Triad Group Plc
Annual Report and Accounts
2007

Executive Directors

John C Rigg, Chairman
Ian M Haynes

Non-executive Directors

Alistair M Fulton
Steven M Sanderson

Secretary and registered office

Andrew J Dixon FCA
Triad Group Plc
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Surrey
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Facsimile: 01483 860198
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Country of incorporation of parent company

Great Britain

Legal form

Public limited company

Company number

2285049

Registered auditors

BDO Stoy Hayward LLP
8 Baker Street
London
W1U 3LL

Solicitors

Allen & Overy LLP
One Bishops Square
London
E1 6AO

Bankers

Lloyds TSB Bank plc
City Office
11-15 Monument Street
London
EC3V 9JA

Stockbrokers

Evolution Securities Ltd
100 Wood Street
London
EC2V 7AN

Registrars

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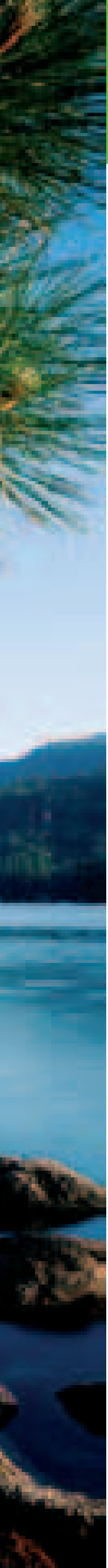
PO Box 28506
Finance House
Orchard Brae
Edinburgh
Scotland
EH4 1XZ

Contents



Chairman's statement

Business Review

Financial Highlights

- Revenue for the year ended 31 March 2007: £36.1m (2006: £42.7m)
- Operating loss after exceptional items: £0.87m (2006: £0.64m loss)
- Loss before tax: £0.99m (2006: £0.79m loss)
- Operating profit before exceptional items: £0.03m (2006: £0.25m loss)
- Gross profit as a percentage of revenue 17.4% (2006: 15.7%)
- Year end cash reserves £1.02m (2006: £1.77m)

Financial Review

This year has produced a very creditable performance with the Company reporting a small operating profit before exceptional items of £32,000 (2006: loss of £249,000). Operating loss after exceptional items of £873,000 (2006: £640,000 loss) and a loss before tax of £995,000 (2006: £791,000 loss) are both stated after deducting exceptional administrative expenses of £905,000 (2006: £391,000).

In the 6 months to 30 September 2006 the Company reported an operating loss of £303,000 before exceptional items (6 months to 30 September 2005: loss of £101,000). For the second 6 months of the year the Company is reporting an operating profit of £335,000 before exceptional items (6 months to 31 March 2006: loss of £148,000).

Revenue has decreased to £36.1m (2006: £42.7m) largely as a result of a reduction in the volume of low margin resourcing business. However, gross profit as a percentage of revenue has increased to 17.4%. This is the fourth successive percentage rise in as many years, reflecting the continuing move away from lower margin activity, as I explain below.

Pre-exceptional administrative expenses have decreased by 10% to £6.26m (2006: £6.97m) primarily as a result of a decrease in staff costs.

As previously reported, on 4 November 2006, a full and final settlement was reached of the claim brought against the Company by its former Chief Executive, Mira Makar. Costs relating to the claim totalling £1,223,000 are included within exceptional items in the operating loss for the year (see note 3 to the accounts).

Also included in exceptional administrative expenses for the year is a credit of £318,000 (2006: £nil) resulting from a change in the discount rate used in the calculation of the provision relating to vacant property (see note 3 to the accounts).

Cash reserves at the year end were £1.02m. While a significant amount of legal costs was still outstanding for payment at the year end, as at the date of this statement all outstanding bills in relation to the settlement referred to above have been paid, and the cash situation remains healthy. Cash control continues to be a priority.

There have been no material bad debts in the year and debtor days at the year end were 54 days (2006: 48 days). See note 18.

Business Performance

The dependence of the resourcing business on low margin activities is now largely behind us.

The originally identified niche markets such as retail system rollouts, retail system support, GIS, storage and billing systems now form the key basis of our technology specific coverage of niche sectors. The success of this approach has led to our development into over 20 separate specialist niche sectors, which have been identified for their potential for considerable growth over the coming decade. Growth in these sectors is a key business objective, followed closely by identification and penetration of new niche markets.

