriately skilled contractor resource are key to ensuring the ability to win and deliver IT services to our clients. Triad continues to actively recruit quality individuals, and ensures the contractor database is constantly updated and expanded.

Financial Instruments

The Board reviews and agrees policies for managing financial risk. These policies, together with an analysis of the Group' exposure to financial risks are summarised in note 3 of these financial statements.

Key Performance Indicators

Financial and non-financial performance key performance indicators (KPIs) used by the Board to monitor progress are revenue, gross margin, fee rates, utilisation and total headcount. Financial KPIs are discussed in the Chairman's statement on page 1. Total headcount analysis can be found in note 8 of these financial statements.

Dividends

The Directors have neither declared an interim dividend nor do they recommend that a final dividend be paid in respect of the year ended 31 March 2008 (2007: nil per 1p ordinary share).

Takeovers Directive

The following disclosures are made following the implementation of the EU Takeovers Directive into UK law and where such required information is not already provided elsewhere in this report.

Share capital

As at 31 March 2008, the Company's issued share capital comprised a single class of shares referred to as ordinary shares. Details of the ordinary share capital can be found in note 20 to these financial statements.

Voting rights

The Group's articles provide that on a show of hands at a general meeting of the Company every member who (being an individual) is present in person and entitled to vote shall have one vote and on a poll, every member who is present in person or by proxy shall have one vote for every share held. The notice of the annual general meeting specifies deadlines for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be passed at the annual general meeting.

Transfer of shares

There are no restrictions on the transfer of ordinary shares in the Company other than as contained in the articles;

- The Board may, in its absolute discretion, and without giving any reason for its decision, refuse to register any transfer of a share which is not fully paid up (but not so as to prevent dealing in listed shares from taking place) and on which the Company has a lien. The Board may also refuse to register any transfer unless it is in respect of only one class of shares, in favour of no more than four transferees, lodged at the Registered office, or such other place as the Board may decide, for registration, accompanied by a certificate for the shares to be transferred (except where the shares are registered in the name of a market nominee and no certificate has been issued for them) and such other evidence as the Board may reasonably require to prove the title of the intending transferor or his right to transfer the shares;

Directors' report for the year ended 31 March 2008

Certain restrictions may from time to time be imposed by laws and regulations, for example;

- Insider trading laws
- The Listing Rules of the Financial Services Authority whereby certain employees of the Company require the approval of the Company to deal in the Company's ordinary shares.

Appointment and replacement of directors

The Board may appoint Directors. Any Directors so appointed shall retire from office at the next annual general meeting of the Company, but shall then be eligible for re-appointment.

The current articles require that at the annual general meeting one third of the Directors shall retire from office but shall be eligible for re-appointment. The Directors to retire by rotation at each annual general meeting shall include any Director who wishes to retire and not offer himself for re-election and otherwise shall be the Directors who, at the date of the meeting, have been longest in office since their last appointment or re-appointment.

A Director may be removed from office by the service of a notice to that effect signed by at least three quarters of all the other Directors.

Amendment of the Company's Articles of Association

The Company's articles may only be amended by a special resolution passed at a general meeting of shareholders.

Charitable donations

The Company made charitable contributions of £600 (2007: of £200).

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 2008 was 23 days (2007: 35 days). See note 17.

Substantial shareholdings

In addition to the disclosure on page 30 of the interests of Directors who held office at the end of the financial year, the Company has been notified of the following substantial holdings in the share capital of the Company at 1 June 2008:

	Percentage of issued share capital
M Makar	29.76%
Liontrust Investment Services Ltd	10.95%
The Chatham Trust	4.79%

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.

New Employee Share Option Scheme

On 12 March 2008 shareholders voted in favour of adopting a new share option scheme (the "Scheme") following the expiry of the previous scheme in March 2006.

The Scheme is in accordance with the Enterprise Management Incentive ("EMI") code set out in Chapter 9 and Schedule 5 the Income Tax (Earnings and Pensions) Act 2003 ("ITEPA").

Under the Scheme the Directors will be given the right to grant options over the Company's ordinary shares of 1p each. These will rank pari passu with existing shares already in issue. No options may be granted after 12 March 2018.

At the date of signing these financial statements no options have been granted under the Scheme.

Directors' report
for the year ended 31 March 2008

Auditors

A resolution to reappoint BDO Stoy Hayward LLP as auditors of the Company will be proposed at the next annual general meeting.

Directors

The Directors who held office during the financial year were:

Executive Directors

John C Rigg, Chairman

Ian M Haynes, Group Chief Executive

Independent non-executive Directors

Alistair M Fulton,
senior independent non-executive Director

Steven M Sanderson

Biographical details of the present Directors of the Company are shown below:

John Rigg is 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 was appointed as non-executive Chairman in June 1999: in May 2004 he became part-time executive Chairman. Between 4 February 2005 and 5 September 2007 John was acting Group Chief Executive.

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 IT World Limited.

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, was appointed as an executive Director of Triad in August 1999 and was appointed Group Chief Executive in September 2007.

Steven Sanderson is a non-executive Director. He is a chartered accountant. He was appointed non-executive Director in January 2007. He has extensive experience at executive director level in the IT services and telecommunications sectors. His background includes public flotations, plc directorship, fund raising, acquisition and disposal activities.

Directors' emoluments are set out in the remuneration report on page 30 and are summarised in note 8 to the financial statements. Directors' interests are given in the remuneration report on page 30.

In the case of each of the Directors at the date of this report:

- so far as the Director is aware, there is no relevant audit information of which the Group's auditors are unaware, and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Responsibility Statement

The Directors confirm that to the best of their knowledge;

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and Company, and
- the Directors' report includes a fair review of the development of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties it faces.

By order of the Board

NE Burrows
Company Secretary

16 June 2008

Independent auditors' report to the members of Triad Group Plc

We have audited the Group and Parent Company financial statements (the "financial statements") of Triad Group Plc for the year ended 31 March 2008 which comprise the Group and Parent Company Income Statements, the Group and Parent Company Balance Sheets, the Group and Parent Company Cash Flow Statements and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and whether, in addition, the Group financial statements have been properly prepared in accordance with Article 4 of the IAS Regulation. We also report to you whether the information given in the Directors' Report is consistent with the financial statements. In addition, we report to you if, in our opinion, 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 other transactions is not disclosed.

