Tribal Group plc

15th September 2016

Half year results for the six months ended 30 June 2016

Highlights

	Six months ended 30 June 2016	Six months ended 30 June 2015	Change
Revenue	**£45.2m**	£58.0m	(22%)
Adjusted operating profit[1]	**£0.5m**	£2.4m	(81%)
Statutory loss after tax	**£(2.6)m**	£(6.4)m	59%
Operating cash flow	**£4.6m**	£(3.2)m	244%
Net cash / (debt)	**£5.7m**	£(23.1)m	125%

- First half performance as anticipated; full year expectations unchanged
- New Board appointments and management team refreshed
- Stability restored and positive momentum returning; a number of new deals closed and major customer contract challenges de-risked, although some operational issues remain
- Decline in revenue due mainly to winding down of QAS Ofsted contract, disposal of Synergy and closure of non-core businesses
- Cost reduction program implemented to drive margin improvement which will impact the second half of the year. Annualised cost savings of £8.5m by the year end.
- Annual recurring Software Maintenance revenues up 14%, representing 38% of total revenues (H1 2015: 26%)
- Balance sheet strengthened, with £38.5m (net of costs) proceeds of rights issue, directors' share subscription and sales of Synergy business, providing financial stability and investment capacity
- Strategic review being undertaken, confirming:
    - Focus on software and services for education markets worldwide, delivering market-leading Student Management solutions
    - Development of a Next Generation platform to offer modular Cloud infrastructure and Digital Applications to enhance the student experience
    - Development of education analytics, complemented by Quality Assurance services
- Board remains committed to a progressive dividend policy, as previously stated; dividends will only be recommenced once the Group's financial performance has improved

Ian Bowles, Chief Executive, commented:
"I am pleased to report that the first half of the year has seen progress in line with the Board's expectations, as we take actions to address the financial and operational challenges the Group faced at the beginning of the year. As previously highlighted, our profits in 2016 are weighted towards the second half of the year, as we see the H1 cost saving actions flowing through, improved utilisation in the Implementation teams, and seasonal skewing of results in Professional and Business Solutions. Our expectations for the full year are unchanged."

Notes:

1 Adjusted Operating Profit is in respect of continuing operations, excluding intangible asset amortisation and impairment of £0.9m (H1 2015: £8.0m), Restructuring costs of £1.5m (HY 2015: £nil), movement in deferred contingent consideration of £0.4m (HY 2015: £0.1m), gain on sale of Synergy of £0.3m (HY 2015: £nil), and net exceptional gain of £0.1m (H1 2015: gain of £0.5m).

2 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.

Further Information

A presentation of these results will be made to analysts and investors at 09.30am 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 — Tel: 0117 311 5293
Ian Bowles, Chief Executive
Mark Pickett, Chief Financial Officer

Weber Shandwick Financial — Tel: 020 7067 0700
Nick Oborne
Tom Jenkins

Investec Bank plc — Tel: 020 7597 4000
Rowena Murray
Sara Hale
Daniel Adams

N+1 Singer Capital Markets Limited — Tel: 0207 496 3000
Shaun Dobson

Chief Executive's Statement

Introduction

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

We are taking decisive action to address the financial and operational challenges the Group faced at the beginning of the year and, although there is yet much to do, as these actions take effect, the Group is becoming increasingly well positioned to take advantage of an international market for Student Management Systems & Services.

The sale of the Synergy business, completed in April, and the rights issue and directors' share subscription in March, which raised a total of £38.5m (net of costs), restored the Group's financial position, providing both financial stability and the funds to invest in the growth of the business. I am pleased that these monies have been augmented by a much improved cash performance in the first half, with operating cash inflow of £4.6m (H1 2015:£3.2m cash outflow).

We have reviewed the Group's operations and strategy going forward. This has confirmed that Tribal's software and services portfolio, market leading position and international customer base provide a strong platform around which to build long term shareholder value. The review has also confirmed that this platform will be supported by a new vision and mission for the group, a new operating model and product strategy, refreshed management, and a revised organisational structure providing clear lines of accountability and responsibility. These either have been implemented or will be so by the year end.

