HORIZON TECHNOLOGY GROUP PLC

2002 INTERIM FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2002

TABLE OF CONTENTS PAGE

INTERIM REPORT TO SHAREHOLDERS
for the six months ended 30 June 2002

OVERVIEW

The last six months has been a period of significant progress for the group. In a difficult and challenging environment in which the IT sector continued to suffer a severe slowdown from the exceptional levels of growth experienced over the last few years, the group has completed a comprehensive and fundamental restructuring of its operations and cost base and consolidated back to core activities. In the last six months, this restructuring has included:

- the sale of the group's Cisco training business to Azlan Group Plc for consideration of €11.6m;
- three of the group's smaller application consulting businesses, WebFactory, Fusion UK and the discontinued iFusion division, were the subject of management buy-outs;
- parts of the UK internet infrastructure operations focusing on telcos and service providers were discontinued; and
- within continuing operations, the restructuring process incorporated the integration of remaining application consulting businesses, the merging of the back office functions and the consolidation of premises.

As a result, the group's quarterly running costs were reduced from €17m in March 2001 to approximately €6.8m a reduction of 60%. Headcount has been reduced from 720 at the peak in March 2001 to a current 240.

Revenue for the six months to June 2002 at €192.9m was 14.7% up on the previous six months and 14% down from the peak revenue achieved in the six months to June 2001. The growth in turnover is principally attributable to the very successful development of our UK enterprise infrastructure operation, which acts as a key infrastructure partner to major systems integrators and resellers. It has shown significant growth since its launch in November 2000. It operates on lower gross profit margins than the Irish enterprise infrastructure business but produces a strong return on capital.

Gross profit margin for the six months to June 2002 at 12.7% was down from the peak 17% achieved in the six months to December 2001. Gross profit margin on continuing operations was 10.5%. As the markets become more competitive, the group has focused on aggressive pricing at the same time as cutting its cost structure. We have and will continue to compete aggressively and achieve greater efficiencies so as to increase revenues and market share while protecting and increasing earnings. The fall in gross profit margins is compounded by the change in mix, that is the impact of the UK enterprise infrastructure turnover growth and the reduced contribution from application consulting businesses over the period as a result of recent disposals.

EBITDA for the six months to June was €4.1m by comparison with a loss of €148,000 in the previous six months. EBITDA from continuing operations was €4.7m. Operating profits (EBIT) at €1.5m for the six months to June compared to a loss of €14.1m for the previous six months, while operating profits from continuing operations increased to €2.9m.

The group's pre tax results have been impacted by two significant non operating exceptional items of a one-off nature:

- a loss on disposal of €6.3m inclusive of goodwill write down and provisions for future losses and property lease commitments on discontinued operations; and
- redundancy and restructuring charges of €0.6m.

As part of this restructuring and disposal process, businesses and service lines that accounted for an operating loss of €1.4m in the six months to June 2002 were discontinued.

OVERVIEW (continued)

To provide shareholders will full visibility of the impact of exceptional and one-off costs on the results for the six month period, the following table computes the underlying trading performance of continuing activities – that is, excluding discontinued businesses, exceptional items and amortisation of intangibles:

	Consolidated total €'000	*Discontinued operations €'000*	*Amortisation €'000*	*Non operating exceptional items €'000*	*Consolidated continuing operations excluding amortisation & exceptionals €'000*
Turnover	192,927	11,081	-	-	181,846
Gross profit	24,491	5,328	-	-	19,163
EBITDA	4,129	(545)	-	-	4,674
Operating result	1,498	(1,390)	(960)	-	3,848
(Loss)/profit before tax	(6,190)	(7,954)	(960)	(774)	3,498
Retained (loss)/profit	(7,161)	(7,918)	(960)	(774)	2,491
EPS diluted (cent)	(10.99)	-	-	-	3.45

STRATEGY

The group's strategy is to concentrate on the development of systems integration, consulting and distribution businesses in partnership with major IT vendors focusing on the UK and Irish markets. The group will focus on the development of business units which are, or have the ability to become, market leaders in their area of operation.

In the short term, the focus of the business will be to create shareholder value through active management of existing businesses and the development of opportunities where a satisfactory return on investment can be demonstrated. No acquisitions are being contemplated at present. When the IT climate improves, selective acquisitions within areas of the group's core competencies may be considered.

OUTLOOK

Current market conditions remain difficult and there is little evidence of a general up-turn in IT expenditure. The directors do not anticipate any significant up-turn until well into 2003. However, the high operational efficiencies which the group now enjoys have enabled it to gain market share in a number of key segments.