We review whether the corporate governance statement reflects the Company's compliance with the nine provisions of the 2006 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 form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, the unaudited part of the Directors' Remuneration Report, the Chairman's Statement, the Five Year Record and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and 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 part of the Directors' Remuneration Report to be audited 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 and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 March 2008 and of its loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation;
- the Parent Company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the Parent Company's affairs as at 31 March 2008 and of its loss for the year then ended;
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors
London

16 June 2008

Income statements
for the year ended 31 March 2008

Group and company	Note	2008 £'000	2007 £'000
Revenue		**33,294**	36,081
Cost of sales		**(27,216)**	(29,791)
Gross profit		**6,078**	6,290
Administrative expenses	5	**(6,556)**	(7,163)
Operating (loss)/profit pre exceptional (expense)/credit		**(226)**	32
Exceptional administrative expense: legal and professional fees	5	**-**	(1,223)
Exceptional administrative (expense)/credit: change in surplus property provision	5	**(252)**	318
Operating loss		**(478)**	(873)
Operating loss	6	**(478)**	(873)
Finance income	7	**19**	18
Finance expense	7	**(239)**	(140)
Loss before tax		**(698)**	(995)
Tax expense	9	**-**	(206)
Loss for the year attributable to equity holders of the parent company		**(698)**	(1,201)
Basic earnings per share	11	**(4.61)p**	(7.93)p
Diluted earnings per share	11	**(4.61)p**	(7.93)p

There is no recognised income or expense except for the loss for the periods stated above, therefore no separate statement of recognised income and expense has been prepared.

Balance sheets
at 31 March 2008

	Note	Group 2008 £'000	Group 2007 £'000	Company 2008 £'000	Company 2007 £'000
Non-current assets					
Intangible assets	12	**296**	53	**296**	53
Property, plant and equipment	13	**775**	684	**775**	684
		1,071	737	**1,071**	737
Current assets					
Trade and other receivables	15	**7,435**	8,314	**7,435**	8,314
Cash and cash equivalents	16	**136**	1,019	**136**	1,019
		7,571	9,333	**7,571**	9,333
Total assets		**8,642**	10,070	**8,642**	10,070
Current liabilities					
Trade and other payables	17	**(4,006)**	(6,191)	**(4,011)**	(6,196)
Bank and other borrowings	18	**(1,268)**	(21)	**(1,268)**	(21)
Short term provisions	19	**(238)**	(205)	**(238)**	(205)
		(5,512)	(6,417)	**(5,517)**	(6,422)
Non-current liabilities					
Bank and other borrowings	18	**(5)**	(17)	**(5)**	(17)
Long term provisions	19	**(1,413)**	(1,254)	**(1,413)**	(1,254)
		(1,418)	(1,271)	**(1,418)**	(1,271)
Total liabilities		**(6,930)**	(7,688)	**(6,935)**	(7,693)
Net assets		**1,712**	2,382	**1,707**	2,377
Shareholders' equity					
Share capital	20	**151**	151	**151**	151
Share premium account	22	**562**	562	**562**	562
Capital redemption reserve	22	**104**	104	**104**	104
Retained earnings	22	**895**	1,565	**890**	1,560
Total shareholders' equity		**1,712**	2,382	**1,707**	2,377

The financial statements on pages 6 to 24 were approved by the Board of Directors and authorised for issue on 16 June 2008 and were signed on its behalf by:

A M Fulton **S M Sanderson**

Cash flow statements
for the year ended 31 March 2008

Group and company	Note	2008 £'000	2007 £'000
Loss for the year		**(698)**	(1,201)
Adjustments for:			
Tax		**-**	206
Depreciation of property, plant and equipment		**385**	370
Profit on disposal of property, plant and equipment		**(18)**	(12)
Amortisation of intangible assets		**36**	48
Finance income		**(19)**	(18)
Interest expense		**100**	32
Share-based payment expense		**28**	28
Changes in working capital			
Decrease in trade and other receivables		**879**	22
(Decrease)/increase in trade and other payables		**(2,185)**	560
Increase/(decrease) in provisions		**192**	(471)
Cash consumed by operations		**(1,300)**	(436)
Interest expense		**(100)**	(32)
Finance income		**19**	18
Tax paid		**-**	-
Net cash flows from operating activities		**(1,381)**	(450)
Cash flows from investing activities			
Purchase of intangible assets		**(279)**	(36)
Purchase of property, plant and equipment		**(590)**	(348)
Proceeds from sale of property, plant and equipment		**132**	106
Net cash flows from investing activities		**(737)**	(278)
Cash flows from financing activities			
Finance lease principal payments		**(22)**	(20)
Net cash flows from financing activities		**(22)**	(20)
Net decrease in cash and cash equivalents		**(2,140)**	(748)
Cash and cash equivalents at beginning of the period		**1,019**	1,767
Cash and cash equivalents at end of the period	16	**(1,121)**	1,019

Notes to the financial statements for the year ended 31 March 2008

1 Principal accounting policies

Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS and IFRIC interpretations), as adopted by the European Union (EU), issued by the International Accounting Standards Board (IASB) with those parts of the Companies Act 1985 applicable to companies preparing their accounts under IFRS.

These financial statements have been prepared on an historic cost basis.

Basis of consolidation

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and any impairment in value.

Depreciation is calculated so as to write off the cost of 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 hardware	25 - 33
Motor vehicles	25 - 33
Fixtures and fittings	10 - 33

Intangible fixed assets

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product so that it will be available for use or sale
- adequate resources are available to complete the development
- there is an intention to complete the product and use or sell it
- the product will generate future economic benefits, internally and/or externally
- expenditure attributable to the development of the product can be measured reliably

Intangible fixed assets are stated at cost, net of accumulated amortisation and any impairment in value. The cost of internally developed software is the attributable salary costs and directly attributable overheads. The development cost of internally generated software is classified as assets under construction until the project stage is successfully completed and the business begins to receive economic gain: at this time, the asset is reclassified as internally generated software and amortisation commences.