Furthermore, we have identified areas where we can more effectively align the Group's resources to deliver material cost efficiencies and improve margin without impacting the Group's ability to serve our customers or drive our business forward. We anticipate achieving annualised cost savings of £8.5m by the end of 2016, benefiting future periods. Further cost savings, as a result of efficiencies, will be achieved in 2017.

Management changes have included significant alteration to the composition of the Board. Following the appointment of Richard Last as Chairman, and Roger McDowell as Senior Independent Director, in November 2015, Ian Bowles was appointed Chief Executive in February and Mark Pickett joined as Chief Financial Officer in June. All bring strong international experience of our industry and track records of driving shareholder value.

In May the listing of Tribal's ordinary shares on the Official list was cancelled and the shares were admitted to the Alternative Investment Market ("AIM"). This followed the Board's decision that AIM is a more appropriate market on which to develop Tribal, bringing the benefit of lower costs, and administration and regulatory requirements more appropriate to Tribal's size.

There remains a great deal of work to do to ensure we execute effectively, get closer to our customers and deliver value for all of our stakeholders. We have however made good early progress, and our expectations for the full year are unchanged.

Financial performance

Revenue

Revenue for the six months ended 30 June 2016 was £45.2m (H1 2015: £58.0m), a decrease of 22%. Our software and analytics related revenues were £31.8m (H1 2015: £34.9m), and our other revenues reduced to £13.4m (H1 2015: £23.1m), consistent with the reduction in the Ofsted contract revenues and a planned withdrawal from non-core activities through the disposal of Synergy. Revenue included for Synergy prior to its disposal is £1.5m (H1 2015: £3.3m).

Adjusted Profit and Loss

Adjusted operating profit was £0.5m (H1 2015: £2.4m). Key drivers of the change include a reduction of the amount of R&D spend capitalised from £2.7m to £0.5m which resulted in a significantly increased P&L charge than would have previously been the case; this reflects the Group's revised product strategy, as outlined in the Product Development & Customer Services section of this document. Earnings from Synergy prior to its disposal were £0.9m (H1 2015: £2.0m). Impact of foreign exchange movement was £0.2m (H1 2015: £(0.2)m)

Adjusted loss before tax was £(0.1)m (H1 2015: profit of £2.0m), and adjusted earnings per share were (0.2)p (H1 2015: 1.6p), a 113% decrease.

Statutory Profit and Loss

The loss for the period was £2.6m (H1 2015: loss of £6.4m). Financing charges for the period included interest payable of £0.5m (H1 2015: £0.5m), the write off of Bank Arrangement fees following modification of banking arrangements (£0.2m), and the unwinding of discount on deferred consideration (£0.2m) (H1 2015: £0.3m). There was a tax credit of £(0.2m) (H1 2015: charge of £0.3m).

Net debt and cash flow

Operating cash flow for the period was £4.6m (H1 2015 £(3.2m)). Free Cash Flow (calculated as Operating cash flow less Capital Expenditure less Capitalised Development) was £3.4m (H1 2015: £(6.8m)) due primarily to positive working capital movement. Net cash at 30 June 2016 was £5.7m (H1 2015: net debt of £23.1m; FY 2015: net debt of £32.5m).

Proceeds of the rights issue, directors' share subscriptions and the disposal of Synergy were £38.5m, net of costs. These funds were used to eliminate our bank borrowings (£33m). Working capital improvements generated £2.4m, payments of Deferred Consideration for the acquisitions of Sky software and iGraduate were £2.9m, and capital expenditure was £1.3m. Closing cash was £7.2m, and the Group had a loan of £1.5m, leaving a Net Cash position of £5.7m.

Going forward, the benefits of the cost reduction programme will enhance operating cash flow performance.

