



Preliminary Results Presentation

June 2003

Chris Stone

Chief Executive

This presentation may make forward looking statements regarding future events and the future financial performance of the Company. These references may be subject to risks and uncertainties that cannot be forecasted and therefore must be treated in the appropriate way.

Full year results 2002/03

- **Summary**
- Operational Performance
- Financial Review
- Strategy Implementation

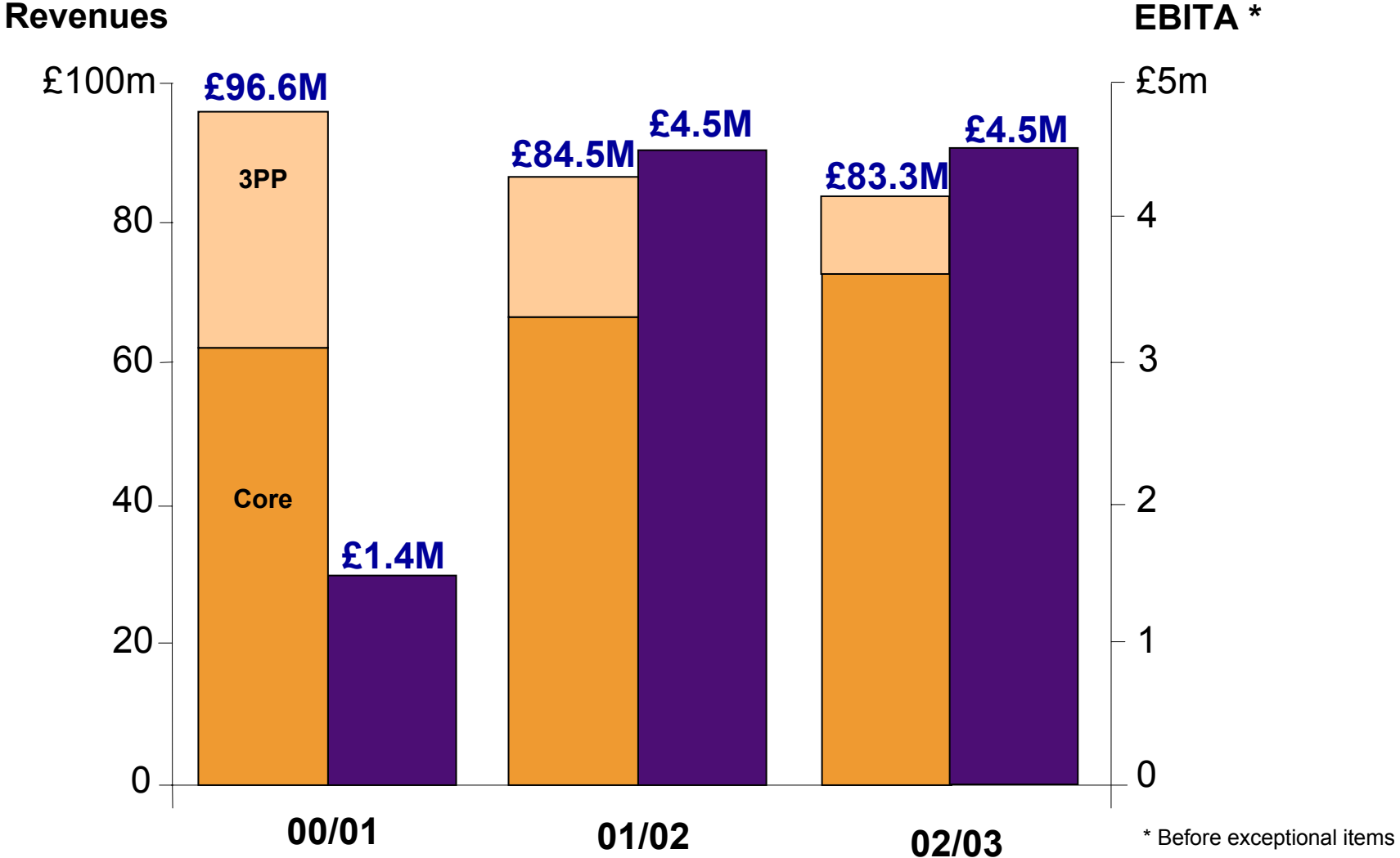
Summary

- Strategy clearly defined and being successfully implemented
- Ongoing EBITA maintained at £4.5m
- Strong performance in each business area
 - ▶ Public Sector revenue up 24%
 - ▶ Human Resource Systems (HRS) revenue up 18%
 - ▶ Corporate Sector maintained margins at 5%
- Strategic focus
 - ▶ Organic growth in chosen markets
 - ▶ Disposal of Health business
 - ▶ Two acquisitions completed, Prolog and Carapeople post year end

