Empowering the World of Education

Tribal Group plc

Half year results
for the six months
ended 30 June 2017

TRIBAL

Tribal Group plc

7 September 2017

Half year results for the six months ended 30 June 2017

	2017	2016	Change
Revenue	**£44.2m**	£45.2m	↓ 2%
Adjusted operating profit [2,3]	**£5.0m**	£0.7m	↑ £4.3m
Statutory profit/(loss) after tax	**£1.6m**	£(2.6)m	↑ £4.2m
Operating cash flow	**£0.8m**	£4.6m	↓ £3.8m
Net cash	**£5.5m**	£5.7m	↓ £0.2m
Earnings per Share (diluted)	**0.8p**	(1.8)p	↑ 2.6p

Operational Highlights

→ Good first half performance; full year expectations unchanged

→ Underlying[4] revenue growth of 8%; underlying[4] Annually Recurring Revenue growth of 4.6%

→ Group returned to profit: profit up by £4.2m

→ Total cumulative annualised cost reductions of £11.8m from start of programme in 2016, of which £2.8m additional annualised cost reductions achieved in first half of 2017

→ Significant contract wins across all business units, including contracts closed at University of Sheffield and University of Malaya, and new QAS contracts in Middle East

→ Completed acquisition of intellectual property from Wambiz, part of next generation Student Information System, branded as Tribal Edge

Financial Highlights

→ Adjusted operating profit increased to £5.0m (H1 2016: £0.7m)

→ Statutory profit increased to £1.6m (H1 2016: loss of £2.6m)

→ Positive earnings per share of 0.8p (H1 2016: loss of 1.8p)

→ Operating cash flow lower due to the end of the Ofsted "Early Years" contract and invoicing of new contract wins at the end of the period

Ian Bowles, CEO commented: "I am pleased with the progress we have made since my appointment, demonstrated in the H1 2017 results where, on a like-for-like basis, our revenues have grown by 8% with a significant improvement in profitability. Our expectations for the full year are unchanged and we look to the future with confidence."

1. Figures are unaudited
2. Adjusted Operating Profit is in respect of continuing operations, excluding intangible asset amortisation of £1.0m (H1 2016: £0.9m), restructuring costs of £0.7m (H1 2016: £1.5m), movement in deferred contingent consideration of £nil (H1 2016: £0.4m), net exceptional gain of £nil (H1 2016: gain of £0.1m), share based payments £0.7m (H1 2016: £0.2m) and gain on sale of Synergy of £nil (H1 2016: £0.3m).
3. Adjusted Operating Profit is considered a Key Performance Indicator of the Group. We consider this to represent the underlying performance of the business and provides greater clarity to users of the accounts.
4. Underlying revenue growth and Annually Recurring Revenue growth is after adjusting for the Ofsted Early Years contract which expired in March 2017 (H1 2017: £2.9m; H1 2016: £5.7m) and the disposal of the Synergy business in March 2016 (H1 2017: £nil; H1 2016 £1.6m).

Further Information

A presentation of these results will be made to analysts and investors at 9.30am today at the offices of Weber Shandwick, 2 Waterhouse Square, 140 Holborn, London EC1N 2AE. A copy of the presentation will be available later this morning on the Tribal Group website: www.tribalgroup.com.

Tribal Group plc Ian Bowles, Chief Executive Mark Pickett, Chief Financial Officer	Tel: 0117 311 5293
Weber Shandwick Financial Nick Oborne Tom Jenkins	Tel: 020 7067 0700
Investec Bank plc Rowena Murray Sara Hale Daniel Adams	Tel: 020 7597 4000
N+1 Singer Capital Markets Limited Shaun Dobson	Tel: 020 7496 3000

Chief Executive's Statement

Introduction

I am pleased to report that the first half of the year has seen steady progress in line with the Board's expectations.

Revenue is slightly down, as anticipated, at £44.2m (H1 2016: £45.2m). Adjusted for the combined effect of the Ofsted Early Years contract expiring at the end of March 2017 and the disposal of the Synergy business in March 2016 the underlying revenue grew 8%, and underlying operating profit improved by £6.0m.

The Adjusted Operating Profit has increased to £5.0m (H1 2016: £0.7m), a margin of 11.2% (H1 2016: 1.4%). The annualised cost reductions achieved in 2016 continue to improve profitability, and in the first half of 2017 a further £0.5m of headcount-related cost reduction was achieved (annualised savings of £2.8m). The Group is now fully returned to profit, with a statutory profit after tax of £1.6m (H1 2016: loss of £2.6m).

Strategy & Market Position

Tribal is a worldwide, software and services company focussed on the education market. Our portfolio of functionally rich student management systems remains at the core of our business. The previously announced next generation Student Information System[1], a cloud-based platform branded as Tribal Edge, was well received by our customers at the Higher Education Conference in July, following a similar positive response from customers in Asia Pacific earlier in the year.

Given its large customer base the Group is also well positioned to take advantage of the increasing market trend to improve student engagement, through our experience in data analytics and student barometers from the i-graduate line of business. This will be further enhanced through our acquisition in June 2017 of the intellectual property rights and exclusive distribution rights for the Wambiz private social network solution in the education markets across the UK, Australia and New Zealand. The acquisition is an important step in Tribal's product strategy, delivering a social network solution that will integrate into the new student information framework, driving a single engagement solution for students.

We have also continued the successful development of a new product for schools ("SchoolEdge"), and have continued to invest in our market-leading product for employers and training providers ("Maytas"). Cost reductions have been achieved whilst we continue to invest in our current software products which safeguards our customers' investment in their existing systems.

Quality Assurance Solutions provides inspections and related services in the UK, and internationally, including in the Middle East and USA, both of which have seen significant growth in the first half of 2017. QAS has also established a presence in Australia and New Zealand, from which we anticipate further growth in future years.

Student Management Systems

In the first half of the year, the Group won significant new contracts in the Higher Education sector, including a £4.3m contract for the implementation of the full student management system at the University of Sheffield, a major UK Russell Group University, as well as contracts with the University of South Wales and Heriot-Watt University. We secured our third Higher Education customer in Malaysia, with a £1.1m contract with the University of Malaya, reaffirming Tribal as an international market leader in student information systems.

Our Callista business, which was acquired in March 2015, and provides student management systems to 25% of Australian universities, performed well, and we finalised a AUD27.5m (approx. £16.8m), four-year extension to our contract with the 11 Universities for the on-going development of the Callista product and seamless migration into the cloud ready UniversityEdge product, part of the Tribal Edge platform.