Following the rights issue and Synergy disposal, the Group's banking facilities have been streamlined to better match the Group's ongoing requirements. The Group now has available a revolving credit line of £25m with Lloyds Banking Group and Clydesdale Bank, incorporating overdraft facilities and bank guarantee lines, committed until June 2018.

Strategy and Market Review

Strategic focus

We have reviewed our strategic priorities and direction.

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, and we will continue to deliver market-leading solutions.

Our Student Management systems are split into 4 market segments: Higher Education, Further Education & Colleges (referred to in Australia as VET), Schools and Employers (through Work-based Learning solutions), and across 3 main markets, UK, Australia and New Zealand. We will continue our expansion in Asia-Pacific (APAC), North America, and in the UK and Middle East & Africa (EMEA).

We will develop a next generation, cloud-based platform for Student Management Systems in Higher and Further (VET) sectors on which we will build modular-based applications using a common, standard technology stack, which we will sell to existing and new customers. We will continue to support and invest in all our current product set and safeguard our customers' investment in their existing systems. Our new platform will reduce both Development and Support & Maintenance costs by eliminating duplication of effort, as well as providing a roadmap for customers' Student Management systems to evolve. We will also complete the development of a new product for schools ("SchoolEdge"), and sustain our market-leading product for employers and training providers ("Maytas").

Over time, we will evolve our Licensing model to offer Software-as-a-Service subscription-based charging models. This will lead to a more predictable revenue profile, moving from separate License and Support recognition to Annual Recurring Revenue streams.

We will, however, ensure that customers have choice; migration to a cloud-based architecture will be available, but no customer will be forced to migrate from their existing Tribal systems, and the value of the existing license investment will be protected.

We will also continue to develop complementary service offerings on our Data & Analytics tools, and on our Quality Assurance Solutions, to bring our services to market more cohesively across our chosen education sectors and geographic markets.

Market overview

In our chosen regional markets and segments, overall activity levels for the replacement or enhancement of Student Management systems remain stable and we continue to see a steady stream of new customer opportunities in the Higher Education sector.

Following the UK Government's decision to permit universities, subject to certain conditions, to increase student numbers, we anticipate that the trend of Higher Education institutions becoming more commercially-focussed will continue. We note that, in a UK Government White Paper in May 2016, the UK Minister for Universities & Science set out proposals to make it quicker for new Higher Education institutions to enter the market and award their own degrees, with a new Office for Students to put competition and choice at the heart of Higher Education sector regulation.

These initiatives will drive more opportunity to provide differentiated Student Management System offerings that enhance the student experience while reducing the annual costs for the university by providing cloud-based Software-as-a-Service.

Fiscal pressures are most pronounced in the Vocational Learning and Schools sectors, although appetite for reform and restructuring in these areas will continue to drive demand over the longer term.

Operational Review

Organisational Structure

As we move into the second half of 2016, Tribal's organisational structure has been simplified to drive improved customer focus, more agile management, responsiveness to local needs, and clear accountability across our business. The beneficial impact of these changes will take some time to fully materialise, but over time our new regional organisation structure will enable us to drive efficiencies in our business, reduce overlap and duplication in our development activities, and achieve better multi-product skilling of our implementation resources to simplify and reduce our overheads.

Our EMEA regional management team has been realigned, and a leadership team has been appointed in APAC. We have also enhanced our sales and marketing leadership. Tribal will continue to go to market globally in the Higher Education sector, reflecting the fundamental characteristics of the university market, but delivery of customer projects will be driven regionally to retain close customer focus.

We have adopted a primarily regional structure, split between our Europe, Middle East & Africa (EMEA) and Australia, New Zealand & Asia-Pacific (APAC), managed through three Lines of Business, as follows:

- The Student Management Systems business focussed on four market segments, Higher Education, Further Education & Colleges, Schools and Employers. Product/Offerings will be split between License, Support & Maintenance, Implementation, and Cloud Operations;
- The iGrad Data & Analytics business, including student surveys and the embryonic data analytics business;
- Quality Assurance Solutions (QAS), including inspection and review services which support the assessment of educational delivery.