Charge rates and average margins have increased, and show the potential to improve still further as we develop our business as a supplier in our chosen niche markets.

As anticipated we have seen growth in the demand for strategic IT consultancy, particularly around service-oriented architecture and security. Our development and integration projects continue to focus on the delivery of business critical systems involving web portals, business process management, databases and electronic forms processing.

We continue to provide high-quality services within the public sector and have been awarded new consultancy and systems development contracts. Our presence in other sectors has increased with new engagements in both financial services and telecommunications markets.

Utilisation in the IT systems and consultancy business remains high and we have continued to recruit high-quality permanent staff including project managers, architects, analysts and developers. Achievable rates have remained static due to competitive pressures in the market place. Staff morale remains high and staff attrition very low.

In recognition of our successful delivery of a number of Microsoft based solutions Triad has attained Microsoft Gold Partner status. This has required us to prove our capability to deliver solutions using Microsoft technologies through references from satisfied clients and demonstrating our staffs' technical expertise through the achievement of Microsoft professional certifications.

Employees

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

J. G. Rigg

John Rigg

Chairman

14 June 2007

Directors' report for the year ended 31 March 2007

The Directors present their report and the audited financial statements for the year ended 31 March 2007.

Principal activities

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

Review of business

A review of the 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 5 of these financial statements. The key measures used by the Company 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 Company 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 Company 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.

Financial Instruments

The Board reviews and agrees policies for managing financial risk. These policies, together with an analysis of the Company' exposure to financial risks, are summarised in note 18 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 2007 (2006: nil per 1p ordinary share).

Directors

The Directors who held office during the financial year were:

Executive Directors

John C Rigg,
Chairman and acting Group Chief Executive

Ian M Haynes

Independent non-executive Directors

Alistair M Fulton,
senior independent non-executive Director

Steven M Sanderson (appointed 1 January 2007)

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. Since 4 February 2005 John has been 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 the Information Technology Telecommunications and Electronics Association, IT World Limited and Totem Systems 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 and was appointed as an executive Director of Triad in August 1999.

Steven Sanderson is a non-executive Director. He is a chartered accountant. He was appointed non-executive Director on 1 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' report for the year ended 31 March 2007

Directors' emoluments are set out in the remuneration report on page 26 and are summarised in note 6 to the financial statements. Directors' interests are given in the remuneration report on page 25.

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.

Charitable donations

The Company made charitable contributions of £200 (2006: £290).

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 2007 was 35 days (2006: 30 days). See note 18.

Substantial shareholdings

In addition to the disclosure on page 25 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 2007:

	Percentage of issued share capital
M Makar	29.76%
Liontrust Investment Services Ltd	11.28%
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.

Auditors

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

By order of the board

AJ Dixon FCA
Company secretary
14 June 2007

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 2007 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. Additionally, we report to you whether the information given in the Directors' Report is consistent with those financial statements. We also 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 2003 FRC 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 2007 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 2007 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

14 June 2007

Income statements
for the year ended 31 March 2007

Group and company	Note	2007 £'000	2006 £'000
Revenue		**36,081**	42,725
Cost of sales		**(29,791)**	(36,007)
Gross profit		**6,290**	6,718
Administrative expenses	3	**(7,163)**	(7,358)
Operating profit/(loss) pre exceptional expense/(credit)		**32**	(249)
Exceptional administrative expense: legal and professional fees		**(1,223)**	(391)
Exceptional administrative credit: change in surplus property provision		**318**	-
Operating loss		**(873)**	(640)
Operating loss	4	**(873)**	(640)
Finance income	5	**18**	43
Finance expense	5	**(32)**	(49)
Other finance losses	5	**(108)**	(145)
Loss before tax		**(995)**	(791)
Tax expense	7	**(206)**	(16)
Loss for the year		**(1,201)**	(807)
Basic earnings per share	9	**(7.93)p**	(5.33)p
Diluted earnings per share	9	**(7.93)p**	(5.33)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 2007