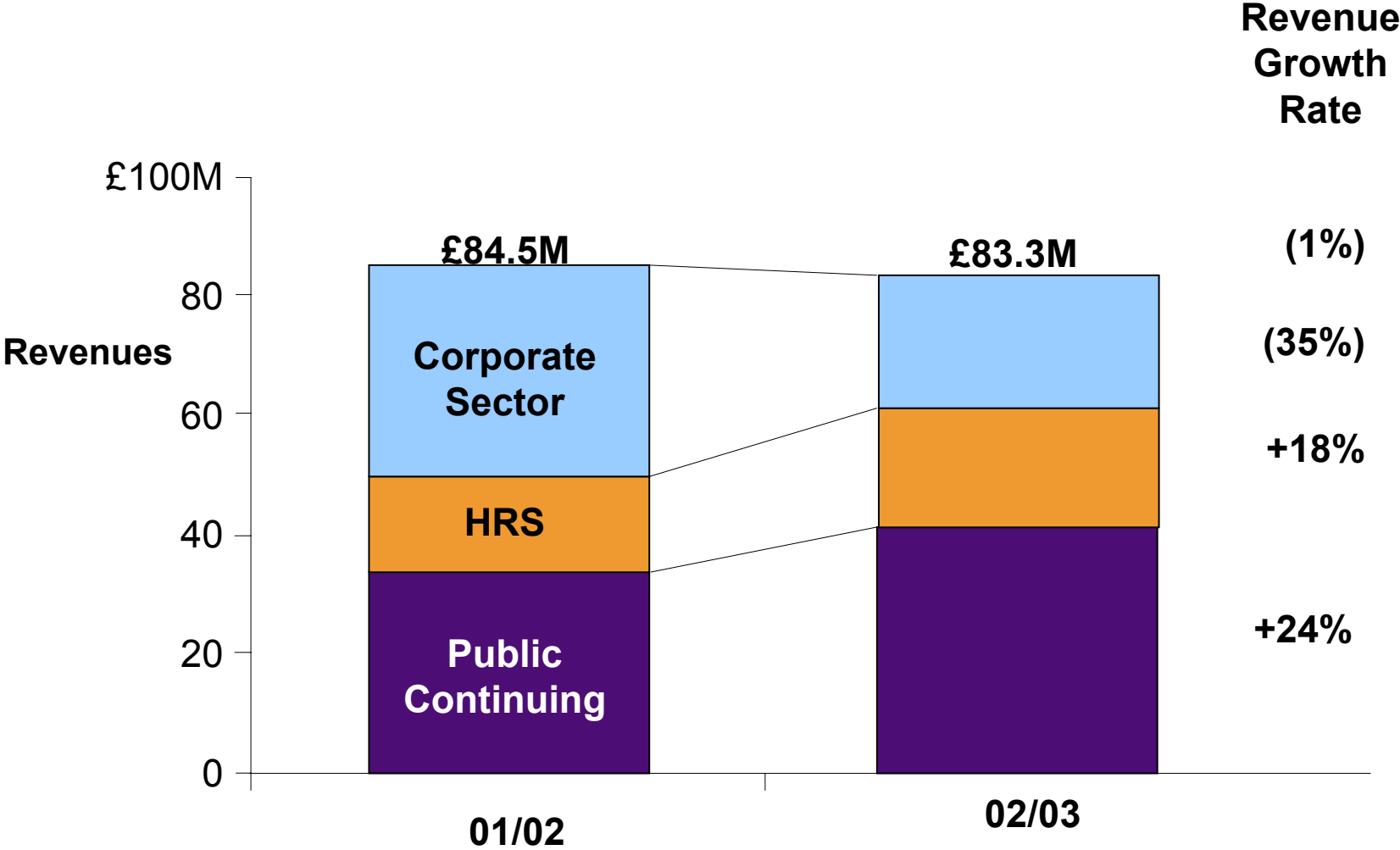
Full year results 2002/03

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Revenues and EBITA continuing operations