Overall activity levels in our markets and sectors for the replacement or enhancement of student information systems remain stable and we continue to see a steady stream of new opportunities in all sectors.

[1] Student Information System (SIS) is the general industry term for education management solutions that encompasses Management Information Systems (MIS), Customer (or Student) Relationship Management (CRM), business insight and data analytics products. Student Management System (SMS) is more specifically the administration aspect of Student Information Systems. We refer to our heritage products as SMS, our new offerings (aligned with their wider applicability) as SIS, and the general industry as student information.

i-graduate

The i-graduate division provides a range of services for managers of universities, colleges and schools to assess and enhance the quality of the education they provide, leading to improved operational performance. The services provided by this division include student experience analytics and the international student barometer survey. This division's activities have increasingly focussed on those skills and tools that closely relate to our student management systems. Increasingly, we will further integrate these services with our software offerings.

In the first half of 2017, i-graduate has continued to perform in line with expectations, securing contracts in Australia for the Australian Universities International Student Barometer, English Australia English Language Barometer and Australian Universities International Directors' Forum (AUIDF) research project. We also extended the strategic partnership with Universities UK International delivering research underpinning their widely distributed Competitive Advantage report.

Quality Assurance Solutions

The Quality Assurance Solutions (QAS) business performed strongly in the first half of the year. This included the successful conclusion of our Early Years assurance work to the end of March 2017, when the contract was taken back in-house by Ofsted. At the completion of this work, we had fully achieved 100% of the Key Performance Indicators.

Significant contract wins have been secured at the Abu Dhabi Education Council, worth £8.4m over 2 years, where we are the sole supplier of school reviews in Abu Dhabi, and at the Ministry of Education of Dubai & Northern Emirates. In the US, we signed an extension to our contract with the New York State Education Department, as well as gaining a new customer, the Alabama State Education Department.

In addition to broadening the offerings beyond School Inspections to include Performance Benchmarking and Professional Development & Training, QAS continues to have opportunities to grow and develop its business both in the UK and, more widely, to build on our existing contracts in the Middle East and the USA.

Outlook and Current Trading

Overall market conditions and demand for student information systems remain stable in 2017, and we expect this to continue. The timing of deal closures and the achievement of implementation milestones remains hard to predict, but we are well positioned to continue to benefit from the demand for student information systems and upgrades. The revenues from our existing student management systems are expected to remain stable in the second half of the year, and we expect margins consistent with the first half of the year.

i-graduate revenues and profit are skewed to the fourth quarter of the year, in line with the start of the academic year. The pipeline remains strong and we anticipate the business to meet expectations for the year.

QAS revenues and profit are expected to be lower in the second half of the year, due to work on the contracts with Ministry of Education in Dubai and the Alabama State Education Department being performed earlier than expected, the lower volume of QAS inspections work typically performed during the third quarter, and the expiry of the Ofsted Early Years contract in March.

Cumulative annualised cost savings achieved since the start of the cost efficiencies programme total £11.8m, of which £2.8m were in 2017; more cost reductions will be achieved in the second half of the year.

Trading is set to continue in line with our expectations, and, taking account of the phasing noted above, our outlook for the full year remains unchanged.

Overall, we have made steady progress in the half-year, but there remains a great deal of work to do to ensure we execute our strategy effectively which will deliver continued value for all our stakeholders.

Financial Performance

In the six months ended 30 June 2017 the Group's revenue from continuing operations was down 2.2% to £44.2m (H1 2016: £45.2m). Adjusted Operating Profit has increased to £5.0m (H1 2016: £0.7m), a margin of 11.2% (H1 2016: 1.4%). To improve understanding of the underlying performance of the business, these numbers are adjusted for certain items, including share based payments, as detailed below.

Statutory profit before tax was £1.6m (H1 2016: loss of £2.6m) and diluted earnings per share were 0.8p (H1 2016: loss of 1.8p)

At the end of the period, the Group had net cash of £5.5m (H1 2016: £5.7m; FY 2016: £8.8m).

Results 6 months to 30 June	2017 £m	2016 £m	Variance £m
Revenue	**44.2**	**45.2**	**(2)%**
Student Management Systems	30.6	31.0	(1)%
i-graduate (& Other)	2.5	3.0	(16)%
Quality Assurance Solutions	11.1	11.2	(0)%
Segment Operating Profit	**12.8**	**10.6**	**21%**
Student Management Systems	9.0	7.6	18%
i-graduate (& Other)	0.3	0.5	(60)%
Quality Assurance Solutions	3.5	2.5	40%
Central Overheads	**7.8**	**9.9**	**21%**
Adjusted Operating Profit	**5.0**	**0.7**	**4.3**

Adjusted Operating Profit is in respect of continuing operations, excluding intangible asset amortisation of £1.0m (H1 2016: £0.9m), restructuring costs of £0.7m (H1 2016: £1.5m), movement in deferred contingent consideration of £nil (H1 2016: £0.4m), net exceptional gain of £nil (H1 2016: gain of £0.1m), share based payments £0.7m (H1 2016: £0.2m) and gain on sale of Synergy of £nil (H1 2016: £0.3m).

Student Management Systems revenue declined 1%, to £30.6m. Excluding the £1.6m Synergy revenue prior to its disposal in March 2016, there was underlying growth of 4%.

License sales fell by £1.5m, reflecting the timing of revenue recognition from University of Sheffield, Heriot-Watt and University of South Wales licenses.

Student Management Systems 6 months to 30 June	2017 £m	2016 £m	Variance £m
Revenue	**30.6**	**31.0**	**(1)%**
Licence sales	4.5	6.0	(25)%
Implementation	8.2	7.1	15%
Support & Maintenance	15.9	16.2	(2)%
Other	2.0	1.7	18%

TRIBAL

In Implementation, work continued well at the Universities of Massey and Waikato in New Zealand, as did the SALM contract for the Department of Education in New South Wales, where we have successfully completed the latest software release. The extended start date at UAL and University of Sheffield impacted the implementation revenue and margin in the UK. The implementation of our Campus product at the British Council is proceeding well, with good margins and further work commissioned by the customer.

Callista performed well with good margins and revenue slightly above expectations due to additional accelerated development work. We also concluded an extension to the Callista contract for a further 4 years, worth £16.8m.

Support & Maintenance revenue declined 2%, but excluding the £1.0m revenue in 2016 prior to the Synergy disposal, underlying growth of Support & Maintenance fees was 5%.

i-graduate revenues and profit are seasonal, and are skewed to the beginning of the academic year. For the first half-year, we have made some additional investment in opportunities which may drive future profitability.