Our sales team is being rebuilt, following the loss of sales momentum during 2015. We secured a number of new customer wins during the early part of the year; our task now is to sustain our new business trajectory, whilst also re-establishing effective account management practices.

Cost Reduction

Our overall workforce has reduced at the end of the first half of 2016 by almost 15% to 1,129 heads, down from 1,323 at 31 December 2015.

These reductions resulted from both the disposal and closure of businesses and winding down of the Ofsted contract, as well as the result of specific actions taken to further reduce our costs during the first half of the year, in part to reinvest in the business. They were spread across all functions in the organisation, about 30% in the APAC region, and the remaining 70% in EMEA. The restructuring program was executed in the first half of 2016 and associated costs provided for. Most affected individuals left the organisation early in the second half of the year, so the resultant cost savings in the first half are small.

However, these cost savings will impact the second half of 2016 and, with other, non-headcount related reductions, it is anticipated that annualised costs will be reduced by c£8.5m. We are confident that delivery performance will not be affected.

In addition, we will identify further opportunities for cost savings in the second half of 2016 which will drive continued margin improvement in 2017 and beyond.

Major Contracts

During 2015, Tribal experienced a number of challenges associated with certain of its larger software customer contracts. We have made good progress to bring improved project management and customer communication to these programmes, and whilst more work needs to be done, we have reduced Tribal's exposure in this respect.

The TAFE Queensland contract has now been brought to an amicable conclusion following a significant change in the customer's requirements. Tribal was compensated by TAFE Queensland for costs it incurred in 2016, and as a result the end of this project had no material EBITA impact in the period.

The New South Wales Student Administration and Learning Management (SALM) programme has continued to deploy, and around 700 schools are now live on the system (from 229 at FY15), as well as all 138 TAFE campus locations. Work is continuing on the planning for the remaining 1,500 locations. In June 2016, the NSW Government made a public announcement that they will be reviewing their student enrolment system and will look to implement a new, cloud-based solution for 2018 enrolments. Tribal continues to discuss the future solution with TAFE NSW but, regardless, TAFE NSW will be a customer through into 2018, and the schools' element of SALM will continue as planned.

The Ofsted contract remains operationally good, with the expiry date remaining unchanged as March 2017. The Transfer of Undertakings (Protection of Employment) act (TUPE) will apply to the individuals working directly on the Ofsted contract, so Tribal will not have a significant restructuring cost on the expiry of the contract.

There is increased risk in the UNISA contract, where we have been informed that implementation has been put on hold pending an internal review of the project, resulting in a negative impact on H1 2016 results of £0.7m.

Effect of Decision of UK to exit the European Union

We do not expect the decision of the UK to exit the European Union (Brexit) to have an adverse impact in the short term on demand for Student Management Systems, and the longer term potential impact remains to be seen and is dependent upon the exit terms agreed.

Following the outcome of the Brexit vote, there is expected to be some additional benefit in earnings due to the fall in the value of UK Sterling, if the current level of exchange rate is sustained through the second half of 2016.

There has also been an adverse movement in net defined assets of the pension schemes due to further reduction in gilt yields following the Brexit vote, resulting in net defined liabilities of £1.1m.

Divisional Performance

Product Development and Customer Services

The PD & CS division delivers software and related software support. Its work includes the enhancement and development of existing and new software products. The principal revenues generated in this division are either software licences or recurring maintenance and support revenues associated with the installed software customer base.

Six months ended 30 June	**2016 £m**	2015 £m
Revenue		
Licence and development fees	4.9	4.2
Maintenance	17.4	15.3
Other	1.6	4.7
	23.9	24.2
Adjusted operating profit	**1.5**	1.3
Adjusted operating profit margin	*6%*	*5%*
Capitalised product development investment	£0.5m	£2.7m
As a % of software-related revenues (software-related revenues represent those generated in our Product Development and Customer Services and Implementation Services segments)	*2%*	*8%*

Product Development and Customer Services (PD&CS) revenues reduced by 1% to £23.9m (H1 2015: £24.2m).