Amortisation is calculated so as to write off the cost of assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. Amortisation is charged to administration expenses in the income statement. The principal annual rates used for this purpose are:

	%
Computer software	25 - 33

Impairment of non-financial assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount the asset is written down accordingly.

Trade and other receivables

Trade and other receivables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Amounts are charged to an impairment account when there is evidence that an impairment loss has occurred. Amounts are written off against the carrying amount of trade receivables when it is certain that the receivable will not be realised.

Cash

Cash in the balance sheet comprises cash held at call with banks. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash, as defined above, net of bank overdraft.

Trade and other payables

Trade and other payables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method.

Notes to the financial statements for the year ended 31 March 2008

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Costs in respect of operating leases are charged to the income statement on a straight line basis over the lease term.

Assets held under finance leases are initially recognised as an asset at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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 income statement in the year in which they arise.

Revenue

Revenue, 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 and fixed price consultancy contracts is recognised over the life of the contract, using the percentage of completion method, and is deferred to the extent that it has not been earned.

Taxation

The charge for taxation is based on the profit or loss for the year as adjusted for disallowable items.

Full provision is made for deferred tax on all relevant temporary differences resulting from the difference between the carrying value of an asset or liability and its tax base. Deferred tax assets are recognised to the extent that it is probable that the deferred tax asset will be recovered in the foreseeable future.

Pension costs

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

Share-based payments

Share-based incentive arrangements are provided to employees under the Group's share option scheme. Share options granted to employees since 7 November 2002 are valued at the date of grant using an appropriate option pricing model and are charged to operating profit over the performance or vesting period of the scheme. The annual charge is modified to take account of shares forfeited by employees who leave during the performance or vesting period and, in the case of non-market related performance conditions, where it becomes unlikely the option will vest.

New standards and interpretations

Applied

The Group has adopted the following new standards, amendments and interpretations during the year. Adoption of these standards, amendments and interpretations did not have any effect on the financial performance or position of the Group, but did give rise to additional disclosures.

International Financial Reporting Standards ("IFRS")

IFRS 7 *"Financial Instruments: Disclosures"*

Amendments to existing standards

Amendment to IAS 1 *"Presentation of Financial Statement: Capital Disclosures"*

International Financial Reporting Interpretations Committee ("IFRIC") interpretations

IFRIC 8 *"Scope of IFRS 2"*
IFRIC 9 *"Reassessment of Embedded Derivatives"*
IFRIC 10 *"Interim Reporting and Impairment"*
IFRIC 11 *"IFRS 2: Group and Treasury Share Transactions"*

Not applied

At the date of approval of these financial statements, the following standards and interpretations were issued but not yet mandatory for the Group, and have not been applied in these financial statements.

International Financial Reporting Standards ("IFRS")

IFRS 8 *"Operating Segments"*

Amendments to existing standards

IFRS 3 *"Business Combinations"*
IFRS 2 *"Share-based Payment – Vesting Conditions and Cancellations"*
IAS 1 *"Presentation of Financial Statements – A Revised Approach"*
IAS 23 *"Borrowing Costs"*
IAS 27 *"Consolidated and Separate Financial Statements"*

International Financial Reporting Interpretations Committee ("IFRIC") interpretations

IFRIC 12 *"Service Concession Arrangements"*
IFRIC 13 *"Customer Loyalty Programmes"*
IFRIC 14 *"IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"*

The Directors anticipate that the adoption of the standards, amendments and interpretations in future periods will have no material impact on the Group's financial statements, except for additional disclosures, when the relevant standards come into effect.

2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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 (see note 19).

Management exercises judgement in estimating costs, rental incomes and the discount rate used in the calculation of the provision.

Were the discount rate to increase by 1% this would decrease the provision and credit the income statement £69,000, and were the discount rate to decrease by 1% this would increase the provision and charge the income statement £74,000.

Were 50% of the vacant property to be let for 3 years at a rental income that were 100% of cost this would decrease the discounted provision and credit the income statement £316,000.

Deferred tax asset

A deferred tax asset of £2,522,000 (2007: £2,334,000) has not been recognised because of the uncertainty of the timing of future profits. The unrecognised deferred tax asset may result in any future profits being charged to tax below the standard rate.

Revenue recognition

Revenue from maintenance and fixed price consultancy contracts is recognised over the life of the contract, using the percentage of completion method, and is deferred to the extent that it has not been earned. This requires the Group to estimate the services performed to date as a percentage of the total services to be performed. Were the percentage of services performed to total services to be performed to differ by 10%, the amount of revenue recognised in the year would be increased by £42,000 if the percentage performed were increased, or would be decreased by £56,000 if the percentage performed were decreased.

Revenue from consultancy contracts, which are on a time hire basis, is recognised as the services are delivered. This requires an assessment of services performed between the date of the last time sheet received and the balance sheet date. Were the estimated amounts to differ by 10% this would increase/ decrease revenue by £60,000 and increase/decrease cost of sales by £51,000.

Capitalisation of development costs

The development cost of internally generated software, costing £263,000 has been capitalised during the year, of which £248,000 are classified at the year end as assets under construction until the project stage is successfully completed and the business begins to receive economic gain.

Management exercises judgement in estimating:

- the technical feasibility of developing a product so that it will be available for use or sale
- the future economic benefits that the product will generate

Critical judgements in applying the entity's accounting policies

The Group has not been required to make any judgement, apart from those involving estimates, in applying its accounting policies, that have had a significant effect on the amounts recognised in these financial statements.

3 Financial risk management

The Group uses financial instruments that are necessary to facilitate its ordinary purchase and sale activities, namely cash, bank borrowings in the form of a receivables finance facility, finance leases and trade payables and receivables: the resultant risks are foreign exchange risk, interest rate risk, credit risk, and liquidity 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.