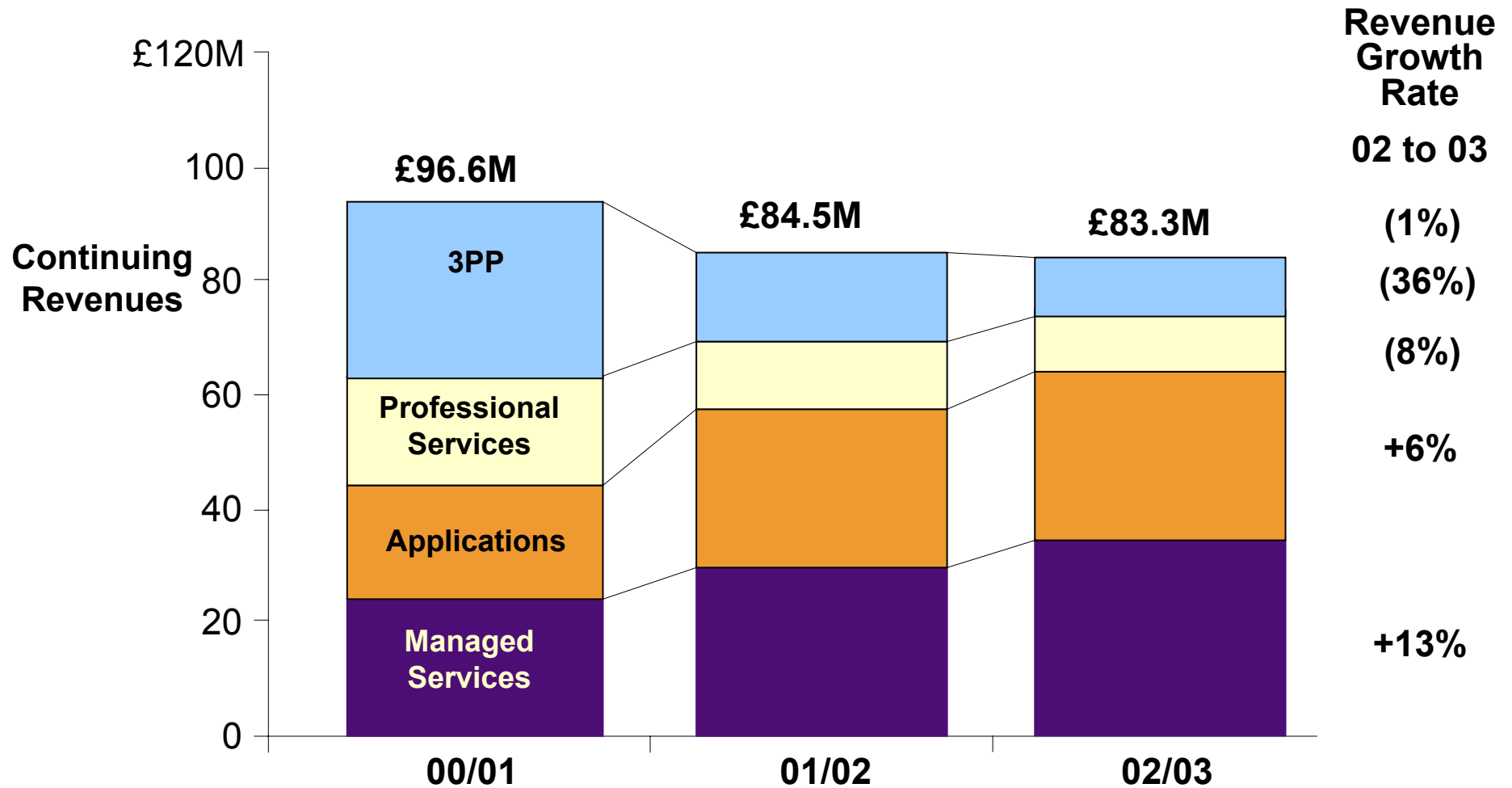


HRS and Public Sector growing well

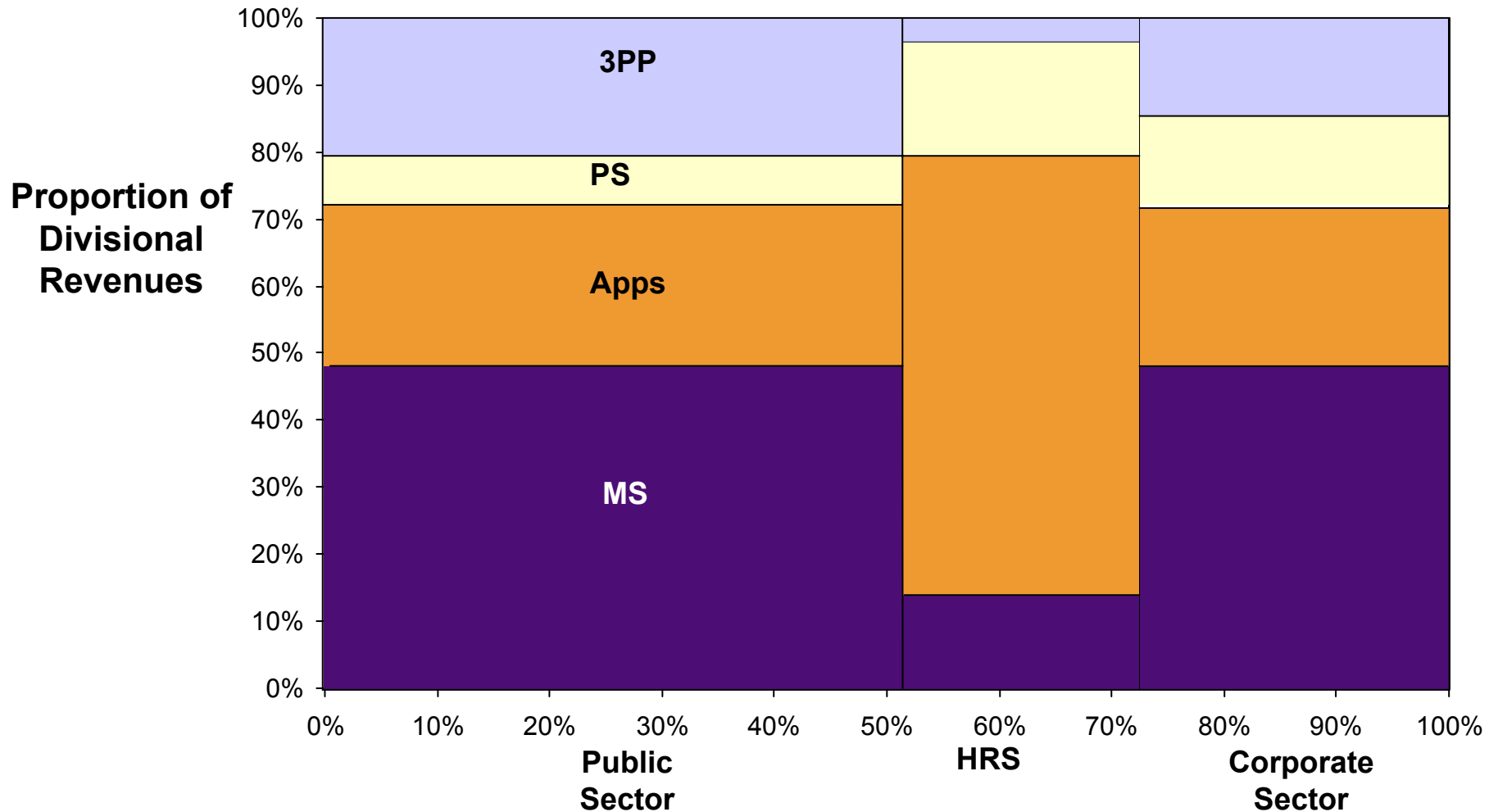


Revenues in managed services & applications

Northgate content continues to grow



Target areas now represent over 85% of revenue (continuing operations)



Full year results 2002/03

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John Stier

Group Finance Director

Consolidated P&L

(£m)	02/03	01/02
TURNOVER - continuing	83.3	84.5
- discontinued	1.9	8.1
Total	<u>85.2</u>	<u>92.6</u>
Operating costs	(80.1)	(86.1)
EBITA	5.1	6.5
continuing	4.5	4.5
discontinued	0.6	2.0
Net interest	0.9	0.2
Goodwill	(0.3)	(0.1)
PBT before exceptionals & disposals	5.7	6.6

Consolidated P&L (cont'd)

(£m)	02/03	01/02
PBT before exceptionals & disposals	5.7	6.6
Exceptional items	(6.0)	2.1
