

MANAGING DIRECTOR'S REPORT



CITEC achieved a significant turnaround in earnings from the previous financial year, in what was a difficult trading environment. The year ended with a before tax profit of \$1.895m on total revenue of \$125m. This represented a \$5.31m turnaround in profit, and a 4.3% increase on the previous financial year. A reduction in the underlying level of administrative expenses of \$720,000 was also achieved. These favourable results have been accomplished through the efforts and commitment of CITEC employees working together with our industry partners and valued clients.

2001/02 was a 'foundation-building' year, marking the beginning of a business transition for CITEC. Major structural changes, instigated under the Business Renewal Process (BRP), have been implemented and continue to be further developed.

Major initiatives for the year included:

- The formation of the Field Operations division, thereby providing CITEC with the integrated capacity to manage marketing and sales activities, with a particular emphasis on business development in all branches.*
- In July 2001, CITEC was formally established as a Fully Commercialised Business Unit of the Queensland Government. Under this policy CITEC has a similar commercial profile and responsibilities to those of Government-owned Corporations (GOCs), however, CITEC is not legally constituted as a GOC.*
- In January 2002, full commercial governance was implemented, with the establishment of a Business Enterprise Board, comprised of seven members, including two Executive and five Non-Executive Directors. The Non-Executive Directors all bring independence of mind and a wealth of business experience from across Australia. Together with senior management, the Board will play a pivotal role in building on CITEC's success to date. The Board is chaired by Mr Barrie Adams, currently a Director of the accounting body CPA Australia, and a former long-serving Queensland Regional Commissioner for the Australian Securities and Investments Commission (ASIC).*

A highlight for the year occurred in April 2002 when CITEC, through its investment company CSI Holdings Pty Ltd, acquired a 51% controlling interest in the Aurion Corporation Pty Ltd, a HR and payroll software developer. This strategic acquisition signalled that CITEC is 'on the front foot' both in our pursuit of strategic alliances and by extending our integrated services portfolio for HR, payroll and financial services.



In 2001/02 CITEC signed a major contract with SunWater, Queensland's leading bulk water supplier. Pictured above, the Burdekin Falls Dam, one of 106 dams and weirs owned and operated by SunWater in Queensland.

Other achievements for the year included:

- *business alliances with Cisco, Accenture and Microsoft;*
- *becoming the first SAP hosting partner in Australia;*
- *retaining our position as one of the two largest electronic information brokers in Australia (CITEC CONFIRM); and*
- *major contracts being signed with Queensland Transport, Department of Foreign Affairs and Trade (DFAT), GovNet, Corporate Services Agency and SunWater.*

CITEC continues to provide value to clients in the corporate services space by becoming a true business partner through supporting our clients' business-critical systems, rather than just their technical environments.

In summary, a platform has been established from which services can be focused and driven for the next triennium. Whilst retaining a very strong commitment to the Queensland market, our ambitions remain national. It is our clear intent to continue our advance up the list of top 10 information systems (IS) outsourcers in Australia, from our current position of nine to number seven by 2005.

Greg McCallum
Managing Director