Despite the successful conclusion of the Ofsted Early Years contract in March 2017, which reduced revenues by £2.8m (H1 2017: £2.9m; H1 2016: £5.7m), QAS revenues remained flat, due to the success of the school inspection contracts in Abu Dhabi and Dubai, & Northern Emirates, as well as further work for the Alabama Education department.

Operating profit before central overheads increased 21% to £12.8m (H1 2016: £10.6m), despite a reduction in contribution of £1.7m due to the disposal of the Synergy business in March 2016 (£0.7m profit in 2016) and the expiry of the Ofsted Early Years contract, which contributed £1.0m less in the half-year (H1 2017: £1.0m; H1 2016: £2.0m).

There was a continued focus on cost reduction; in 2016, £9.0m of annualised cost reductions were achieved (£5.8m in-year in 2016) and they continue to benefit 2017 by £3.2m across the full year. Further cost reductions in 2017 achieved a £0.5m saving in the first half-year and are annualised at £2.8m. We continue to drive further operational efficiencies, and expect further cost savings to be delivered in 2017 to improve margin without impacting the Group’s ability to serve our customers or drive our business forward.

QAS has increased segment profit to £3.5m (H1 2016: £2.5m). The Early Years contract, which successfully concluded at the end of March, was taken back in-house by Ofsted. In the first half of the year, we also completed earlier than expected the first tranche of a £3.3m contract at the Ministry of Education of Dubai & the Northern Emirates, as well as work on a new contract with the Alabama State Education Department.

Key Performance Indicators (KPIs)

The Group monitors its performance using the KPIs in the table below. The adjusted operating margin has increased 9.8 percentage points to 11.2%, largely as a result of the significant headcount cost reductions that have been made. This is reflected in an annualised revenue of £96.5k per average Full Time Equivalent (FTE) headcount over the first half of the year, up 25% from H1 2016 (£77.3k per FTE). Our overall FTE headcount has reduced by 201 FTEs to 842 (FY 2016: 1,043 FTEs), which included 123 FTEs who transferred under TUPE legislation to Ofsted with the expiry of the Ofsted Early Years contract. We note, though, that despite the extent of change within the Group, our staff retention remains consistent at 93% (H1 2016: 92%).

Annually recurring revenue currently relates to Support & Maintenance (S&M) revenues which are typically subject to annual renewal; this has reduced by 1.8% to £15.9m (H1 2016: £16.2m), but excluding the 2016 revenue from Synergy, prior to its disposal, has increased 4.6%. In the future, we expect recurring revenues to increase as we extend our current product offerings to Software-as-a-Service (SaaS), including software and cloud hosting as annually renewed service offerings.

TRIBAL

KPIs 6 months to 30 June	2017	2016	Variance
Revenue	£44.2m	£45.2m	(2.2)%
Adjusted operating profit[1]	£5.0m	£0.7m	£4.3m
Adjusted Operating Margin[1]	11.2%	1.4%	9.8pp
Annually Recurring Revenue (6 months)[2]	£15.9m	£16.2m	(1.8)%
Backlog[3,5]	£122.2m	£113.8m	£8.4m
Cash Conversion[4]	(41)%	466%	(507)pp
Staff Retention	93%	92%	1pp
Revenue / Average FTE (£'000s: annualised)	£96.5k	£77.3k	25%

[1] Adjusted Operating Profit, Adjusted Operating Margin and Adjusted Earnings per Share is in respect of continuing operations which excludes "Other Items" charges of £2.5m (H1 2016: charge of £2.6m).

[2] Annually Recurring Revenue is calculated assuming maintenance revenue is received equally throughout the year.

[3] Sales order backlog relates to the total value of orders which have been signed on or before, but not delivered by, 30 June 2017, based on the Total Contract Value, even though customers may be permitted, under certain circumstances, to reduce their commitment at a future date.

[4] Cash Conversion is calculated as net cash from operating activities before tax from continuing operations, less expenditure on intangible assets and property, plant and equipment, as a proportion of adjusted operating profit.

[5] Comparative figure for 2016 is as 31 December 2016

The sales order backlog relates to the total value of orders which have been signed on or before, but not delivered by, 30 June 2017. This represents the best estimate of business expected to be delivered and recognised in future periods, and includes 2 years of Support & Maintenance revenue. At 30 June 2017 this increased to £122.2m (FY 2016: £113.8m) resulting from new contract wins and the extension of the Callista contract.

Cash conversion has reduced in 2017 to (41)% (H1 2016: 446%). There was a marked increase in working capital requirement in the half-year: the 3 months revenue (£2.9m) of the Ofsted Early Year's contract was deferred income from the advance payment at the end of the previous quarter; the ADEC (Abu Dhabi) contract was performed in the quarter, and was not due for collection at the end of the half-year (£2.2m).

Items excluded from adjusted profit figures

Certain items not directly related to the trading business or regarded as exceptional in nature have been removed from the adjusted profit figure and disclosed as "Other Items" on the Income Statement. The main adjustments are as follows:

- **Share based payments**

  In 2017, share based payment charges (including employer related taxes) of £0.7m (H1 2016: £0.2m, FY 2016: £1.0m) are excluded from the Adjusted Operating profit.

  At 2016 full year reporting, these charges were excluded from the overall trading numbers and shown under "Other Items" to provide greater understanding of the Group's underlying performance, and accordingly the 2016 half year number has been restated.

The charges in the current year relate to the matching shares granted as part of the rights issue and share subscriptions in April 2016 (£0.3m) and the Long Term Incentive Plan options (LTIPs) which were granted to the new executive management team at the end of June 2016 (£0.3m) plus employer related taxes (£0.1m).

- **Deferred contingent consideration**

  The movement in deferred consideration of £nil (H1 2016: £0.4m, FY 2016: £0.6m) represents changes in the deferred contingent consideration payments expected to be paid as part of the earnouts on acquisitions.

  In March 2017, Tribal signed a variation to the Share Purchase Agreement with the vendors of Tribal Campus, which amended the terms of the deferred contingent consideration payments. Under the variation, it was agreed that a combination of cash, shares and share options would be paid/issued in full and final settlement of all contingent obligations under the Agreement.

- **Amortisation of IFRS3 Intangibles**

  The amortisation charge in relation to IFRS3 intangible assets of £1.0m (H1 2016: £0.9m, FY 2016: £1.9m) arose from separately identifiable assets recognised as part of previous acquisitions. The assets principally relate to software and customer relationships and are amortised over their expected life which was determined in the year the acquisition took place.