Profit on disposal	28.5	-
Tax	1.6	(0.1)
Retained profit	29.7	8.5
Earnings per share		
Basic	10.45p	3.00p
Diluted	10.33p	2.91p
Adjusted basic	1.83p	1.60p *
Adjusted diluted	1.81p	1.56p *

* The comparative figures for adjusted basic and adjusted diluted earnings per share have been restated to reflect discontinued activities.

Segmental analysis

(£m)	02/03		01/02	
	Revenues	EBITA	Revenues	EBITA
Public Sector	40.8	3.4	32.9	3.1
HRS	18.9	2.6	16.0	2.3
Corporate Sector	24.3	1.2	36.4	1.7
Group costs		(2.7)		(2.6)
Inter-segment	(0.7)		(0.8)	
Total continuing	<u>83.3</u>	<u>4.5</u>	<u>84.5</u>	<u>4.5</u>
Discontinued	1.9	0.6	8.1	2.0
Total	<u><u>85.2</u></u>	<u><u>5.1</u></u>	<u><u>92.6</u></u>	<u><u>6.5</u></u>

Exceptional items

(£m)	02/03	01/02
Property and other provisions	(4.6)	-
Restructuring costs	(1.2)	(1.4)
Dacorum bid costs	(0.5)	-
Share option scheme	0.2	3.5
Total	<u>(6.0)</u>	<u>2.1</u>

Taxation

- Over provision from prior years £18k (2002: charge of £146k)
- £3.1m charge on disposal of health business
- £26.3m tax trading losses in the group. £4.7m has been recognised as a deferred asset in line with FRS19

Consolidated balance sheet

(£m)	30 Apr 03	30 Apr 02
Fixed assets	12.9	7.7
Cash	39.4	11.9
Net current assets	0.8	1.3
Provisions	(6.8)	(3.8)
Creditors > 1 year	(0.2)	(0.7)
Net Assets	46.1	16.4

Provisions

(£m)	30 Apr 03	30 Apr 02	Movement
Litigation	-	0.3	(0.3)
SSAP24	-	0.4	(0.4)
Property	2.2	2.6	(0.4)
Other	-	0.2	(0.2)
Total Pre-exceptional	2.2	3.5	(1.3)
Property (exceptional)	4.4	-	4.4
Restructuring	0.2	0.2	
ESOS	-	0.1	(0.1)
Total	6.8	3.8	3.0