Indications since the end of June show that the group's UK enterprise infrastructure business continues to grow mainly through market share. In Ireland, the group's consulting and distribution businesses are performing in line with expectations. Having returned to operational profitability, the board is confident that the group is now well positioned to deliver improved earnings going forward.

Samir Naji
Executive Chairman
6 September 2002

OPERATING REVIEW
for the six months ended 30 June 2002

DIVISIONAL ANALYSIS

The group operates through two separate trading divisions, namely IT services (previously referred to as internet services) and distribution and channel services. The performance of each division is detailed below.

IT SERVICES DIVISION

The IT Services division aims to provide customers with a full portfolio of solutions, which link business strategies with integrated IT solutions and architectures. It operates in the UK and Irish markets and has a current full time equivalent staff count of 170. The division's turnover was €131.6m, up 30% on the previous six months but still nearly 5% lower than the peak experienced in the six months to June 2001.

IT Services	*Six months to June 2002 €'000*	*Six months to December 2001 €'000*	*Six months to June 2001 €'000*
Turnover	131,574	101,200	138,471
Gross profit	20,572	24,382	31,173
Gross margin	15.6%	24.1%	22.5%

The division assists customers in implementing their IT strategies through the provision of infrastructure, development and consulting services predominately to blue-chip corporate clients. The division includes the Irish and UK based enterprise infrastructure operations and the Irish business application consulting business.

The growth in the division's turnover in the last six months is principally attributable to the very successful development of our UK enterprise infrastructure operation, which acts as a key infrastructure partner to major systems integrators and resellers. It has shown significant growth since its launch in November 2000.

The fall in the division's gross profit margin is attributable to two factors. Firstly, as the markets become more competitive, the group has focused on aggressive pricing at the same time as cutting its cost structure. We have and will continue to compete aggressively and achieve greater efficiencies so as to increase revenues and market share while protecting and increasing earnings. Secondly, the fall in gross profit margins is compounded by the change in mix, that is the growth in UK enterprise infrastructure turnover and the reduced contribution from application consulting businesses as a result of recent disposals.

DISTRIBUTION AND CHANNEL SERVICES DIVISION

Clarity Distribution is Ireland's leading value added distributor of computer and IT products. It offers leading edge supply chain management services to resellers and to global technology vendors.

Distribution and Channel Services

	Six months to June 2002 €'000	*Six months to December 2001 €'000*	*Six months to June 2001 €'000*
Turnover	61,065	66,525	87,218
Gross profit	3,888	4,027	6,111
Gross margin	6.4%	6.1%	7.0%

Divisional turnover fell by 8.2% on the previous six months and is now down by 30% on the corresponding period of the previous year. Gross margin has recovered to 6.4% which, along with cost reductions, have protected EBIT margins.

OPERATING REVIEW
for the six months ended 30 June 2002

RESTRUCTURING

In May 2001, the group initiated a process of examining all expenditure and businesses with a view to consolidating back to its core operations and ensuring that its cost base was appropriate given the deterioration in the economic environment. Since then, through a process of disposals, closures and restructuring, annualised running costs have been reduced by 60%. Full time equivalent staff numbers were reduced from a March 2001 peak of 720 to a current level of 240. Since the beginning of the current year, this restructuring process included:

1. Disposal of Cisco training business

In June 2002 Horizon disposed of its CISCO training business, the HTS Group, to Azlan Group Plc for consideration, net of costs, of €11.6m of which €1.1m is subject to retention for a period of one year. The HTS Group had operations in the UK, Italy, Denmark and Sweden and employed 62 staff. It was managed as a separate operational entity within the Horizon group structure and did not depend on or provide significant synergies to other group entities.

The HTS Group's turnover peaked at €25 million in the year ending 30 June 2001. However since then, it was impacted by the downturn in IT spending. For the six month period ending December 2001, it had turnover of €8.6 million, made a loss after taxation of €0.9 million and as at 31 December 2001 it had net liabilities of €4.2 million. The loss on disposal was €2.9m. Excluding goodwill of €5.5m, the disposal increased shareholders' funds by approximately €2.6 million.

The strategic rationale for the disposal was to improve group profitability through the disposal of a non core and loss making operation, reduce group borrowings and allow better use of cash and management resources in the development of the group's remaining businesses.

2. Disposal of smaller application consulting businesses

In late June and early July, Horizon concluded the sale of three of its smaller application consultancy businesses to existing management within the group. Each of the disposed businesses operated in markets, which Horizon had decided to exit.