- **Restructuring and associated costs**

  These costs relate to the restructuring of the Group's operations. The restructuring program was executed in the first half of 2017 and amounts include a charge for redundancy costs of £0.7m.

Product Development Costs

The Group spent £3.7m on development cost for the first half of 2017, of which £1.0m (H1 2016: £0.5m) was capitalised. Reflecting the Group's revised product strategy, capitalisation is predominantly in respect of new product and platform redevelopment where the Group expects ongoing future revenue to be received. Accordingly, we continue to capitalise the development cost relating to the SchoolEdge product.

Product Development Costs 6 months to 30 June	2017 £m	2016 £m
SchoolEdge	0.6	0.5
Tribal Edge platform	0.4	-
Capitalised Development Cost	**1.0**	**0.5**

From 2017, we have capitalised the development cost relating to the TribalEdge platform, which is the next generation, cloud-based platform for Student Information Systems in the Higher Education and Further Education & Colleges sectors.

Wambiz Intellectual Property acquisition

On 5 June 2017, the Group acquired from Wambiz Limited the intellectual property rights and exclusive distribution rights for the Wambiz private social network solution to the education markets across the UK, Australia and New Zealand. Tribal also has the non-exclusive rights to sell the solution into Canada.

The initial consideration for the acquisition was £1.25m, with further non-contingent consideration of £289k and £485k payable at the end of years 1 and 2 respectively. An Intangible asset of £1.8m has been recorded under Acquired intellectual property, discounted for deferred payments which have been recorded as a deferred consideration liability in Trade and other payables.

Net Cash and Cash flow

Net cash at 30 June 2017 was £5.5m (H1 2016: £5.7m).

Cash flow 6 months to 30 June	2017 £m	2016 £m
Net cash from operating activities	0.8	4.6
Net cash (outflow)/inflow from investing activities	(4.0)	14.4
Net cash outflow from financing activities	(0.1)	(13.5)
Net (decrease)/increase) in cash & cash equivalents	**(3.3)**	**5.5**
Cash & cash equivalents at beginning of the year	**8.8**	**1.7**
Cash & cash equivalents at end of period	**5.5**	**7.2**
Less: Borrowings (syndicated bank facility)	**-**	**(1.5)**
Net cash & cash equivalents at end of period	**5.5**	**5.7**

Operating cash inflow for the period was £0.8m (H1 2016: £4.6m) mainly due to the conclusion of the Ofsted Early Years contract which paid quarterly in advance and the invoicing of new contract wins at the end of the period.

There was an adverse impact of foreign exchange movement of £0.3m (H1 2016: £0.2m favourable).

Capital expenditure totalled £2.9m (H1 2016: £1.3m) including £1.0m (H1 2016: £0.5m) on software development, £0.15m on replacement of IT systems and software licences, £0.5m on office premises and equipment, and £1.25m on the acquisition of intellectual property from Wambiz.

The Group made a total net payment of £0.8m for deferred consideration in relation to the acquisition of Sky Software (Campus) and £0.4m for deferred consideration in relation to the acquisition of Callista.

Share Options and Share Capital

On 30 June 2017 596,065 nil-cost share options were granted to Ian Bowles and Mark Pickett as part of their ongoing remuneration. On the same date 1,339,286 nil-cost share options were granted to the vendors of Campus (Sky Software PTY) as part of their earn out. There is no charge for these share options in the period to 30 June 2017.

As at 30 June 2017, there were 196,051,181 shares issued (FY 2016: 195,380,299). During the period 670,882 shares were issued on 24 April to the vendors of Campus as part of their earn-out.

Earnings per share

Adjusted diluted earnings per share from continuing operations before other costs, the results of businesses disposed of, and intangible asset impairment charges and amortisation, which reflects the Group's underlying trading performance, increased to 1.7p (H1 2016: loss of (0.2)p).

Non-adjusted diluted earnings per share increased to 0.8p (H1 2016: loss of (1.8)p).

Dividends

The Board believes that the payment of dividends is important. It is our intention to pursue a progressive dividend policy in the future once financial performance supports the payment of a dividend. However, due to the continued inward focus on rebuilding the Company finances, the Board has concluded that no dividend will be payable for the first half of 2017.

Related parties

Transactions with related parties during the period are set out in note 18.

TRIBAL

Condensed consolidated income statement
For the six months to 30 June 2017

	Note	Adjusted £'000	Other (note 5) £'000	Six months ended 30 June 2017 Total £'000	Adjusted £'000	Other (note 5) £'000	Six months ended 30 June 2016 Total £'000
Continuing operations							
Revenue	4	44,151	-	44,151	45,216	-	45,216
Cost of sales		(25,423)	-	(25,423)	(26,640)	-	(26,640)
Gross profit		18,728	-	18,728	18,576	-	18,576
Total administrative expenses		(13,775)	(2,501)	(16,276)	(17,924)	(2,578)	(20,502)
Operating profit/(loss)	4	4,953	(2,501)	2,452	652	(2,578)	(1,926)
Investment income		11	-	11	18	-	18
Finance costs	6	(80)	(54)	(134)	(524)	(362)	(886)
Profit/(loss) before tax		4,884	(2,555)	2,329	146	(2,940)	(2,794)
Tax (charge)/credit	7	(1,337)	570	(767)	(223)	466	243
Profit/(loss) for the period		3,547	(1,985)	1,562	(77)	(2,474)	(2,551)
Earnings/(loss) per share							
Basic	8	1.8p	(1.0)p	0.8p	(0.2)p	(1.6)p	(1.8)p
Diluted	8	1.7p	(0.9)p	0.8p	(0.2)p	(1.6)p	(1.8)p

All activities are from continuing operations

TRIBAL

Condensed consolidated income statement
For the year to 31 December 2016

	Note	Adjusted £'000	Other (note 5) £'000	Year ended 31 December 2016 £'000
Revenue	4	90,255	-	90,255
Cost of sales		(51,408)	-	(51,408)
Gross profit		38,847	-	38,847
Total administrative expenses		(34,159)	(4,625)	(38,784)
Operating profit/(loss)	4	4,688	(4,625)	63
Investment income		66	-	66
Finance costs	6	(595)	(398)	(993)
Profit/(loss) before tax		4,159	(5,023)	(864)
Tax (charge)/credit	7	(889)	596	(293)
Profit/(loss) for the year		3,270	(4,427)	(1,157)
Earnings per share				
Basic and diluted	8	1.9p	(2.6)p	(0.7)p

Condensed consolidated statement of comprehensive income and expense
For the six months to 30 June 2017