PD&CS adjusted operating profit was £1.5m (H1 2015: £1.3m), and the adjusted operating margin was 6% (H1 2015: 5%). The capitalised development cost was £0.5m in H1 2016 (H1 2015 £2.7m). In 2016, limited capitalisation has taken place, in light of the significant impairments arising in 2015. Reflecting the Group's revised product strategy, it is also considered appropriate that the cost of development work relating to Statutory/Regulatory updates, local requirements of new territories entered when undertaking work for the first time, new modules for existing products, bespoke / one-off projects, and Support & Maintenance work is now expensed as incurred, with capitalisation taking place predominantly in respect of new product/platform redevelopment. Accordingly, the capitalised cost in H1 2016 relates only to the redevelopment of the SchoolEdge platform. £2.4m of cost capitalised in H1 2015 would have been expensed in H1 2016 under the Group's revised product strategy.

During the period we secured a number of new customers for our SITS university product, including Central European University, a private university based in Budapest, and Carleton University in Canada, our third university customer in Canada. In New Zealand, our Waikato University contract is now signed, and Massey University has moved to the next stage of its implementation programme with a major software licence drawdown in the period.

Across our university and college customer base, retention rates remained high, and as a result, our Annual Recurring Revenue base has continued to grow. Maintenance fees in the period were £17.4m (H1 2015: £15.3m), an increase of 14%.

We continue to benefit from the acquisition, in March 2015, of Callista, which is performing ahead of our expectations. Similarly, Human Edge (now renamed SchoolEdge) is performing well and exhibiting good customer retention rates, and we are now well advanced in bringing a refreshed, Cloud architected schools management system to this market.

Other revenues are £1.6m (H1 2015: £4.7m) and include other software-related service revenue streams.

Implementation Services

The Implementation Services division delivers the technical implementation of our software products at customer sites, typically working alongside customer teams. Implementation projects vary in length, and may range from a small number of days, to more than two years for more complex projects. IS revenues are typically based on day-rate fees, although we sometimes operate under fixed fee contracts for defined implementation scopes.

Six months ended 30 June	**2016** **£m**	2015 £m
Revenue	**7.0**	8.5
Adjusted operating profit	**0.1**	0.6
Adjusted operating profit margin	*1%*	*7%*

Implementation Services revenues reduced by 18% to £7.0m (H1 2015: £8.5m), including the impact of the revenues not being accrued in the UNISA contract, as noted above. International revenues represented 34% (H1 2015: 46%) of revenues. Adjusted operating profit was £0.1m (H1 2015: £0.6m), and the adjusted operating margin was 1% (H1 2015: 7%).

As a result of delayed deal closures at the end of 2015, our implementation services activities experienced a slow start to 2016. However, university deal closure momentum has improved over the period, and utilisation levels have improved, enhancing operating margins towards the end of the period. Whilst the end of the TAFE Queensland contract has reduced overall implementation activity levels during 2016, SALM-related activity levels remain steady. We are also pleased to have recently extended our work with the British Council.

Professional and Business Solutions

The PBS division provides a range of services for managers of universities, colleges and schools, so they are able to assess and enhance the quality of the education they provide, and improve their operational performance. Services provided by this division include:

- Student experience analytics
- Operational benchmarking and analytics
- Transformation and change advisory services
- Information management services
- Specialist learning management solutions
- Specialist support services to enhance the provision of education and training.

This division's activities have increasingly focused on those skills and tools that closely relate to our student management systems. Increasingly, we integrate these activities with our software offerings.