In March 2002, Horizon announced its decision to discontinue its developmental ASP division, iFusion. The discontinued operation was sold so as to reduce the cost to Horizon of supplying contracted services to existing customers while exiting the business. The new owners will continue to provide the service to all existing customers using the existing infrastructure and have contracted Horizon's business application consulting business to operate and provide customer support and on-going SAP consultancy services. Existing customers should expect a positive impact from the change in ownership and the new owners intend to add new customers to the service in the near future.

In a separate transaction, WebFactory Limited was sold in a management buy-out. Because of changes in the web development market, this business had moved away from the group's core competence. As a result, Horizon decided to exit this market.

In a third transaction, Horizon sold Fusion Business Solutions (UK) Limited, it's UK based customer relationship management business in another management buy-out. Horizon chose to dispose of this business as it was the last of the group's business applications consulting operations in the UK, a market which the group had decided to exit.

The total consideration for these three disposals, including deferred payments, is €0.5m and the resultant impact is a loss on disposal of €2.3m.

OPERATING REVIEW
for the six months ended 30 June 2002

RESTRUCTURING (continued)

3. Termination of UK infrastructure operation

In November 2000, the group launched a new business within its enterprise infrastructure division in the UK where it acts as the key infrastructure partner to major systems integrators and resellers. This new operation has been very successful and continues to perform strongly. As a result, in February 2002 the group decided to focus on this operation as its main investment in the enterprise infrastructure market in the UK. Parts of the group's historic UK infrastructure business were transferred over to this new operation and the remaining parts, most of which focused on telcos and service providers, were discontinued in February 2002.

4. Restructuring of continuing operations

Capacity in the continuing businesses has been realigned to reflect the market demand, while maintaining the sales coverage and key technical skills in the group. The restructuring has included the integration of the remaining applications consulting businesses, a fundamental review of consulting service lines, the rationalisation of operating premises and the simplification of the supporting group structure.

CASH FLOW, LIQUIDITY AND FUNDING

In a very difficult trading environment, net debt has been reduced from €34.7m to €3.3m over the six month period. Cash flow from operations generated €25.8m and net proceeds from disposals generated €8.6m. The positive cash flow from operating activities is primarily attributable to a reduction in working capital of €23.7m – stock and debtors days were reduced and creditors days increased.

Net debt reduced from €34.7m to €3.3m. A summary of the movements in net debt is as follows:

Movement in Net Debt	*€'m*
Opening net debt	(34.7)
Cash flow from operating activities	25.8
Interest and corporation tax payments	(2.2)
Net capital expenditure	(0.8)
Net proceeds from disposals	8.6
Closing Net debt	**(3.3)**

Net debt as a percentage of equity reduced from 90% at 31 December 2001 to 15% at 30 June 2002. The net interest charge for the six months to 30 June at €643,000 is down 40% on the previous six month period. As a result of the operating loss and the extent of one-off charges, interest cover is negative but it is notable that interest cover on continuing activities is 3.3 times, a significant improvement over the previous period.

OPERATING REVIEW
for the six months ended 30 June 2002

ACQUISITIONS

No acquisitions were undertaken in the six months.

In June 2002, the group entered into an agreement with the principal vendors of Client Solutions Limited to alter the format in which the remaining consideration under the purchase agreement is to be satisfied. The vendors have agreed to waive the majority of their entitlement to Horizon shares in return for a cash payment.

In November 2000, Horizon acquired Client Solutions Limited for maximum consideration of €12.7 million of which €5.1 million was paid in cash at completion and the remaining €7.6 million was payable in Horizon shares on 30 June 2002 and 15 September 2003 subject to the achievement of certain performance targets over the following 2 years. Based on the original agreement and actual performance relative to targets, Horizon anticipates that shares to the value of at least €5.1million would have to be issued to the vendors.

As a result of the amendment agreement, the principal vendors of Client Solutions have waived their entitlement to receive Horizon shares in accordance with the earn out agreement. As a result, the total remaining consideration that Horizon will pay is an aggregate cash sum of €2,457,000 payable on 1 July 2002, plus Horizon shares to the value of €583,000 to be issued on 30 June 2002 and 15 September 2003 plus a cash payment of 25% of the profits of Client Solutions Limited in the year to 30 June 2003 subject to a cap of €350,000.