	Six months ended 30 June 2017 £'000	Six months ended 30 June 2016 £'000	Year ended 31 December 2016 £'000
Profit/(loss) for the period	1,562	(2,551)	(1,157)
Other comprehensive income/(expense)			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement of defined benefit pension schemes	-	(1,178)	(1,706)
Deferred tax on measurement of defined benefit pension schemes	-	212	290
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	103	2,034	3,070
Other comprehensive income for the period net of tax	103	1,068	1,654
Total comprehensive income/(expense) for the period attributable to equity holders of the parent	1,665	(1,483)	497

TRIBAL

Condensed consolidated balance sheet

As at 30 June 2017

	Note	**30 June 2017 £'000**	30 June 2016 £'000	31 December 2016 £'000
Non-current assets				
Goodwill	9	21,421	20,749	21,316
Other intangible assets	10	15,154	15,001	14,214
Property, plant and equipment		1,896	2,480	1,981
Deferred tax assets		4,072	3,897	3,881
Accrued income		200	1,084	169
		42,743	43,211	41,561
Current assets				
Inventories		6	183	83
Trade and other receivables	11	18,723	17,899	15,810
Accrued income		5,059	3,938	3,605
Current tax assets		179	884	84
Cash and cash equivalents (excluding bank overdrafts)	16	8,368	7,186	10,260
		32,335	30,090	29,842
Total assets		75,078	73,301	71,403
Current liabilities				
Trade and other payables	12	(6,333)	(7,199)	(7,066)
Deferred income		(18,306)	(21,040)	(19,352)
Accruals		(8,035)	(8,500)	(8,204)
Current tax liabilities		(2,228)	(1,699)	(1,266)
Borrowings	16	(2,856)	-	(1,427)
Provisions	13	(1,091)	(3,156)	(941)
		(38,849)	(41,594)	(38,256)
Net current liabilities		(6,514)	(11,504)	(8,414)
Non-current liabilities				
Deferred income		(812)	(893)	(818)
Borrowings	16	-	(1,500)	-
Retirement benefit obligation		(1,725)	(1,090)	(1,725)
Other payables	12	(874)	-	(1,026)
Deferred tax liabilities		(1,596)	(2,092)	(1,877)
Provisions	13	(230)	(1,360)	(211)
		(5,237)	(6,935)	(5,657)
Total liabilities		(44,086)	(48,529)	(43,913)
Net assets		30,992	24,772	27,490
Equity				
Share capital	14	9,803	9,769	9,769
Share premium		15,539	14,989	14,989
Other reserves		21,942	20,174	20,879
Accumulated losses		(16,292)	(20,160)	(18,147)
Total equity attributable to equity holders of the parent		30,992	24,772	27,490

Condensed consolidated cash flow statement
for the six months to 30 June 2017

	Note	**Six months ended 30 June 2017 £'000**	Six months ended 30 June 2016 £'000	Year ended 31 December 2016 £'000
Net cash from operations	15	765	4,633	8,274
Investing activities				
Interest received		11	18	66
Purchases of property, plant and equipment		(491)	(232)	(443)
Expenditure on intangible assets		(2,382)	(1,049)	(1,932)
Gross proceeds from disposal of Synergy		-	19,421	19,421
Costs associated with disposal of Synergy		-	(872)	(872)
Payment of deferred consideration for acquisitions net of cost acquired		(1,157)	(2,907)	(3,374)
Repayment of Escrow (in respect of Human Edge)		-	-	357
Net cash (outflow)/inflow from investing activities		(4,019)	14,379	13,223
Financing activities				
Interest paid		(35)	(399)	(460)
Purchase of own shares		-	(91)	(91)
Gross proceeds on issue of shares		-	22,117	22,117
Costs associated with issue of shares		-	(2,123)	(2,123)
Repayment of borrowings and loan arrangement fees		(5)	(33,000)	(34,500)
Net cash used in financing activities		(40)	(13,496)	(15,057)
Net (decease)/increase in cash and cash equivalents		(3,294)	5,516	6,440
Net cash and cash equivalents at beginning of period		8,833	1,736	1,736
Effect of foreign exchange rate changes		(27)	(66)	657
Net cash and cash equivalents at end of period	16	5,512	7,186	8,833

Condensed consolidated statement of changes in equity
For the six months to 30 June 2017

	Share Capital £'000	Share Premium £'000	Other reserves £'000	Accumulated losses £'000	Total Equity £'000
Balance at 1 January 2016	4,743	21	20,503	(19,107)	6,160
Loss for the period	-	-	-	(2,551)	(2,551)
Other comprehensive income for the period	-	-	-	1,068	1,068
Acquisition of own shares	-	-	(91)	-	(91)
Issue of share capital	5,026	17,091	-	-	22,117
Costs associated with issue of share capital	-	(2,123)	-	-	(2,123)
Charge to equity for share-based payments	-	-	171	-	171
Tax on charge to equity for share-based payments	-	-	-	21	21
Transfer from Merger Reserve	-	-	(409)	409	-
Balance at 30 June 2016	9,769	14,989	20,174	(20,160)	24,772
Profit for the period	-	-	-	1,394	1,394
Other comprehensive loss for the period	-	-	-	586	586
Charge to equity for share-based payments	-	-	705	-	705
Tax on charge to equity for share-based payments	-	-	-	33	33
Balance at 31 December 2016	9,769	14,989	20,879	(18,147)	27,490
Profit for the period	-	-	-	1,562	1,562
Other comprehensive profit for the period	-	-	-	103	103
Issue of share capital	34	550	-	-	584
Charge to equity for share-based payments	-	-	538	-	538
Tax on charge to equity for share-based payments	-	-	-	190	190
Transfer from deferred consideration	-	-	525	-	525
Balance at 30 June 2017	9,803	15,539	21,942	(16,292)	30,992

TRIBAL

Notes to the condensed consolidated financial information
for the six months to 30 June 2017

1. General information

The condensed consolidated financial information for the six months ended 30 June 2017 was approved by the Board of Directors on 07 September 2017. This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006.

Statutory accounts for the year ended 31 December 2016 were approved by the Board of Directors on 30 March 2017. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor reported on those accounts: its report was unqualified, and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

2. Accounting policies

The condensed consolidated set of financial statements included in this half-yearly financial report has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority.

The condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016 which have been prepared in accordance with IFRSs as adopted by the European Union.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were as stated within the consolidated financial statements for the year ended 31 December 2016.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016.