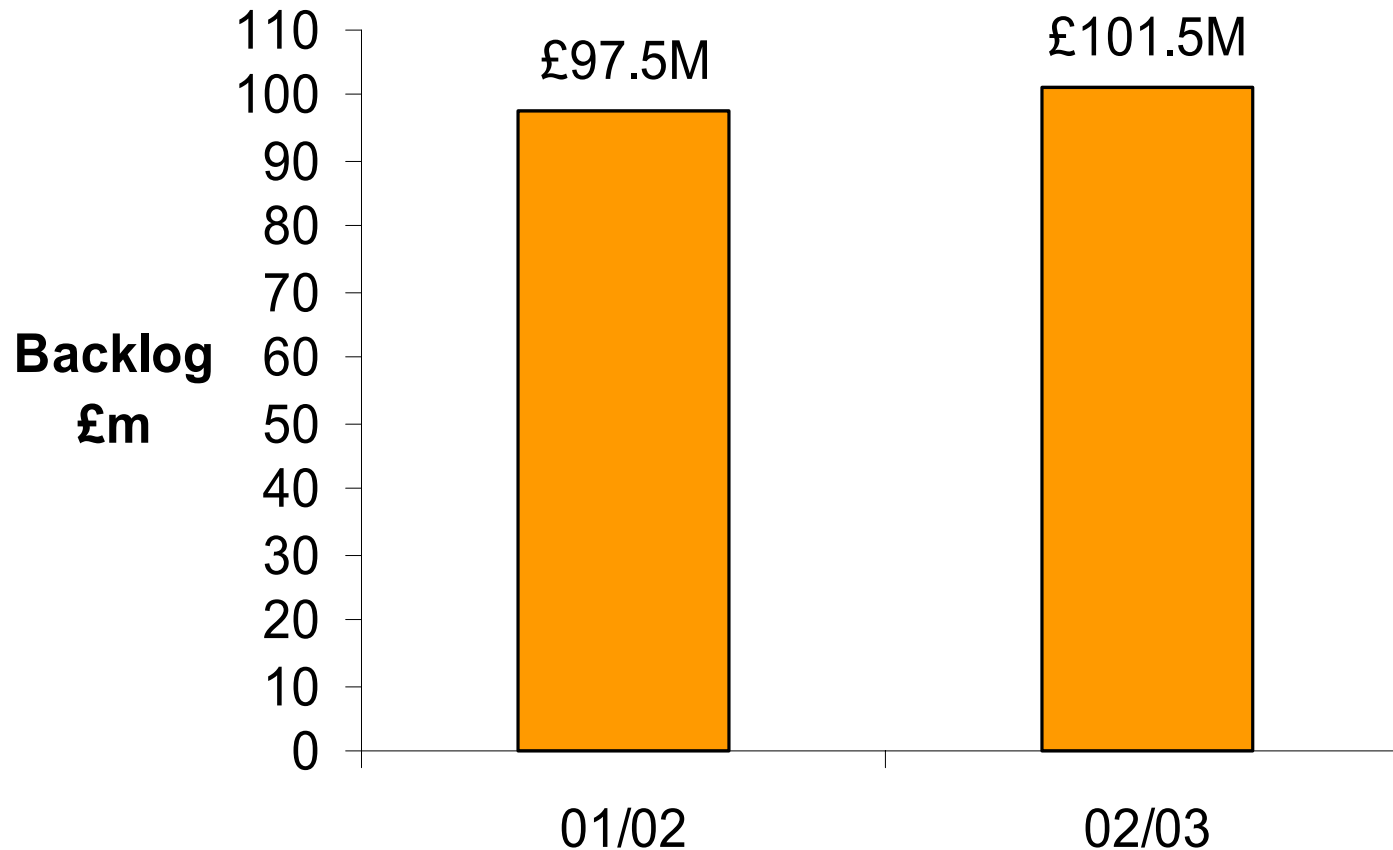
Cash flow 02/03

Opening Cash		11.9
EBITA	5.1	
CAPEX less depreciation	(0.0)	
Working capital	<u>(0.9)</u>	
Cash from Operations		4.2
Exceptional items		(1.6)
Provisions		(1.4)
Acquisition of Prolog inc fees		(4.7)
Acquisition of contract		(0.5)
Gain on disposal		31.4
Interest received		1.2
Tax paid		(0.7)
Decrease in borrowings		<u>(0.4)</u>
Closing Cash		<u>39.4</u>