ACCOUNTANT'S REPORT TO THE MEMBERS OF HORIZON TECHNOLOGY GROUP PLC

Introduction

We have been instructed by the company to review the financial information s for the six months ended 30 June 2002, which comprise the Consolidated Profit and Loss Account, Group Statement of Total Recognised Gains and Losses, Consolidated Balance Sheet, Consolidated Cash Flow Statements and the related notes 1 to 17. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The Listing Rules of the Irish Stock Exchange require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2002.

Ernst & Young
Chartered Accountants
Ireland

6 September 2002

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the six months ended 30 June 2002

	Note	*Continuing operations €'000*	*Discontinued operations €'000*	*Total Six months 30 June 2002 €'000*	*Total Six Months 31 Dec 2001 €'000*
TURNOVER	2	181,846	11,081	192,927	168,156
GROSS PROFIT	2	19,163	5,328	24,491	28,518
OPERATING PROFIT/(LOSS) BEFORE DEPRECIATION, AMORTISATION AND GOODWILL IMPAIRMENT (EBITDA)		4,674	(545)	4,129	(148)
Depreciation		(826)	(744)	(1,570)	(2,374)
Amortisation of intangibles		(960)	(101)	(1,061)	(1,935)
Goodwill impairment		-	-	-	(9,692)
OPERATING PROFIT/(LOSS) (EBIT)		2,888	(1,390)	1,498	(14,149)
NON OPERATING EXCEPTIONAL ITEMS:					
Costs of fundamental restructuring		(613)	-	(613)	(760)
Disposal and termination of business units		-	(6,271)	(6,271)	(6,884)
Diminution in value of long term investments		(161)	-	(161)	-
		2,114	(7,661)	(5,547)	(21,793)
Net interest charge				(643)	(1,077)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION				(6,190)	(22,870)
Tax on loss on ordinary activities				(971)	1,336
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION				(7,161)	(21,534)
Minority interests (including non-equity minority interests)				-	-
LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY				(7,161)	(21,534)
Dividends paid and proposed				-	-
LOSS RETAINED FOR THE FINANCIAL PERIOD				(7,161)	(21,534)
Earnings per share:	3				
Basic earnings per share (cents)				(10.99)	(30.62)
Basic earnings per ordinary shares adjusted* (cents)				1.36	(3.21)
Basic earnings per ordinary shares adjusted^ (cents)				3.74	(0.18)
Diluted earnings per ordinary shares (cents)				(10.99)	(30.26)
Diluted earnings per ordinary shares adjusted* (cents)				1.26	(3.17)
Diluted earnings per ordinary shares adjusted^ (cents)				3.45	(0.18)

*Earnings per share adjusted for operating and non-operating exceptional items and amortisation of intangibles

^Earnings per share adjusted for all exceptional items, amortisation of intangibles, and discontinued operations in order to give a better indication of the underlying performance of the group.

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the period ended 30 June 2002

	Six months ended 30 June 2002 €'000	*Six months ended 31 Dec 2001 €'000*
Loss attributable to members of the parent company	(7,161)	(21,534)
Exchange difference on retranslation of net assets of subsidiary undertakings	(1,002)	(736)
TOTAL RECOGNISED LOSSES RELATING TO THE PERIOD	(8,163)	(22,270)

RECONCILIATION OF SHAREHOLDERS FUNDS
for the period ended 30 June 2002

	Six months ended 30 June 2002 €'000	*Six months ended 31 Dec 2001 €'000*
Total recognised losses	(8,163)	(22,270)
Expenses on share issue	(19)	(33)
Shares to be issued by way of deferred consideration on acquisitions	(2,370)	1,491
Total movements during the period	(10,552)	(20,812)
Shareholders' funds at beginning of period	31,917	52,729
Shareholders' funds at end of period	21,365	31,917

CONSOLIDATED BALANCE SHEET
at 30 June 2002

	Notes	*30 June 2002* *€'000*	*31 Dec 2001* *€'000*
FIXED ASSETS			
Intangible assets		14,018	17,988
Tangible assets		7,100	11,590
Financial assets		-	161
		21,118	29,739
CURRENT ASSETS			
Stocks		14,190	16,693
Debtors		71,239	71,675
Cash at bank and in hand		11,139	8,552
		96,568	96,920
CREDITORS: amounts falling due within one year	6	(88,312)	(85,850)
NET CURRENT ASSETS		8,256	11,070
TOTAL ASSETS LESS CURRENT LIABILITIES		29,374	40,809
CREDITORS: amounts falling due after more than one year	7	(4,914)	(8,686)
PROVISIONS FOR LIABILITIES AND CHARGES	8	(2,978)	(89)
		21,482	32,034
FINANCED BY CAPITAL AND RESERVES			
Called up share capital		4,533	4,524
Shares to be issued after period end		6,852	10,823
Share premium		65,737	64,164
Profit and loss account		(40,210)	(32,047)
Cost of shares of the company held in an ESOP		(15,547)	(15,547)
Shareholders' funds (all equity interests)	21,365	31,917	
Minority interests:			
Non equity		117	117
		21,482	32,034