3. Going concern

The Directors, having considered the cash-flow forecast, and while noting the Group has net current liabilities, have performed a risk assessment of likely downside scenarios and associated mitigating actions, and have a reasonable expectation that adequate financial resources will continue to be available for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the financial statements.

4. Segmental analysis

Information reported to the Group's Chief Executive for the purposes of resource allocation and assessment of segment performance is focused on the nature of each type of activity. The Group's reportable segments and principal activities under IFRS 8 are detailed below:

Student Management Systems ("SMS") represents the delivery of software and subsequent maintenance and support services (previously Product Development and Customer Services) and the activities through which we deploy and configure our software for our customers (previously Implementation Services);

i-graduate (previously Professional and Business Solutions), representing a portfolio of performance improvement tools and services, including analytics, benchmarking and transformation services; and Quality Assurance Solutions (QAS), representing inspection and review services which support the assessment of educational delivery.

4. Segmental analysis (cont.)

In accordance with IFRS 8 'Operating Segments' information on segment assets is not shown as this is not provided to the Chief Operating decision-maker. Inter-segment sales are charged at prevailing market prices.

	Total Revenue			Adjusted segment operating profit		
	Six months ended 30 June 2017 £'000	Six months ended 30 June 2016 £'000	Year ended 31 December 2016 £'000	Six months ended 30 June 2017 £'000	Six months ended 30 June 2016 £'000	Year ended 31 December 2016 £000
SMS	30,612	30,974	61,007	9,001	7,574	12,021
i-graduate	2,498	3,039	6,702	251	447	28
QAS	11,041	11,203	22,546	3,519	2,536	7,516
Total	44,151	45,216	90,255	12,771	10,557	19,565
Unallocated corporate expenses				(7,818)	(9,905)	(14,877)
Adjusted operating profit				4,953	652	4,688
Amortisation of IFRS 3 intangibles (see note 5)				(1,028)	(891)	(1,912)
Other items (see note 5)				(1,473)	(1,687)	(2,713)
Operating profit/(loss)				2,452	(1,926)	63

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment, without the allocation of central administration costs, including Directors' salaries, finance costs and income tax expense. This is the measure reported to the Group's Chief Executive for the purpose of resource allocation and assessment of segment performance.

Revenues of approximately 8% (31 December 2016: 7%) have arisen within our SMS segment from the Group's largest customer and revenues of approximately 6% (31 December 2016: 13%) have arisen within our QAS segment from the Group's second largest customer.

Geographical information:
Revenue from external customers, based on location of the customer, are shown below:

	Six months ended 30 June 2017 £'000	Six months ended 30 June 2016 £'000	Year ended 31 December 2016 £'000
UK	20,915	25,770	46,469
Asia Pacific	16,179	14,460	31,819
North America and rest of world	7,057	4,986	11,967
	44,151	45,216	90,255

5. Other items

	Six months ended 30 June 2017 £'000	Six months ended 30 June 2016 £'000	Year ended 31 December 2016 £'000
Profit on sale of Synergy	-	301	301
- Repayment of Escrow (in respect of the acquisition of Human Edge)	-	-	357
- Movement in deferred contingent consideration*	(29)	(387)	(607)
Acquisition related costs	(29)	(387)	(250)
- Onerous contracts	-	71	115
- Costs on closure of SLS business	-	(33)	(33)
- Property related	-	91	136
- Share based payments (including employer related taxes)	(726)	(196)	(1,036)
- Restructuring and associated costs	(718)	(1,534)	(1,946)
Other exceptional items	(1,444)	(1,601)	(2,764)
Other administrative costs	(1,473)	(1,687)	(2,713)
- Amortisation of IFRS 3 intangibles	(1,028)	(891)	(1,912)
Total administrative costs	(2,501)	(2,578)	(4,625)
- Unwinding of discounts	(54)	(169)	(205)
- Bank arrangement fees written off	-	(244)	(244)
- Fees associated with waiver of loan covenant	-	51	51
Exceptional financing items	(54)	(362)	(398)
	(2,555)	(2,940)	(5,023)
Tax on other items	570	466	596
	(1,985)	(2,474)	(4,427)

* Included in movement in deferred contingent consideration are £42k of professional fees incurred in relation to valuation of contingent consideration in 2016 comparatives

IAS1, paragraph 97, requires separate disclosure of such items that are considered material by nature or value in the financial statements. As such, 'other items' are not part of the Group's underlying trading activities and include the following for the six months ended 30 June 2017:

Other exceptional items: amounts principally reflect the costs arising in respect of the restructuring of the Group's operations. The restructuring program was executed in the first half of 2017 and associated costs provided for. Amounts include provision for redundancy costs.

Share based payments: Share based payments are now disclosed in Other Items. The numbers include the movement in associated employers taxes accrual.

Financing charges: consistent with the treatment of movements in deferred consideration, the unwind of the discount on deferred consideration is separately presented as other financing costs in the income statement (30 June 2017: £0.1m; 30 June 2016 £0.2m; 31 December 2016: £0.2m).

Amortisation of IFRS3 intangibles: amortisation arising on the fair value of intangible assets acquired is separately disclosed as other items. (30 June 2017: £1.0m; 30 June 2016 £0.9m; 31 December 2016: £1.9m).

Taxation: the tax credit arising on the above items is presented on a consistent basis with the underlying cost or credit to which it relates and therefore is also presented separately on the face of the income statement.

6. Finance costs

	Six months ended 30 June 2017 £'000	Six months ended 30 June 2016 £'000	Year ended 31 December 2016 £'000
Interest on bank overdrafts and loans	54	297	310
Amortisation and write off of loan arrangement fees	15	50	60
Other interest payable	11	177	225
Adjusted Financing costs	80	524	595
Unwinding of discounts	54	169	205
Bank arrangement fees written off	-	244	244
Fees associated with waiver of loan covenants	-	(51)	(51)
Other financing costs	54	362	398
Total financing costs	134	886	993

7. Tax

	Six months ended 30 June 2017 £'000	Six months ended 30 June 2016 £'000	Year ended 31 December 2016 £'000
Current tax			
UK corporation tax	-	-	116
Overseas tax	1,066	482	690
Adjustments in respect of prior periods	-	-	309
	1,066	482	1,115
Deferred tax			
Current period	(299)	(725)	(816)
Adjustments in respect of prior periods	-	-	(6)
	(299)	(725)	(822)
Tax charge/(credit) on losses	767	(243)	293

In addition to the amount charged to the income statement, a deferred tax credit of £190,000 (30 June 2016: credit of £21,000; 31 December 2016: credit of £54,000) has been recognised directly in equity in relation to share schemes. A deferred tax credit of £nil (30 June 2016: credit of £212,000; 31 December 2016: credit of £290,000) has been recognised in the Consolidated Statement of Comprehensive Income in relation to Defined Benefit pension schemes.