Pensions

- SSAP24 valuation 30th April 2002 £3m deficit
- FRS17 valuation 30th April 2003 £34m deficit (net of tax)
- Scheme fully funded under Minimum Funding Requirement
- Contributions will increase 12% to £2.2m p.a. from May 2003, contributing £1.35m p.a. to the scheme deficit
- Final salary scheme closed to new members, member contributions increased from 5% to 8% of salary, and benefits reduced from 1/60th to 1/70th of final salary per year of future service

Order backlog - growth of 4% (re-stated for Health disposal)



Carapeople acquisition

Financial Highlights

- Turnover of £8.4m and EBITDA of £0.5m for year ended 31 Dec 2002
- £13.4m cash consideration, with further £1.0m in cash contingent on net assets
- Net assets excluding cash of £0.5m
- Substantial synergies expected to be completed by 04/05

Financial outlook

- Growth opportunities
- Continued cost management
- Focus on working capital
- Acquisitions

Full year results 2002/03




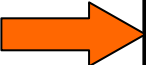



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Applications and outsourcing in chosen markets

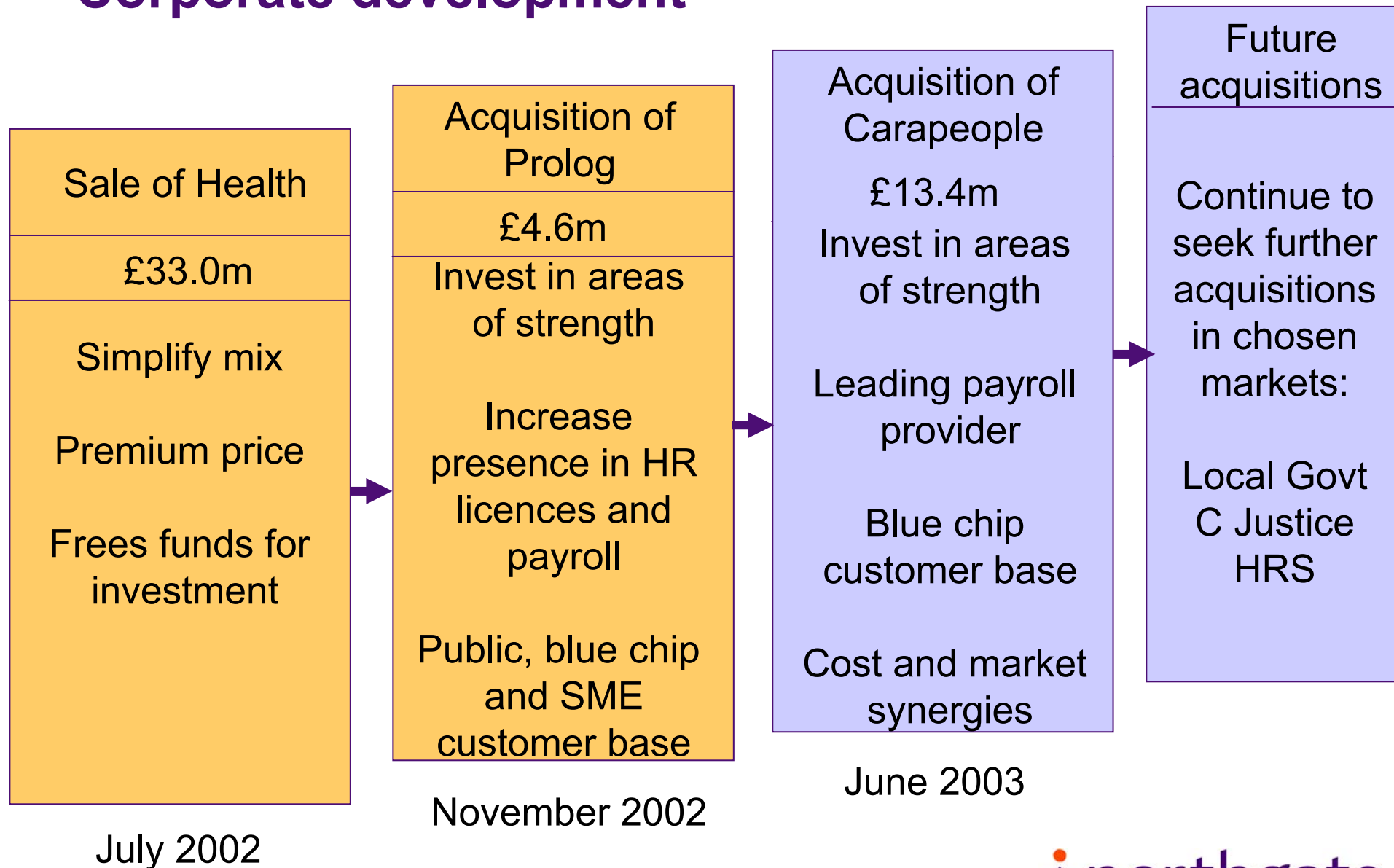
Market served

	Local Government	Criminal Justice	HRS	Corporate
Applications	Front Office Assert	Notice Enforcement Single View Policing	ResourceLink FinanceLink	ProIV Reality
Outsourcing	IT Outsourcing BPO	Service Management	Payroll Outsourcing BPO	IT Outsourcing

Growth opportunities for application based outsourcing

Market	Local Government	Criminal Justice	Human Resources	Corporate
Market next 3 years				
Drivers	Service transformation Government targets	Joined-up CJ system Anti-social behaviour	Cost effective HR services	Cost reduction Continuous improvement
Applications	Front Office Assert Congestion Charging	Single View Policing Notice Enforcement	ResourceLink	