	Note	Group 2007 £'000	Group 2006 £'000	Company 2007 £'000	Company 2006 £'000
Non-current assets					
Intangible assets	10	**53**	65	**53**	65
Property, plant and equipment	11	**684**	778	**684**	778
Deferred tax	12	**-**	206	**-**	206
		737	1,049	**737**	1,049
Current assets					
Trade and other receivables	14	**8,314**	8,336	**8,314**	8,336
Cash and cash equivalents	22	**1,019**	1,767	**1,019**	1,767
		9,333	10,103	**9,333**	10,103
Total assets		**10,070**	11,152	**10,070**	11,152
Current liabilities					
Trade and other payables	15	**(6,191)**	(5,631)	**(6,196)**	(5,636)
Financial liabilities	16	**(21)**	(18)	**(21)**	(18)
Short term provisions	17	**(205)**	(229)	**(205)**	(229)
		(6,417)	(5,878)	**(6,422)**	(5,883)
Non-current liabilities					
Financial liabilities	16	**(17)**	(18)	**(17)**	(18)
Long term provisions	17	**(1,254)**	(1,701)	**(1,254)**	(1,701)
		(1,271)	(1,719)	**(1,271)**	(1,719)
Total liabilities		**(7,688)**	(7,597)	**(7,693)**	(7,602)
Net assets		**2,382**	3,555	**2,377**	3,550
Shareholders' equity					
Share capital	19	**151**	151	**151**	151
Share premium account	21	**562**	562	**562**	562
Capital redemption reserve	21	**104**	104	**104**	104
Retained earnings	21	**1,565**	2,738	**1,560**	2,733
Total shareholders' equity		**2,382**	3,555	**2,377**	3,550

The financial statements on pages 5 to 20 were approved by the Board of Directors and authorised for issue on 14 June 2007 and were signed on its behalf by:

A M Fulton S M Sanderson

Cash flow statements
for the year ended 31 March 2007

Group and company	Note	2007 £'000	2006 £'000
Net loss		**(1,201)**	(807)
Adjustments for:			
Tax		**206**	16
Depreciation of property, plant and equipment		**370**	396
Profit on disposal of property, plant and equipment		**(12)**	(20)
Amortisation of intangible assets		**48**	50
Interest Income		**(18)**	(43)
Interest expense		**32**	49
Share-based payment expense		**28**	4
Changes in working capital			
Decrease in trade and other receivables		**22**	3,666
Increase/(decrease) in trade and other payables		**560**	(1,232)
Decrease in provisions		**(471)**	(76)
Cash (consumed by)/generated from operations		**(436)**	2,003
Interest paid		**(32)**	(49)
Interest received		**18**	43
Tax paid		**-**	(9)
Net cash flows from operating activities		**(450)**	1,988
Cash flows from investing activities			
Purchase of intangible assets		**(36)**	(27)
Purchase of property, plant and equipment		**(348)**	(443)
Proceeds from sale of property plant and equipment		**106**	169
Net cash flows from investing activities		**(278)**	(301)
Cash flows from financing activities			
Finance lease principal payments		**(20)**	(24)
Net cash flows from financing activities		**(20)**	(24)
Net (decrease)/increase in cash and cash equivalents		**(748)**	1,663
Cash and cash equivalents at beginning of the period		**1,767**	104
Cash and cash equivalents at end of the period	22	**1,019**	1,767

Notes to the financial statements for the year ended 31 March 2007

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.

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

Intangible fixed assets are recognised where it is probable that the expected future economic benefits that are attributable to the asset will flow to the group. 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 related overheads.

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

Trade and other receivables

Trade and other receivables are recognised at fair value, being transaction value less subsequent impairment.

Trade and other payables

Trade and other payables are recognised at fair value.

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 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 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.

Use of accounting estimates and judgements

In preparing the financial statements management has to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The judgements and key sources of estimation uncertainty that have been made in preparing the consolidated financial statements are detailed below. These judgements involve assumptions or estimates in respect of future events which can vary from what is anticipated.

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 3).

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

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 not yet adopted

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

International Financial Reporting Standards (“IFRS”)

IFRS 7 “Financial Instruments: Disclosures”

IFRS 8 “Operating Segments”

Amendments to existing standards

Amendment to IAS 1 “Presentation of Financial Statements: Capital Disclosures”

Amendment to IAS 21 “The Effects of Changes in Foreign Exchange Rates”

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”

IFRIC 12 “Service Concession Arrangements”

The Directors anticipate that the adoption of these standards 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 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 be material.