The Group continues to hold an appropriate corporation tax provision in relation to the Group relief claimed from Care UK for the year ended 31 March 2007, together with other appropriate Group provisions.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

8. Earnings per share

Earnings per share and diluted earnings per share are calculated by reference to a weighted average of ordinary shares calculated as follows:

	Six months ended 30 June 2017 000	Six months ended 30 June 2016 000	Year ended 31 December 2016 000
Basic weighted average number of shares in issue	194,802	142,383	168,755
Weighted average number of Employee share options	8,031	-	-
Weighted average number of shares outstanding for dilution calculations	202,833	142,383	168,755

Diluted earnings per share only reflects the dilutive effect of share options for which performance criteria have been met. Previous share incentive schemes vest based on cumulative EPS for a three year period with the earliest vesting based on the Group's results for the three years to 31 December 2017. It is unlikely at this point that any of the 447,928 remaining share options that were issued in 2015 will meet the performance criteria.

In regards to the diluted loss per share in 2016, all potentially dilutive ordinary shares, including options and deferred shares are anti-dilutive as they would decrease the loss per share.

The maximum number of potentially dilutive shares, based on options that have been granted but have not yet met vesting criteria is 9,955,608 (December 2016: 8,220,257).

The adjusted basic and diluted earnings per share figures shown on the condensed consolidated income statement are included as the directors believe that they provide a better understanding of the underlying trading performance of the Group.

A reconciliation of how these figures are calculated is set out below.

	Six months ended 30 June 2017 £'000	Six months ended 30 June 2016 £'000	Year ended 31 December 2016 £'000
Net profit/(loss)	1,562	(2,551)	(1,157)
Earnings per share			
Basic	0.8p	(1.8)p	(0.7)p
Diluted	0.8p	(1.8)p	(0.7)p
Adjusted earnings per share			
Basic	1.8p	(0.2)p	1.9p
Diluted	1.7p	(0.2)p	1.9p

8. Earnings per share (cont.)

	Profit/(loss) for the period			Earnings per share		
	Six months ended 30 June 2017 £'000	Six months ended 30 June 2016 £'000	Year ended 31 December 2016 £'000	Six months ended 30 June 2017 £'000	Six months ended 30 June 2016 £'000	Year ended 31 December 2016 £'000
Profit/(loss) for the period attributable to equity share holders	1,562	(2,551)	(1,157)	0.8p	(1.8)p	(0.7)p
Add back:						
Amortisation of IFRS 3 intangibles (net of tax)	730	633	1,354			
Repayment of Escrow	-	-	(357)			
Disposal of Synergy	-	(301)	(301)			
Bank arrangement fees written off	-	244	244			
Share based payments	538	196	858			
Unwinding of discounts	54	169	205			
Other items (net of tax)	634	1,146	1,817			
Movement in deferred contingent consideration	29	387	607			
Total adjusted items (net of tax)	1,985	2, 474	4,427	1.0p	1.6p	2.6p
Adjusted earnings	3,547	(77)	3,270	1.8p	(0.2)p	1.9p

9. Goodwill

	£'000
Cost	
At 1 January 2017	102,547
Exchange differences	105
At 30 June 2017	102,652
Accumulated impairment losses	
At 1 January 2017	81,231
At 30 June 2017	81,231
Net book value	
At 30 June 2017	21,421
At 31 December 2016	21,316

The Group tests annually for impairment, or more frequently if there are indicators that goodwill could be impaired. At the half year, a review has been undertaken to ascertain if any indicators have arisen of potential impairments. Based on the review performed, no impairment indicators that would require an impairment review have been noted.

10. Other intangible assets

	Software £'000	Customer contracts and relationships £'000	Acquired intellectual property £'000	Development costs £'000	Business systems £'000	Software licences £'000	Total £'000
Cost							
At 1 January 2017	7,876	7,142	-	24,479	6,470	1,404	47,371
Additions	-	-	1,873	947	97	58	2,975
Exchange differences	66	28	-	6	1	-	101
At 30 June 2017	7,942	7,170	1,873	25,432	6,568	1,462	50,447
Amortisation							
At 1 January 2017	4,039	4,458	-	18,860	4,575	1,225	33,157
Charge for the period	770	258	-	758	244	64	2,094
Exchange differences	26	9	-	7	-	-	42
At 30 June 2017	4,835	4,725	-	19,625	4,819	1,289	35,293
Carrying amount							
At 30 June 2017	3,107	2,445	1,873	5,807	1,749	173	15,154
At 31 December 2016	3,837	2,684	-	5,619	1,895	179	14,214

Software and customer contract and relationships have arisen from acquisitions, and are amortised over their estimated useful lives, which are 3-6 years and 3-12 years respectively. The amortisation period for development costs incurred on the Group's product development is three to seven years, based on the expected life-cycle of the product. Amortisation of development costs is included within cost of sales; the amortisation for software, customer contracts and relationships and business systems is included within administrative expenses.

11. Trade and other receivables

	30 June 2017 £'000	30 June 2016 £'000	31 December 2016 £'000
Amounts receivable for the sale of services	16,273	15,350	14,373
Allowance for doubtful debts	(1,104)	(722)	(1,578)
	15,169	14,628	12,795
Amounts recoverable on contracts	-	28	-
Other receivables	734	280	209
Prepayments	2,820	2,963	2,806
	18,723	17,899	15,810

12. Trade and other payables

	30 June 2017 £'000	30 June 2016 £'000	31 December 2016 £'000
Current			
Trade payables	1,288	2,118	677
Other taxation and social security	2,474	3,082	3,309
Other payables	2,033	1,999	1,453
Deferred consideration	538	-	1,627
	6,333	7,199	7,066
Non-current			
Other payables	251	-	-
Deferred consideration	623	-	1,026
	874	-	1,026
Total	7,207	7,199	8,092

13. Provisions

	Property related £'000	Onerous contracts £'000	Legal claims £'000	Restructuring £'000	Total £'000
At 1 January 2017	531	232	379	10	1,152
Increase/(release) in provision	81	(6)	-	26	101
Utilisation of provision	(33)	(1)	(19)	-	(53)
Transfer from accruals	24	98	-	-	122
Exchange rate movement	(1)	-	-	-	(1)
At 30 June 2017	602	323	360	36	1,321

The provisions are split as follows:

	Property related £'000	Onerous contracts £'000	Legal claims £'000	Restructuring £'000	Total £'000
Within one year	372	323	360	36	1,091
More than one year	230	-	-	-	230
Total	602	323	360	36	1,321

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Property related provision relates to the dilapidation costs arising from exiting leasehold properties where the costs are not all expected to be incurred during the next year.