Outsourcing	BPO 	Service Management 	HR BPO Payroll Outsourcing 	IT Outsourcing

Corporate development



Strategy

Market	LG	Criminal Justice	HRS	Corporate
Apps	<p>Confirm leadership in Front Office and Assert markets</p> <p>Develop channel for products</p>	<p>Establish leadership position in notice enforcement</p> <p>Develop position in SVP/Mobile apps</p>	<p>Maintain technology lead</p> <p>Continue push into co's with <1000 employees</p> <p>Grow share by acquisition</p> <p>Channel strategy</p> <p>Introduce F'Link into LG market</p>	<p>Continue ProIV V5 roll out</p> <p>Increase ProIV support fees</p> <p>Consider acquisition of apps suited to BPO</p>
OS	<p>Enter specialist BPO market – running outcome based services using own apps</p> <p>Grow share in IT outsourcing organically and by acquisition</p>	<p>Work to develop market</p>	<p>Build share in emerging HR BPO market</p> <ul style="list-style-type: none"> • single or multiple service offer • use partners where necessary <p>Increase scale in payroll offer</p>	<p>Grow share in Break Fix by opportunistic acquisitions</p> <p>Grow share of IT outsourcing market</p> <p>Monitor opportunities in BPO market</p>



The business is well positioned for both organic and acquisitive growth





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Segmental analysis **APPENDIX 1 - FIRST HALF RESULTS**

(£m)	02/03		01/02	
	Revenues	EBITA	Revenues	EBITA
Public Sector	19.5	1.2	15.1	0.6
HRS	8.2	0.8	7.6	0.9
Corporate Sector	12.3	0.6	18.3	0.2
Group costs		(1.4)		(1.5)
Inter-segment	(0.4)		(0.5)	
Total continuing	<u>39.6</u>	<u>1.2</u>	<u>40.5</u>	<u>0.2</u>
Discontinued	1.9	0.5	4.1	1.2
Total	<u><u>41.5</u></u>	<u><u>1.7</u></u>	<u><u>44.6</u></u>	<u><u>1.4</u></u>