CONSOLIDATED CASH FLOW STATEMENT
for the six months ended 30 June 2002

	Note	*Six months ended 30 June 2002 €'000*	*Six months ended 31 Dec 2001 €'000*
CASH INFLOW FROM OPERATING ACTIVITIES	9	25,800	110
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Net interest paid		(619)	(933)
Interest element of finance lease rental payments		(55)	(77)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(674)	(1,010)
TAXATION			
Irish corporation tax paid		(1,341)	(178)
Overseas taxation paid		(143)	(160)
NET CASH OUTFLOW FROM TAXATION		(1,484)	(338)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		(940)	(1,655)
Payments to acquire intangible fixed assets		-	(207)
Receipts from sales of tangible fixed assets		122	50
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(818)	(1,812)
ACQUISITIONS AND DISPOSALS			
Purchase of subsidiary undertakings		(510)	(303)
Sale of subsidiary		9,227	-
Net cash transferred with subsidiary sold		(668)	-
NET CASH INFLOW/(OUTFLOW) FROM ACQUISITIONS AND DISPOSALS		8,049	(303)
CASH INFLOW/(OUTFLOW) BEFORE USE OF LIQUID RESOURCES AND FINANCING		30,873	(3,353)
NET CASH OUTFLOW FROM FINANCING	10(c)	(5,703)	(3,392)
CASH INFLOW FROM MANAGEMENT OF LIQUID RESOURCES		1,016	-
INCREASE/(DECREASE) IN CASH	10(b)	26,186	(6,745)

1. BASIS OF PREPARATION

The interim financial statements for the six months ended 30 June 2002 have been prepared in accordance with the accounting policies set out in the financial statements for the six months ended 31 December 2001.

The interim financial statements for the six months ended 30 June 2002 are unaudited. The summary financial statements for the six months ended 31 December 2001 represent abbreviated versions of the group's full accounts for that period, on which the Auditors issued an unqualified audit report.

2. SEGMENTAL INFORMATION

Segmental information in relation to turnover and gross profit is given in the operating review on page 4.

3. EARNINGS PER ORDINARY SHARE

	Six months ended 30 June 2002 €'000	*Six months ended 31 Dec 2001 €'000*
The computation of basic and diluted earnings per share is set out below:		
Numerator		
Loss after tax and minority interests	(7,161)	(21,534)
Operating and non operating exceptional items	6,988	7,649
Amortisation of goodwill and intangibles	1,061	11,627
Adjusted profit/(loss) before all exceptional items and amortisation	888	(2,258)
Discontinued operations	1,546	2,132
Adjusted profit/(loss) before exceptional items, amortisation, and discontinued operations	2,434	(126)
Denominator		
Weighted average number of shares in issue for the period ('000)	65,131	70,327
Diluted weighted average number of ordinary shares ('000)	70,589	71,170
Earnings per share:		
Basic earnings per ordinary share (cents)	(10.99)	(30.62)
Basic earnings per ordinary shares adjusted* (cents)	1.36	(3.21)
Basic earnings per ordinary shares adjusted^ (cents)	3.74	(0.18)
Diluted earnings per ordinary shares (cents)	(10.99)	(30.26)
Diluted earnings per ordinary shares adjusted* (cents)	1.26	(3.17)
Diluted earnings per ordinary shares adjusted^ (cents)	3.45	(0.18)

*Earnings per share adjusted for operating and non-operating exceptional items and amortisation of intangibles.

^Earnings per share adjusted for all exceptional items, amortisation of intangibles, and discontinued operations in order to give a better indication of the underlying performance of the group.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares, namely share options and future contingent share issues.

4. EXCEPTIONAL ITEMS

Non operating exceptional items give rise to a tax charge of €57,000.