3 Administrative expenses

Administrative expenses include a charge of £1,223,000 (2006: £391,000) for exceptional administrative expenses in respect of legal and professional fees which the Group has been obliged to incur as a result of the situation regarding Mira Makar, which has now been finalised, and a contribution to costs incurred by Ms Makar in connection with the discharge of her duties as a director and employee of the Company.

There is also an exceptional administrative credit of £318,000 (2006: nil) resulting from a change in the discount rate used in the calculation of the provision relating to the vacant property. The Directors have exercised their judgement in respect of the change to the discount rate applied in the calculation of the provision from an interest based rate of 5.75% to the Company's weighted average cost of capital of 9.71% (see note 17).

	2007 £'000	2006 £'000
Administrative expenses	**6,258**	6,967
Exceptional administrative expenses: legal and professional fees	**1,223**	391
Exceptional administrative credit: change in surplus property provision	**(318)**	-
Total administrative expenses	**7,163**	7,358

4 Operating loss

	2007 £'000	2006 £'000
Operating loss before taxation is stated after crediting:		
Profit on disposal of tangible fixed assets	**12**	20
And after charging:		
Depreciation of owned assets	**355**	375
Depreciation of leased assets	**15**	21
Amortisation of intangible assets	**48**	50
Operating leases for land and buildings	**709**	709
Auditors' remuneration:		
Audit of these financial statements: Group and Company	**39**	35
Other services	**7**	-

5 Finance income and expense

	2007 £'000	2006 £'000
Bank interest receivable	18	43
Finance income	18	43
Bank interest payable	(29)	(45)
Finance lease interest	(3)	(4)
Finance expense	(32)	(49)
Unwinding of discount on provisions	(108)	(145)
Other finance losses	(108)	(145)

6 Employees and Directors

Group and company	2007 Number	2006 Number
Average number of persons (including executive Directors) employed:	150	151

Staff costs for the above persons (including executive Directors)	£'000	£'000
Wages and salaries	6,124	6,984
Social security costs	684	835
Defined contribution pension costs	123	134
Equity settled shared-based payments	28	4
	6,959	7,957

Directors	£'000	£'000
Emoluments	227	329
Money purchase pension contributions	10	10
	237	339

One Director (2006: one) had retirement benefits accruing under money purchase pension schemes.

7 Tax expense

Analysis of charge in the year	2007 £'000	2006 £'000
Current tax:		
UK corporation tax on losses of the year at 30% (2006: 30%)	-	-
Adjustments in respect of previous years	-	9
Total current tax	-	9
Deferred taxation	**206**	7
Tax expense in income statement	**206**	16

Due to accumulated losses the Directors believe that it is more likely than not there will be insufficient profits in the short term to enable them to continue to recognise the deferred tax asset in relation to temporary differences. The amount charged to the consolidated income statement in relation to the deferred tax asset is £206,000 (2006: £7,000).

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

	2007 £'000	2006 £'000
Loss before tax	**(995)**	(791)
Loss before tax multiplied by standard rate of corporation tax in the UK of 30% (2006: 30%)	**(298)**	(237)
Effects of:		
Expenses not deductible for tax purposes	**37**	22
Adjustments in respect of previous periods	-	9
Movement in unrecognised deferred tax asset in respect of operating losses	**302**	222
Movement in unrecognised deferred tax asset in respect of temporary differences	**(41)**	-
Unrecognised deferred tax asset in respect of temporary differences at the start of the year	**206**	-
Total tax charge for the year	**206**	16

A deferred tax asset of £2,334,000 (2006: £1,867,000) 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.

8 Dividends

No dividends have been paid or proposed for year ended 31 March 2007 (2006: nil).

9 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:

	2007	2006
Loss for the year	**£(1,201,000)**	£(807,000)
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	**(7.93)p**	(5.33)p
Diluted earnings per share	**(7.93)p**	(5.33)p

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

10 Intangible assets

Group and company	Purchased software £'000	Internally developed software £'000	Total £'000
At 31 March 2006			
Cost	814	451	1,265
Accumulated amortisation	(749)	(451)	(1,200)
Net book value	**65**	**-**	**65**
At 31 March 2007			
Cost	546	451	997
Accumulated amortisation	(493)	(451)	(944)
Net book value	**53**	**-**	**53**
Year ended 31 March 2006			
Opening net book value	88	-	88
Additions	27	-	27
Disposals	-	-	-
Amortisation	(50)	-	(50)
Closing net book value	**65**	**-**	**65**
Year ended 31 March 2007			
Opening net book value	65	-	65
Additions	36	-	36
Disposals	-	-	-
Amortisation	(48)	-	(48)
Closing net book value	**53**	**-**	**53**

During the year the Company wrote off computer software with a book cost of £304,000. As these assets were fully amortised there was no charge to the income statement.