Notes to the financial statements for the year ended 31 March 2008

3.1 Financial risk factors

Foreign exchange risk

There are 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. With a functional currency of sterling there are the following foreign currency net assets:

Group and company

	Note	2008 £'000	2007 £'000
Currency: Euros			
Net cash	16	**67**	71
Trade and other receivables	15	**67**	95
Trade and other payables	17	**(23)**	(37)
		111	129

Any change in currency rates would have no significant effect on results.

Interest rate risk

The Group's interest rate risk arises from its borrowings, which are at a rate that fluctuates in relation to movements in bank base rate. This facility, as detailed in note 18, is secured by way of a debenture over all assets. At the year end borrowing under this facility totalled £1,257,000 (2007: nil).

Cash balances are held in short term interest bearing 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.

A 1% change in interest rates would have changed net finance expense by £10,000.

Credit risk

The Group is mainly exposed to credit risk from credit sales. It is Group policy to assess the credit risk of new customers before entering into contracts. Each new customer is assessed, using external ratings and relevant information in the public domain, before any credit limit is granted. In addition, trade receivables balances are monitored on a regular basis to minimise exposure to bad debts. The amount charged to the income statement during the year in respect of bad debts was £28,000, being 0.08% of turnover (2007: £15,000, being 0.04% of turnover).

Financial assets that are past due but not impaired are analysed in note 15. Each balance has been reviewed by management to assess its recoverability.

The Group also has credit risk from cash deposits with banks (note 16).

The Group's maximum exposure to credit risk is:

	Note	2008 £'000	2007 £'000
Trade and other receivables	15	**7,435**	8,314
Cash and cash equivalents	16	**136**	1,019
		7,571	9,333

Liquidity risk

The Group's liquidity risk arises from its management of working capital. The Group has a facility to borrow an amount up to 90% of approved trade debtors subject to a maximum limit of £5.5m. The board receives regular cash flow and working capital projections to enable it to monitor its available headroom under this facility. At the balance sheet date these projections indicated that the Group expected to have sufficient liquid resources to meet its reasonably expected obligations. Maturity of financial liabilities is set out in notes 17 and 18.

Capital risk management

The Group's capital comprises share capital, share premium and capital redemption reserve. Its objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to maximise shareholder value. To maintain or adjust the capital structure the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

3.2 Fair value estimation

The carrying value of financial assets and liabilities approximate their fair values.

4 Segmental reporting

Based on risks and returns the Directors consider that the primary reporting format is by business segment. The Directors consider that there is only one business segment being business consultancy, software and systems delivery and only one geographical location, being the UK. Therefore the disclosures for the primary segment have already been given in these financial statements.

IFRS8 "Operating Segments", which comes into effect not later than accounting periods beginning on 1 January 2009, requires identification and reporting of operating segments on the basis of internal reports that are regularly reviewed by the Board in order to allocate resources to the segment and assess its performance. The Company assessed the impact of IFRS8 and concluded that it will not give rise to the reporting of any operating segments.

5 Administrative expenses

There is an exceptional administrative charge of £252,000 to increase the vacant property provision, resulting from the abolition of empty property business rates relief.

There was an exceptional administrative credit in 2007 of £318,000 resulting from a change in the discount rate used in the calculation of the provision relating to the vacant property. The discount rate applied in the calculation of the provision was changed from an interest based rate of 5.75% to the Company's weighted average cost of capital of 9.71%.

There was an exceptional administrative charge in 2007 of £1,223,000, being legal and professional fees relating to the situation regarding Mira Makar.

	Note	2008 £'000	2007 £'000
Administrative expenses		**6,304**	6,258
Exceptional administrative charge/(credit):			
change in surplus property provision	19	**252**	(318)
Exceptional administrative expenses: legal and professional fees		**-**	1,223
Total administrative expenses		**6,556**	7,163

6 Operating loss

	2008 £'000	2007 £'000
Operating loss before taxation is stated after crediting:		
Profit on disposal of tangible fixed assets	**18**	12
And after charging:		
Depreciation of owned assets	**370**	355
Depreciation of leased assets	**15**	15
Amortisation of intangible assets	**36**	48
Operating leases for land and buildings	**709**	709
Impairment of receivables	**28**	15
Auditors' remuneration:		
Audit of these financial statements: Group and company	**42**	41
Other services	**5**	5

Notes to the financial statements
for the year ended 31 March 2008

7 Finance income and expense

	2008 £'000	2007 £'000
Finance income		
Bank interest receivable	**6**	18
Net foreign exchange gain	**13**	-
Total finance income	**19**	18
Finance expense		
Bank interest payable	**(98)**	(29)
Finance lease interest	**(2)**	(3)
Total interest expense	**(100)**	(32)
Unwinding of discount on provisions	**(139)**	(108)
Total finance expense	**(239)**	(140)
Net finance expense recognised in profit and loss	**(220)**	(122)

8 Employees and Directors

Group and company	2008 Number	2007 Number
Average number of persons (including executive Directors) employed:	**158**	150

Staff costs for the above persons (including executive Directors)	£'000	£'000
Wages and salaries	**6,711**	6,124
Social security costs	**757**	684
Defined contribution pension costs	**121**	123
Equity settled share-based payments	**28**	28
	7,617	6,959

Directors	£'000	£'000
Emoluments	**285**	227
Money purchase pension contributions	**10**	10
	295	237

One Director (2007: one) had retirement benefits accruing under money purchase pension schemes.

9 Tax expense

	2008 £'000	2007 £'000
Analysis of charge in the year		
Current tax:		
UK corporation tax on losses of the year at 30% (2007: 30%)	**-**	-
Adjustments in respect of previous years	**-**	-
Total current tax	**-**	-
Deferred taxation	**-**	206
Tax expense in income statement	**-**	206

The tax expense for the year differs from the standard rate of corporation tax in the UK (30%). The differences are explained below.