Onerous contracts provision relates to a specific contract and represents the unavoidable costs of meeting the obligations under the contract that exceed the economic benefits expected to be received under it.

Legal claims provision relates to a specific contract and represents the anticipated costs to resolve the contractual dispute.

Restructuring provision represents amounts provided in respect of the Group's restructuring and reorganisation and principally reflect redundancy costs.

14. Share capital

	Six months ended 30 June 2017 number	Six months ended 30 June 2017 £'000	Six months ended 30 June 2016 number	Six months ended 30 June 2016 £'000	Year ended 31 December number	Year ended 31 December 2016 £'000
Allotted, called up and fully paid						
At beginning of the period	195,380,299	9,769	94,849,241	4,743	94,849,241	4,743
Issued during the period	670,882	34	100,531,058	5,026	100,531,058	5,026
At end of the period	196,051,181	9,803	195,380,299	9,769	195,380,299	9,769

On 24 April 2017 670,882 shares were issued as part of the settlement of the Campus acquisition.

15. Notes to the cash flow statement

	Six months ended 30 June 2017 £'000	Six months ended 30 June 2016 £'000	Year ended 31 December 2016 £'000
Operating profit/(loss) from continuing operations	2,452	(1,926)	63
Gain on disposal of Synergy	-	(301)	(301)
Depreciation of property, plant and equipment	605	756	1,506
Amortisation and impairment of other intangible assets	2,094	1,627	3,651
Share based payments	538	170	876
Movement in deferred consideration	29	-	566
Other non-cash items	932	1,565	(486)
Operating cash flows before movements in working capital	6,650	1,891	5,875
Decrease/(increase) in inventories	77	(50)	50
(Increase)/Decrease in receivables	(4,382)	1,341	4,139
(Decrease)/increase in payables	(1,504)	1,137	(2,295)
Net cash from operating activities before tax	841	4,319	7,769
Tax (paid)/received	(76)	314	505
Net cash from operating activities	765	4,633	8,274
Net cash from operating activities before tax can be analysed as follows:			
Continuing operations (excluding restricted cash)	990	4,369	7,819
Decrease in restricted cash	(149)	(50)	(50)
	841	4,319	7,769

16. Analysis of net cash/net debt

	30 June 2017 £'000	30 June 2016 £'000	31 December 2016 £'000
Cash and cash equivalents	8,368	7,186	10,260
Overdrafts	(2,856)	-	(1,427)
Net cash & cash equivalents	5,512	7,186	8,833
Syndicated bank facility (net of bank arrangement fees)	-	(1,500)	-
Net cash	5,512	5,686	8,833

16. Analysis of net cash/net debt (cont.)

Analysis of changes in net cash/net debt.

	30 June 2017 £'000	30 June 2016 £'000	31 December 2016 £'000
Opening net cash/(net debt)	8,833	(32,471)	(32,471)
Net (decrease)/increase in cash and cash equivalents	(3,294)	5,516	6,440
Effect of foreign exchange rate changes	(27)	(66)	657
Decrease in bank loans and overdrafts	-	33,000	34,500
Amortisation of loan arrangement fees and similar charges	-	(293)	(293)
Closing net cash	5,512	5,686	8,833

As at 30 June 2017, cash and cash equivalents included restricted advance cash receipts in relation to customer programmes of £0.1m (30 June 2016: £0.2m, 31 December 2016: £0.2m).

17. Contingent liabilities

From time to time the Group is subject to potential litigation claims. On the basis of legal advice, claims are being robustly contested as to both liability and quantum. A provision of £0.4m (30 June 2016: £0.4m, 31 December 2016: £0.4m) has been made for defending these claims, where appropriate.

At any time, the Group is overseeing a portfolio of customer implementation projects. Such projects may be complex, multi-phase projects giving rise to significant operational risks which the Group must manage. Such risks may, in certain instances, lead to potential negotiations or disputes with customers which may give rise to consequential financial or commercial obligations or liabilities arising.

A cross-guarantee exists between Group companies in respect of bank facilities totalling £nil (30 June 2015: £28.0m, 31 December 2016: £nil).

In addition, the Company and its subsidiaries have provided performance guarantees issued by their banks on their behalf, in the ordinary course of business totalling £5.0m (30 June 2016: £6.9m, 31 December 2016: £4.2m). These are not expected to result in any material financial loss.

18. Related party disclosures

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

On 30 June 2017, Tribal Group plc ("the Company") granted nil-cost options over a total of 1,339,286 ordinary shares (representing approximately 0.68% of the Company's issued shares) to the vendors of Sky Software Pty as part of the deferred consideration payable. On the same day a further 596,065 nil-cost options (representing approximately 0.3% of the Company's issued shares) were granted to Ian Bowles and Mark Pickett under the terms of its 2010 Long Term Incentive. All of the awards are subject to a performance condition measured over a maximum of a 3 year period ending on 30 June 2020.

The remuneration of the key management personnel of the Group is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'. The members of the Group Board and the Group's Executive Board are considered to be the key management personnel of the Group.

	30 June 2017 £'000	30 June 2016 £'000	31 December 2016 £'000
Short-term employee benefits	1,324	1,211	3,458
Termination benefits	165	-	454
Share-based payments[1]	538	171	874
	2,027	1,382	4,786

[1]Remuneration in respect of share based payments reflects the IFRS2 charge to the income statement during the relevant period in respect of the directors' outstanding share options and share matching plans.

19. Seasonality

The overall performance for the second half of the year will be lower than for the first half as a result of phasing of QAS school inspections. In addition, i-graduate revenues and profit are skewed to the fourth quarter of the calendar year, in line with the start of the academic year.

Responsibility statement

The Directors' confirm that these condensed interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules (DTR) of the Financial Services Authority and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- An indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- Material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report

The Directors of Tribal Group plc are listed in the Tribal Group plc Report and accounts for the 12 month period ended 31 December 2016. A list of current Directors is maintained on the Tribal Group plc website: www.tribalgroup.com.

The Directors are responsible for the maintenance and the integrity of the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

Ian Bowles

Ian Bowles
Chief Executive

M Pickett

Mark Pickett
Chief Financial Officer

07 September 2017