11 Property, plant and equipment

Group and company	Computer hardware £'000	Fixtures & fittings £'000	Motor vehicles £'000	Total £'000
At 31 March 2006				
Cost	1,149	999	735	2,883
Accumulated depreciation	(1,020)	(863)	(222)	(2,105)
Net book value	129	136	513	778
At 31 March 2007				
Cost	547	937	743	2,227
Accumulated depreciation	(452)	(833)	(258)	(1,543)
Net book value	**95**	**104**	**485**	**684**
Year ended 31 March 2006				
Opening net book value	165	134	521	820
Additions	42	70	391	503
Disposals	-	-	(149)	(149)
Depreciation	(78)	(68)	(250)	(396)
Closing net book value	129	136	513	778
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**

During the year the Company wrote off computer hardware with a book cost of £642,000. As these assets were fully depreciated there was no charge to the income statement.

The net carrying amount of property, plant and equipment includes the following amounts in respect of assets held under finance leases (see note 16):

	2007 £'000	2006 £'000
Computer hardware	-	-
Fixtures and fittings	32	33
Motor vehicles	-	-
	32	33

12 Deferred tax asset

Group and company	2007 £'000	2006 £'000
Accelerated depreciation	-	143
Temporary differences	-	63
Deferred tax asset	-	206

At 1 April	**206**	213
Amount charged to income statement (note 7)	**(206)**	(7)
At 31 March	-	206

The deferred tax asset in relation to temporary differences which was recognised in 2006 is no longer recognised. The deferred tax asset in relation to operating losses has not been recognised in either 2006 or 2007 (see note 7).

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

14 Trade and other receivables

Group and company	2007 £'000	2006 £'000
Trade debtors	**6,949**	6,926
Other debtors	**15**	20
Prepayments and accrued income	**1,350**	1,390
	8,314	8,336

15 Trade and other payables

	Group		Company	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Trade creditors	**4,102**	3,293	**4,102**	3,293
Other taxation and social security	**790**	758	**790**	758
Owed to subsidiary	-	-	**5**	5
Accruals and deferred income	**1,299**	1,580	**1,299**	1,580
	6,191	5,631	**6,196**	5,636

16 Financial liabilities

Group and company	2007 £'000	2006 £'000
Finance lease obligations		
The minimum lease payments under finance leases fall due as follows:		
In one year or less	**24**	20
In more than one year, but not more than 5 years	**19**	19
	43	39
Future finance charges on finance leases	**(5)**	(3)
Present value of finance lease liabilities	**38**	36

The maturity profile of the present value of finance lease liabilities is as follows:

Current	**21**	18
Non-current	**17**	18
	38	36

17 Provisions

Group and company	Provision for vacant properties £'000	Provision for property dilapidation £'000	Total £'000
At 1 April 2006	1,882	48	**1,930**
Charged to income statement	-	5	**5**
Utilised in year	(212)	-	**(212)**
Released in year	(29)	(25)	**(54)**
Effect of change in discount rate (note 3)	(318)	-	**(318)**
Unwinding of discount: passage of time (note 5)	108	-	**108**
At 31 March 2007	1,431	28	**1,459**

The maturity profile of the present value of provisions for liabilities and charges is as follows:

Current	194	11	**205**
Non-current	1,237	17	**1,254**
	1,431	28	**1,459**

The provision for vacant properties covers the anticipated discounted future costs of rent, rates and other outgoings in respect of unoccupied property, less anticipated future rental income. It has been calculated on the basis of when the property is anticipated to be sub-let. The maturity profile of the carying amount of this provision as at 31 March 2007 is detailed in note 18.

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

18 Financial instruments

Group and company

Financial instruments are used 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 liquidity risk, foreign currency risk and interest rate risk. The Company does not use financial derivatives in its management of these risks.