	2008 £'000	2007 £'000
Loss before tax	**(698)**	(995)
Loss before tax multiplied by standard rate of corporation tax in the UK of 30% (2007: 30%)	**(209)**	(298)
Effects of:		
Expenses not deductible for tax purposes	**29**	37
Adjustments in respect of previous periods	**(8)**	-
Movement in unrecognised deferred tax asset in respect of operating losses	**209**	302
Movement in unrecognised deferred tax asset in respect of temporary differences	**(21)**	(41)
Unrecognised deferred tax asset in respect of temporary differences at the start of the year	**-**	206
Total tax charge for the year	**-**	206

A deferred tax asset of £2,522,000 (2007: £2,334,000) has not been recognised because of the uncertainty of the timing of future profits. The unrecognised deferred tax asset may result in any future profits being charged to tax below the standard rate.

Group and company	2008 £'000	2007 £'000
Accelerated depreciation	**138**	139
Other temporary differences	**6**	26
Losses carried forward indefinitely	**2,378**	2,169
Unrecognised deferred tax asset	**2,522**	2,334

10 Dividends

No dividends have been paid or proposed for year ended 31 March 2008 (2007: nil).

11 Earnings per ordinary share

Earnings per share has been calculated on the loss for the year divided by the weighted average number of shares in issue during the period based on the following:

	2008	2007
Loss for the year	**£(698,000)**	£(1,201,000)
Average number of shares in issue	**15,149,579**	15,149,579
Effect of dilutive options*	**-**	-
Average number of shares in issue plus dilutive options	**15,149,579**	15,149,579
Basic earnings per share	**(4.61)p**	(7.93)p
Diluted earnings per share	**(4.61)p**	(7.93)p

* The share options have no dilutive effect in either the current or previous years.

12 Intangible assets

Group and company	Purchased software £'000	Internally developed software £'000	Assets under construction £'000	Total £'000
At 31 March 2007				
Cost	546	451	-	997
Accumulated amortisation	(493)	(451)	-	(944)
Net book value	53	-	-	53
At 31 March 2008				
Cost	562	466	248	1,276
Accumulated amortisation	(526)	(454)	-	(980)
Net book value	**36**	**12**	**248**	**296**
Year ended 31 March 2007				
Opening net book value	65	-	-	65
Additions	36	-	-	36
Disposals	-	-	-	-
Amortisation	(48)	-	-	(48)
Closing net book value	53	-	-	53

12 Intangible assets (Cont.)

Group and company

	Purchased software £'000	Internally developed software £'000	Assets under construction £'000	Total £'000
Year ended 31 March 2008				
Opening net book value	53	-	-	53
Additions	16	-	263	279
Disposals	-	-	-	-
Transfers	-	15	(15)	-
Amortisation	(33)	(3)	-	(36)
Closing net book value	**36**	**12**	**248**	**296**

The development cost of internally generated software is classified as assets under construction until the project stage is successfully completed and the business begins to receive economic gain.

13 Property, plant and equipment

Group and company

	Computer hardware £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
At 31 March 2007				
Cost	547	937	743	2,227
Accumulated depreciation	(452)	(833)	(258)	(1,543)
Net book value	95	104	485	684
At 31 March 2008				
Cost	616	945	920	2,481
Accumulated depreciation	(518)	(879)	(309)	(1,706)
Net book value	**98**	**66**	**611**	**775**
Year ended 31 March 2007				
Opening net book value	129	136	513	778
Additions	41	24	305	370
Disposals	(1)	(4)	(89)	(94)
Depreciation	(74)	(52)	(244)	(370)
Closing net book value	95	104	485	684
Year ended 31 March 2008				
Opening net book value	95	104	485	684
Additions	69	8	513	590
Disposals	-	-	(114)	(114)
Depreciation	(66)	(46)	(273)	(385)
Closing net book value	**98**	**66**	**611**	**775**

Notes to the financial statements for the year ended 31 March 2008

The net carrying amount of property, plant and equipment includes the following amounts in respect of assets held under finance leases (see note 18):

	2008 £'000	2007 £'000
Fixtures and fittings	**12**	32
	12	32

14 Investments

Company

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.

Generic acts as an agent for the business, but does not enter into any transactions in its own right: its business is included within the figures reported by the Company.

(b) Triad Special Systems Limited, Generic Online Limited, Zubed Geospatial Limited, Zoobed Limited, Zubed Sales Limited, Zubed Saas Limited, Zubed Caas Limited and Zubed Analytics 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.

15 Trade and other receivables

Group and company	2008 £'000	2007 £'000
Trade receivables	**6,225**	6,952
Less: provision for impairment of trade receivables	**(28)**	(3)
Trade receivables-net	**6,197**	6,949
Other debtors	**9**	15
Prepayments and accrued income	**1,229**	1,350
	7,435	8,314

The fair value of trade and other receivables approximate closely their book value.

Trade receivables are normally on 30 days payment terms. As at 31 March 2008 trade receivables of £3,527,000 (2007: £2,519,000) were past due but not impaired. They relate to customers with no default history. The total number of customer ledger balances at 31 March 2008 was 264 (2007: 244). The ageing analysis of these receivables is as follows:

Group and company	2008 £'000	2007 £'000
Up to 30 days past due	**2,570**	1,304
30 to 60 days past due	**569**	471
Over 60 days past due	**388**	744
	3,527	2,519

Movements on the provision for impairment of trade receivables is as follows:

Group and company	2008 £'000	2007 £'000
At beginning of the year	**3**	-
Charged to income statement	**28**	15
Receivables written off as uncollectable	**(3)**	(12)
At end of the year	**28**	3

The carrying amount of the Group's trade and other receivables are denominated in the following currencies.

Group and company	2008 £'000	2007 £'000
Pounds	**7,368**	8,219
Euros	**67**	95
	7,435	8,314

Debtor days are calculated by matching year end debtor balances to most recent sales on a day by day basis.

16 Cash and cash equivalents

Group and company	2008 £'000	2007 £'000
Cash available on demand	**136**	1,019

The fair value of cash and cash equivalents approximate closely their book value.
The carrying amount of the Group's cash and cash equivalents is denominated in the following currencies:

Group and company	2008 £'000	2007 £'000
Pounds	**69**	948
Euros	**67**	71
	136	1,019

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash, as detailed above, net of bank borrowings repayable on demand.