5. DISCONTINUED OPERATIONS COMPARATIVE FIGURES

	Continuing operations €'000	*Discontinued operations €'000*	*Total Six months 30/6/2002 €'000*	*Continuing operations €'000*	*Discontinued operations €'000*	*Total Six months 31/12/2001 €'000*
TURNOVER	181,846	11,081	192,927	148,189	19,967	168,156
GROSS PROFIT	19,163	5,328	24,491	19,128	9,390	28,518
OPERATING PROFIT/(LOSS) BEFORE DEPRECIATION, AMORTISATION AND GOODWILL IMPAIRMENT	4,674	(545)	4,129	2,431	(2,579)	(148)
Depreciation	(826)	(744)	(1,570)	(857)	(1,517)	(2,374)
Amortisation of intangibles	(960)	(101)	(1,061)	(834)	(1,101)	(1,935)
Goodwill impairment	-	-	-	(2,204)	(7,488)	(9,692)
OPERATING PROFIT/(LOSS)	2,888	(1,390)	1,498	(1,464)	(12,685)	(14,149)

6. CREDITORS: amounts falling due within one year

	June 2002 €'000	*Dec 2001 €'000*
Trade creditors	58,932	34,094
Accruals	14,313	14,698
PAYE/PRSI	483	1,903
VAT	770	(1,707)
Corporation tax	293	1,349
Overseas taxation	(576)	(1,150)
Bank borrowings	8,510	35,104
Acquisition loan note	4,615	-
Obligations under finance leases	972	1,559
	88,312	85,850

7. CREDITORS: amounts falling due after more than one year

	June 2002 €'000	*Dec 2001 €'000*
Bank borrowings	106	1,029
Acquisition loan note	-	4,933
Obligations under finance leases	254	580
Other creditors and accruals	4,554	2,144
	4,914	8,686

8. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred tax €'000	*Other costs €'000*	*Total €'000*
At beginning of period	59	30	89
Provided in period	(5)	2,924	2,919
Utilised during period	-	(30)	(30)
At end of period	54	2,924	2,978

9. RECONCILIATION OF OPERATING PROFIT/(LOSS)TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Six months ended 30 June 2002 €'000	*Six months ended 31 Dec 2001 €'000*
Operating profit/(loss)	1,498	(14,149)
Non operating exceptional items	(7,045)	(7,644)
Non cash exceptional items	4,963	5,461
Depreciation, amortisation and impairment	2,631	14,001
Loss on disposal of tangible fixed assets	10	18
(Increase)/decrease in debtors	(2,515)	18,225
Decrease in stocks	1,940	3,241
Increase/(decrease) in creditors	24,318	(19,043)
Net cash inflow from operating activities	25,800	110

10. ANALYSIS OF NET DEBT AND FINANCING AND RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

(a) ***Analysis of debt***

	31/12/2001 Opening €'000	*Cashflow €'000*	*Translation adjustment €'000*	*30/6/2002 Closing €'000*
Cash	7,536	3,624	(21)	11,139
Overdraft	(31,274)	22,562	222	(8,490)
	(23,738)	26,186	201	2,649
Liquid resources	1,016	(1,016)	-	-
Short term loans	(3,830)	3,810	-	(20)
Long term loans	(1,029)	923	-	(106)
Finance lease obligations	(2,139)	895	18	(1,226)
Acquisition loan notes	(4,933)	56	262	(4,615)
	(34,653)	30,854	481	(3,318)

10. ANALYSIS OF NET DEBT AND FINANCING AND RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (continued)

(b) ***Reconciliation of net cash flow to movement in net debt***

	€'000
Increase in cash in period	26,186
Cash outflow from decrease in debt and lease financing	5,684
Cash inflow from decrease in liquid resources	(1,016)
Change in net debt resulting from cash flows	30,854
Translation adjustment	481
Movement in net debt in the period	31,335
Net debt at 31 December 2001	(34,653)
Net debt at 30 June 2002	(3,318)

(c) ***Net cash outflow from financing***

	Six months ended 30 June 2002 €'000	*Six months ended 31 Dec 2001 €'000*
Net movements in short term borrowings	(3,866)	(2,198)
Net movement in long term borrowings	(923)	(190)
Expenses on issue of ordinary share capital	(19)	(33)
Capital element of finance lease rental payments	(895)	(971)
Net cash outflow from financing	(5,703)	(3,392)

11. PUBLICATION OF NON-STATUTORY ACCOUNTS

The financial information contained in this interim statement does not constitute statutory accounts as defined in section 19 of the Companies (Amendment) Act, 1986. The financial information for the full preceding accounting period is based on the statutory accounts for the six months ended 31 December 2001.