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

Bank borrowings

The Company actively manages bank facilities to ensure there are sufficient available funds for its operations. The Board regularly reviews reports on cash performance and forward projections.

There is a 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. At the year end there was no borrowing under this facility.

Foreign currencies

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	2007 £'000	2006 £'000
Currency: Euros		
Net cash	**71**	35
Trade debtors and accrued income	**95**	66
Trade creditors and accruals	**(37)**	(31)
	129	70

Interest rates

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.

Financial assets: cash at bank

Group and company	2007 £'000	2006 £'000
Sterling	**948**	1,732
Euros	**71**	35
	1,019	1,767

Credit Risk

The Company manages its exposure to credit risk by carrying out credit assessments on all prospective customers including the review of credit agency scores and relevant information in the public domain.

Debtor and creditor days

Debtor days are calculated by matching year end debtor balances to most recent sales on a day by day basis. Creditor days are calculated with reference to purchases in the last quarter of the financial year.

Financial assets and liabilities

The Group and Company have the following financial assets and liabilities:

- Cash balances: these are stated at book values, which approximate closely to their fair values (see note 22).
- Finance leases: these are stated at the present value of minimum lease payments, which approximate closely to their fair values (see note 16).
- Trade and other receivables: these are stated at book values less provision for impairment, which approximate closely to their fair values (see note 14).
- Trade and other payables: these are stated at book values, which approximate closely to their fair values (see note 15).
- A provision for vacant properties, which represents the estimated cost of future liabilities in respect of leasehold properties which are surplus to the requirements of the Company. These liabilities 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 2007 is as follows:

Group and company	2007 £'000	2006 £'000
In one year or less	**194**	201
In more than one year, but not more than 2 years	**178**	191
In more than 2 years, but not more than 5 years	**449**	522
In more than 5 years	**610**	968
	1,431	1,882

19 Share capital

	2007	2006
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

20 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 2007 1,190,729 options granted under employee share option schemes remain exercisable:

Number	Exercise price	Performance criteria	Period options exercisable
14,389	201.5p	1	4 July 2000 to 4 July 2007
5,820	207.5p	1	10 July 2003 to 10 July 2010
7,180	210.0p	1	10 July 2003 to 10 July 2010
515,840	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
434,000	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 2007 had a weighted average remaining contractual life of 6.7 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 2005.

The total expense recognised in the year is £28,580 (2006: £3,807).

A reconciliation of option movements over the year to 31 March 2007 is shown below:

	2007 Number of options	2007 Weighted average exercise price Pence	2006 Number of options	2006 Weighted average exercise price Pence
Outstanding at start of year	**1,367,729**	**39.8**	888,493	32.3
Granted	-	-	522,000	51.5
Forfeited	**(177,000)**	**38.9**	(42,764)	26.5
Exercised	-	-	-	-
Outstanding at end of year	**1,190,729**	**40.0**	1,367,729	39.8
Exercisable at end of year	**743,229**	**32.7**	832,229	32.0

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 26.

21 Reserves

	Group and company		Group	Company
	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Retained earnings £'000
At 1 April 2005	562	104	3,541	3,536
Retained loss for the year	-	-	(807)	(807)
Share-based payments	-	-	4	4
At 31 March 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**

The share premium account represents the premium paid on 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.

22 Cash and cash equivalents

Group and company

	2007 £'000	2006 £'000
Cash available on demand	**1,019**	1,767

23 Commitments and contingent liabilities

The company had no capital commitments at 31 March 2007 or 31 March 2006.

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

	2007 £'000	2006 £'000
Not later than 1 year	**734**	709
Later than 1 year and no later than 5 years	**2,279**	2,618
Later than 5 years	**2,370**	2,765
	5,383	6,092

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 (2006: £nil).