Group and company	2008 £'000	2007 £'000
Cash available on demand	**136**	1,019
Bank borrowings repayable on demand	**(1,257)**	-
	(1,121)	1,019

17 Trade and other payables

	Group		Company	
	2008 £'000	2007 £'000	**2008 £'000**	2007 £'000
Trade payables	**2,190**	4,102	**2,190**	4,102
Other taxation and social security	**773**	790	**773**	790
Owed to subsidiary	**-**	-	**5**	5
Accruals and deferred income	**1,043**	1,299	**1,043**	1,299
	4,006	6,191	**4,011**	6,196

The maturity date of the Group's trade and other payables is as follows:

	2008 £'000	2007 £'000
Up to 3 months	**3,709**	5,837
3 to 6 months	**107**	132
6 to 12 months	**190**	222
	4,006	6,191

The fair value of trade and other payables approximate closely their book value.

The carrying amount of the Group's trade payables is denominated in the following currencies:

Group and company	**2008 £'000**	2007 £'000
Pounds	**3,983**	6,154
Euros	**23**	37
	4,006	6,191

Creditor days are calculated with reference to purchases in the last quarter of the financial year.

18 Bank and other borrowings

Group and company	2008 £'000	2007 £'000
Current		
Finance lease obligations	**11**	21
Borrowings	**1,257**	-
	1,268	21
Non-current		
Finance lease obligations	**5**	17
	5	17

The fair value of bank and other borrowings approximate closely their book value.
The carrying amount of the Group's financial liabilities is all denominated in pounds.

Borrowings

Bank borrowings are in the form of a receivables finance facility to borrow an amount up to 90% of approved trade debtors subject to a maximum limit of £5.5m. This facility is secured by way of a debenture over all assets, being £8.6m at 31 March 2008. Bank borrowings are repayable upon demand.

Finance lease obligations

Group and company	2008 £'000	2007 £'000
The minimum lease payments under finance leases fall due as follows:		
In one year or less	**13**	24
In more than one year, but not more than 5 years	**5**	19
	18	43
Future finance charges on finance leases	**(2)**	(5)
Present value of finance lease liabilities	**16**	38

19 Provisions

Group and company	Provisions for vacant properties £'000	Provisions for property dilapidation £'000	Total £'000
At 1 April 2007	1,431	28	**1,459**
Charged to income statement	252	9	**261**
Utilised in year	(213)	(3)	**(216)**
Affect of change in discount rate	8	-	**8**
Unwinding of discount: passage of time (note 7)	139	-	**139**
At 31 March 2008	1,617	34	**1,651**

The maturity profile of the present value of provisions is as follows:

Current	228	10	**238**
Non-current	1,389	24	**1,413**
	1,617	34	**1,651**

The provision for vacant properties covers the anticipated 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. These liabilities have been discounted therefore there is no material difference between the value of the provision recorded in the accounts and the fair value. The maturity profile of the carrying amount of this provision as at 31 March 2008 is as follows:

Group and company	2008 £'000	2007 £'000
In one year or less	**228**	194
In more than one year, but not more than 2 years	**210**	178
In more than 2 years, but not more than 5 years	**535**	449
In more than 5 years	**644**	610
	1,617	1,431

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

20 Share capital

	2008 £'000	2007 £'000
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**	15,149,579
Nominal value	**£151,496**	£151,496

21 Share-based payments

The Triad Group Share Option Scheme was adopted on 13 March 1996. Under this scheme the Board can grant options over shares in the Company to employees and executive Directors of the Company. Options are granted with a fixed exercise price equal to the market price of the shares under option at the date of grant. The contractual life of an option is 10 years.

Options granted under the scheme become exercisable on the third anniversary of the date of grant, subject to:

- Performance criteria being achieved
- Continued employment

At 31 March 2008 1,146,540 options granted under employee share option schemes remain exercisable:

Number	Exercise price	Performance criteria	Period options exercisable
5,820	207.5p	1	10 July 2003 to 10 July 2010
7,180	210.0p	1	10 July 2003 to 10 July 2010
508,040	26.5p	2	25 September 2005 to 25 September 2012
200,000	25.0p	2	4 October 2005 to 4 October 2012
13,500	71.5p	2	24 March 2007 to 24 March 2014
412,000	51.5p	2	8 March 2009 to 8 March 2016

1 Performance criteria: that, over a period consisting of any three consecutive financial years, starting not earlier than the beginning of the financial year commencing immediately before the date of grant, 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 consecutive financial years.

2 Performance criteria: that, the Company shall have achieved a positive basic earnings per share (subject to adjustment to exclude identified exceptional items), as reported in its audited annual accounts, in any financial year commencing at least one year after the date of grant.

The options outstanding at 31 March 2008 had a weighted average remaining contractual life of 5.7 years.

Options have been valued using the Black-Scholes option-pricing model. No performance conditions were included in the fair value calculations. In accordance with the transition provisions, IFRS 2 has been applied to all grants after 7 November 2002 that were unvested as of 1 January 2006.

The total expense recognised in the year is £27,617 (2007: £28,580).

A reconciliation of option movements over the year to 31 March 2008 is shown below:

	2008		2007	
	Number of options	Weighted average exercise price Pence	Number of options	Weighted average exercise price Pence
Outstanding at start of year	**1,190,729**	**40.0**	1,367,729	39.8
Forfeited	**(29,800)**	**45.0**	(177,000)	38.9
Lapsed	**(14,389)**	**201.5**	-	-
Outstanding at end of year	**1,146,540**	**37.8**	1,190,729	40.0
Exercisable at end of year	**734,540**	**30.1**	743,229	32.7

There were no options exercised during the year.

The above figures include options held by Directors which are set out in the Directors' Remuneration Report on page 30.

22 Reserves

	Group and company		Group	Company
	Share premium account	Capital redemption reserve	Retained earnings	Retained earnings
	£'000	£'000	£'000	£'000
At 1 April 2006	562	104	2,738	2,733
Retained loss for the year	-	-	(1,201)	(1,201)
Share-based payments	-	-	28	28
At 31 March 2007	562	104	1,565	1,560
Retained loss for the year	-	-	(698)	(698)
Share-based payments	-	-	28	28
At 31 March 2008	**562**	**104**	**895**	**890**

The share premium account represents the premium paid on the exercise of shares allotted under the Company share option scheme.

The capital redemption reserve represents the nominal value of the purchase and cancellation of its own shares by the Company in 2002.

23 Commitments and contingent liabilities

The Company had no capital commitments at 31 March 2008 or 31 March 2007.

The future aggregate minimum lease payments under non-cancellable operating leases is:

	2008 £'000	2007 £'000
Not later than 1 year	**769**	734
Later than 1 year and no later than 5 years	**1,904**	2,279
Later than 5 years	**1,975**	2,370
	4,648	5,383

24 Related party transactions

The Group 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 2003. JC Rigg, a Director, has notified the Board that he has a 50% beneficial interest in these contracts. The balance owed at the year end was £nil (2007: £nil).

Five year record

Consolidated income statement

Years ended 31 March	**2008 IFRS (Group) £'000**	2007 IFRS (Group) £'000	2006 IFRS (Group) £'000	2005 IFRS (Group) £'000	2004 UK GAAP (Company) £'000
Revenue	**33,294**	36,081	42,725	46,200	36,534
Gross profit	**6,078**	6,290	6,718	6,906	4,731
Profit/(loss) on ordinary activities before taxation	**(698)**	(995)	(791)	138	(759)
Taxation on profit/(loss) on ordinary activities	**-**	(206)	(16)	(25)	(29)
Profit/(loss) on ordinary activities after taxation	**(698)**	(1,201)	(807)	113	(788)
Dividends	**-**	-	-	-	-
Retained profit/(sustained loss) for the financial year	**(698)**	(1,201)	(807)	113	(788)
Basic earnings/(loss) per ordinary share of 1p each (pence)	**(4.61)**	(7.93)	(5.33)	0.75	(5.20)

Balance sheet

As at 31 March	**2008 IFRS (Group) £'000**	2007 IFRS (Group) £'000	2006 IFRS (Group) £'000	2005 IFRS (Group) £'000	2004 UK GAAP (Company) £'000
Non-current assets	**1,071**	737	1,049	1,121	730
Current assets	**7,571**	9,333	10,103	12,106	10,799
Current liabilities	**(5,512)**	(6,417)	(5,878)	(7,068)	(5,017)
Non-current liabilities	**(1,418)**	(1,271)	(1,719)	(1,801)	(2,263)
Net assets	**1,712**	2,382	3,555	4,358	4,249
Share capital	**151**	151	151	151	151
Share premium account	**562**	562	562	562	562
Capital redemption reserve	**104**	104	104	104	104
Retained earnings	**895**	1,565	2,738	3,541	3,432
Equity shareholders' funds	**1,712**	2,382	3,555	4,358	4,249

The accounting period to 31 March 2004 is shown under UK GAAP, whereas subsequent years are shown under International Financial Reporting Standards (IFRS). The main differences between UK GAAP and IFRS that affect operating profit/(loss) are that under IFRS 1) a holiday pay accrual is recognised 2) trade debtors are recognised at book value less subsequent impairment: general non-specific bad debt reserves are not held.

Corporate governance

The Board has considered the principles and provisions of the Combined Code (2006) ("the Code") as set out in the Financial Services Authority'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.

Board composition and structure

At the date of this report the Board has four members: the executive Chairman, an executive Director and two independent non-executive Directors.

The Board exercise 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.

Regularly the Board will consider and discuss matters which include, but are not limited to:

- Strategy
- Financial performance and forecast
- Human resources
- City and compliance matters

During the period under review, and to date, the Chairman has held, and continues to hold, no significant commitments outside the Company.

Alistair Fulton is the nominated senior independent non-executive Director. He has long standing industry experience. He is also free from any business or other relationship which could materially interfere with the exercise of his independent judgement. The Board benefits from this experience and independence, when he brings his individual judgement to Board decisions. He has been a non-executive Director for ten years but the Board consider that he continues to remain independent for the reasons stated above.

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 Chairman and the non-executive Directors are subject to a notice period of one month.

Directors' training

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.

Relations with shareholders

Substantial time and effort is spent by Board members on meetings with and presentations to existing and prospective investors. The views of shareholders derived from such meetings is disseminated by the Chairman to other Board members.

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

Audit Committee

The Board has an Audit Committee, comprised of the Chairman John Rigg, and the independent non-executive Directors, Alistair Fulton and Steven Sanderson. The Committee is chaired by Alistair Fulton.

The Board believe that John Rigg and Steven Sanderson, both chartered accountants with broad experience of the IT industry, and Alistair Fulton, who has been a Director of companies in the IT sector for over 20 years, have recent and relevant financial experience, as required by the Code.

The Audit Committee is responsible for reviewing the Company's annual and interim financial statements and other announcements. It is also responsible for reviewing the Company's internal financial controls and its internal control and risk management systems.

It considers the appointment and fees of external auditors, and discusses the audit scope and findings arising from audits. The Committee is also responsible for assessing the Company's need for an internal audit function.

Staff may contact the senior independent non-executive Director, in confidence, to raise genuine concerns of possible improprieties in financial reporting or other matters.

Remuneration Committee

The Board has a Remuneration Committee, comprised of the Chairman John Rigg, and the independent non-executive Directors, Alistair Fulton and Steven Sanderson. The Committee is chaired by Alistair Fulton.

Its key role is to determine executive 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 29.

Terms of reference

The terms of reference of the Audit and Remuneration Committees are available on request from the Company Secretary.

Board attendance

The following table shows the attendance of Directors at scheduled meetings of the Board and Audit and Remuneration Committees during the year ended 31 March 2008.

Number of meetings held

	Board	Audit Committee	Remuneration Committee
Executive Directors:			
John Rigg (Chairman)	14	3	2
Ian Haynes	14	n/a	n/a
Non-executive Directors:			
Alistair Fulton	14	3	2
Steven Sanderson	14	3	2

Accountability and audit

Statement of Directors' responsibilities

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets of the Company, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 1985.