Five year record

Consolidated income statement

Years ended 31 March	2007 IFRS (group) £'000	2006 IFRS (group) £'000	2005 IFRS (group) £'000	2004 UK GAAP (company) £'000	2003 UK GAAP (company) £'000
Revenue	**36,081**	42,725	46,200	36,534	27,756
Gross profit	**6,290**	6,718	6,906	4,731	1,998
Profit/(loss) on ordinary activities before taxation	**(995)**	(791)	138	(759)	(4,980)
Taxation on profit/(loss) on ordinary activities	**(206)**	(16)	(25)	(29)	8
Profit/(loss) on ordinary activities after taxation	**(1,201)**	(807)	113	(788)	(4,972)
Dividends	-	-	-	-	-
Retained profit/(sustained loss) for the financial year	**(1,201)**	(807)	113	(788)	(4,972)
Basic earnings/(loss) per ordinary share of 1p each (pence)	**(7.93)**	(5.33)	0.75	(5.20)	(27.20)

Balance sheet

As at 31 March	2007 IFRS (group) £'000	2006 IFRS (group) £'000	2005 IFRS (group) £'000	2004 UK GAAP (company) £'000	2003 UK GAAP (company) £'000
Non-current assets	**737**	1,049	1,121	730	726
Current assets	**9,333**	10,103	12,106	10,799	10,124
Current liabilities	**(6,417)**	(5,878)	(7,068)	(5,017)	(3,363)
Non-current liabilities	**(1,271)**	(1,719)	(1,801)	(2,263)	(2,450)
Net assets	**2,382**	3,555	4,358	4,249	5,037
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	**1,565**	2,738	3,541	3,432	4,220
Equity shareholders' funds	**2,382**	3,555	4,358	4,249	5,037

The two accounting periods to 31 March 2004 are 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 (2003) ("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.

Steven Sanderson was appointed to the Board on 1 January 2007 as non-executive Director following a series of interviews and meetings with other members of the Board.

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. Steven Sanderson was appointed to the Audit Committee on his appointment to the Board on 1 January 2007. 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. Steven Sanderson was appointed to the Remuneration Committee on his appointment to the Board on 1 January 2007. 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 25.

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 2007.

	Board	Audit Committee	Remuneration Committee
Number of meetings held	15	3	2
Executive Directors:			
John Rigg (Chairman)	15	3	2
Ian Haynes	15	n/a	n/a
Non-executive Directors:			
Alistair Fulton	15	3	2
Steven Sanderson (appointed 01/01/07)	3	0	1

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.

Corporate governance

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*. Insurance cover is not currently in place but is being considered by the Board.

A.2.1 *The roles of chairman and chief executive should not be exercised by the same individual.* John Rigg is the Chairman and currently holds the role of Chief Executive. The composition of the Board is currently under review.

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. Steven Sanderson was appointed to the Remuneration Committee on 1 January 2007.

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. Steven Sanderson was appointed to the Audit Committee on 1 January 2007.

By order of the board

AJ Dixon FCA

Company Secretary

14 June 2007

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 (appointed 1 January 2007)

The Company's Remuneration Committee is authorised to take appropriate counsel to enable it to discharge its duty to make recommendations to the Board in respect of all aspects of the remuneration package of Directors.

Remuneration policy

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

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

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

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

It is the Company's policy to contribute to the personal pension scheme of each executive Director. 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 2006 or date of appointment	31 March 2007
A M Fulton	354,100	**354,100**
J C Rigg	4,509,400	**4,509,400**
I M Haynes	305,000	**305,000**
S M Sanderson (appointed 01/01/07)	20,760	**20,760**

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	2007 Total £'000	2006 Total £'000
Executive					
J C Rigg	25	-	-	**25**	25
M Makar	-	-	-	**-**	116
I M Haynes	150	10	5	**165**	165
Non-executive					
A M Fulton	32	-	-	**32**	23
S M Sanderson	5	-	-	**5**	-
	212	10	5	**227**	329

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 beginning 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 24.5p at 31 March 2007 and the range during the year was between 22.0p and 45.0p.

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:

	2007 £'000	2006 £'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

AJ Dixon FCA
Company secretary

14 June 2007

Shareholders' information and financial calendar

Share register

Lloyds TSB Registrars maintain the register of members of the Company. If you have any questions about your personal holding of the Company's shares, please contact:

Lloyds TSB Registrars
PO Box 28506
Finance House
Orchard Brae
Edinburgh
Scotland
EH4 1XZ

Telephone: 0870 6015366

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

Shareholders' enquiries

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

Company Secretary and registered office:

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

Telephone: 01483 860222
Facsimile: 01483 860198

Email: investors@triad.co.uk

Financial calendar

Annual general meeting	Summer 2007
Financial year ended 31 March 2008: expected announcement of results	
Half year	November 2007
Full year preliminary announcement	June 2008

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