The Directors are responsible for preparing the annual report and the financial statements in accordance with the Companies Act 1985. The Directors are also required to prepare financial statements for the Group in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and Article 4 of the IAS Regulation. The Directors have chosen to prepare financial statements for the Company in accordance with IFRSs

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. A fair presentation also requires the Directors to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

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 Audit Committee regularly reviews the effectiveness of the Company's system of internal financial 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 audit as well as regular Board review.
- An appropriate budgeting process where the business prepares 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 full-time executive Directors to discuss and monitor potential risks to the business.

The Audit Committee 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.

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:

A.1.5 *The company should arrange appropriate insurance cover in respect of legal action against its directors.* Appropriate insurance cover was put in place in December 2007.

A.2.1 *The roles of chairman and chief executive should not be exercised by the same individual*. In September 2007 Ian Haynes was appointed Chief Executive. Prior to this date John Rigg held the roles of Chairman and Chief Executive.

A.4.1 /4.6 *There should be a nominations committee which should lead the process for board appointments and make recommendations to the board*. The Board considers that because of its size, the whole Board should be involved in Board appointments.

A.6 *The board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors*. There is a process of continuous informal evaluation, due to the small size of the Board.

A.7.2 *Non-executive directors should be appointed for specified terms*. Although not appointed for fixed terms, Non-executive Directors are 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. *Non-executive directors may serve longer than nine years, subject to annual re-election*. The Board consider that because of its size, re-election by rotation every three years at the Annual General Meeting is sufficient.

B.2.1 *The board should establish a remuneration committee of at least two members, who should all be independent non-executive directors*. The Remuneration Committee consists of the executive Chairman and two independent non-executive Directors.

C.3.1 *The board should establish an audit committee of at least two members, who should all be independent non-executive directors*. The Audit Committee consists of the executive Chairman and two independent non-executive Directors.

By order of the Board

NE Burrows
Company Secretary

16 June 2008

Directors' remuneration report

Unaudited information

Remuneration committee

The Remuneration Committee has, during the year, been comprised of the Chairman and the independent non-executive Directors. These are:

A M Fulton
(Chairman of the Remuneration Committee)

J C Rigg

S M Sanderson

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;
- discretionary share options; and
- discretionary performance-related remuneration

It is the Company's policy to contribute, to the personal pension scheme of each executive Director. 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 appropriate at the present time. The executive Directors' existing interest in shares and share options are expected to align their interests with those of shareholders.

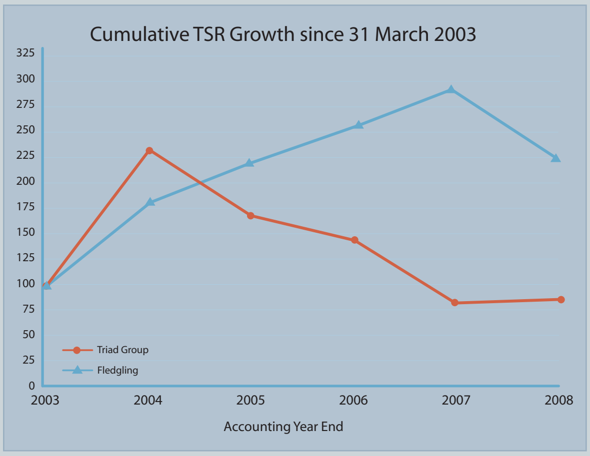
It is the Company's policy in relation to Directors' contracts that:

- 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
I M Haynes	20/08/1999	6 months
J C Rigg	01/07/1999	1 month
A M Fulton	19/02/1997	1 month
S M Sanderson	01/01/2007	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.

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 2007	31 March 2008
A M Fulton	354,100	354,100
J C Rigg	4,509,400	4,509,000
I M Haynes	305,000	355,000
S M Sanderson	20,760	86,106

Directors’ remuneration report

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	**2008 Total £’000**	2007 Total £’000
Executive					
J C Rigg	25	-	-	**25**	25
I M Haynes	200	10	3	**213**	165
Non-executive					
A M Fulton	27	-	-	**27**	32
S M Sanderson	20	-	-	**20**	5
	272	**10**	**3**	**285**	227

Expense allowances include car allowances and payments in lieu of pensions and other benefits. Benefits in kind include the provision of medical insurance.

Directors pension entitlements are shown below.

Directors’ share options

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

	At begining of year	Granted during year	Exercised during year	At end of year	Exercise price	Exercise period
I M Haynes granted 04.10.02	200,000	-		200,000	25.0p	04.10.05 to 04.10.12

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

- The performance requirement in relation to these options 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 total share based payment expense recognised in the year in respect of Directors share options is nil.

The market price of the Company’s shares was 25.0p at 31 March 2008 and the range during the year was between 22.5p and 33.0p.

Directors’ pension entitlement

One Director is a member of a money purchase scheme into which the Company made contributions during the year. The contributions paid by the Company in respect of this Director is as follows:

	2008 £'000	2007 £'000
I M Haynes	**10**	10

Long term incentive scheme

The Company does not operate a long term incentive scheme.

Directors' remuneration report

Compliance

This report has been prepared in accordance with the Directors' Remuneration Report Regulations 2003. 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

NE Burrows
Company secretary

16 June 2008

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:

Equiniti
PO Box 4630
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6QQ

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:

Nick Burrows
Triad Group Plc
Weyside Park
Catteshall Lane
Godalming
Surrey
GU7 1XE

Telephone:	01483 860222
Fax:	01483 860198
Email:	investors@triad.co.uk

Financial calendar

Annual general meeting	Summer 2008
Financial year ended 31 March 2009: expected announcement of results	
Half year	November 2008
Full year preliminary announcement	June 2009

Executive Directors

John C Rigg, Chairman
Ian M Haynes

Non-executive Directors

Alistair M Fulton
Steven M Sanderson

Secretary and registered office

Nick Burrows

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Country of incorporation of parent company

Great Britain

Legal form

Public limited company

Company number

2285049

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Solicitors

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