Six months ended 30 June	**2016**	2015
	£m	£m
Revenue		
Analytics	0.9	2.2
Careers advice	-	0.8
Other	2.9	4.4
	3.8	7.4
Adjusted operating profit/(loss)	**0.1**	(0.1)
Adjusted operating profit margin	*3%*	*(1)%*

Our Professional and Business Solutions (PBS) revenue in the period was £3.8m (H1 2015: £7.4m), a reduction of 49% as we closed our Specialist Learning Solutions and Careers Advice businesses during 2015. International revenues represented 18% (H1 2015: 6%) of total income. PBS' adjusted operating profit was £0.1m (H1 2015: loss of £(0.1)m), and adjusted operating margins were 3% (H1 2015: (1)%).

Our analytics work comprising student experience analytics and performance benchmarking, on which our strategic focus for this segment is based, performed well, supported by a NZD 5m contract extension to our benchmarking work in the New Zealand college sector, and a contract with the Lancaster Group of Universities.

Quality Assurance Solutions

QAS provides inspection services used by the Office of Standards in Education, Children's Services and Skills (Ofsted), the UK government agency responsible for monitoring quality in settings such as colleges, schools and nurseries. These services have also been purchased by government agencies in the US and Middle East. Typically, we provide these services under multi-year contracts, with fixed and variable pricing elements. We also provide complementary services including training for prospective quality assurance inspectors, training and software tools for school leaders to prepare for inspections, online professional development tools for teachers to enhance their professional development, and other similar offerings.

Six months ended 30 June	**2016**	2015
	£m	£m
Revenue		
Ofsted contract revenues	5.7	12.0
Other	4.8	6.2
	10.5	18.2
Adjusted operating profit	**0.7**	2.6
Adjusted operating profit margin	*7%*	*14%*

Our Quality Assurance Solutions (QAS) revenue declined in the period, as previously indicated. Revenue was £10.5m (H1 2015: £18.2m), a reduction of 42%. International revenues represented 32% (H1 2015: 18%) of total income. QAS adjusted operating profit was £0.7m (H1 2015: £2.6m), and adjusted operating margins were 7% (H1 2015: 14%).

The reduction in Ofsted contract revenues reflects the successful conclusion of our schools assurance work during 2015. Our "Early Years" assurance work will continue until March 2017. We have continued to focus on optimising delivery efficiencies during this run off period, which is reflected in our improved operating margins in that area of the business. Our other work includes quality assurance contracts in North America and the Middle East, which continue to trade well.

Central Overheads

Six months ended 30 June	**2016**	2015
	£m	£m
Central overheads	**1.9**	1.9

As a % of revenue	***4%***	*3%*

Central Overheads are consistent with H1 2015, and cover cost related to Group Corporate functions, including the Board of Directors, excluding exceptional items

Board of Directors

The first half has seen major changes to the Board. Following the appointment of Richard Last as Chairman, and Roger McDowell as Senior Independent Director, in November 2015, Ian Bowles was appointed Chief Executive in February, replacing Rob Garner, Interim Chief Executive, who subsequently left the Group. Mark Pickett joined as Finance Director in June, replacing Steve Breach, who also left the Group after many years' valuable service.

It was with great sadness that we lost Duncan Lewis, who acted as a Non-Executive Director from June 2015 to the time of his death in March this year.

Since the period end, it has been announced that David Egan will stand down as a Non-Executive Director with effect from 31st October 2016.

We are very grateful for the excellent contribution of all our colleagues who have left the Group and are confident that the new team has the skills and experience to take the Group forward to a successful future.

Reporting Format

In the second half of the year, aligned with the new organisational structure, the format of reported results will be changed to reflect the three Lines of Business (Student Management Systems, iGrad Data & Analytics, and Quality Assurance Solutions), and with increased regional and market sector emphasis.

We will therefore no longer report under the headings of Product Development, Customer Services and Professional & Business Services. We will continue to report Implementation, but it will form part of the Student Management line of business. QAS reporting does not change.

Risks and uncertainties

Our risk management policies and key risks are set out on pages 23-33 of the Group's report and accounts for the year ended 31 December 2015, which can be found at www.tribalgroup.com/investors.

Our key risks remain materially unchanged since that report, although the risks arising as a result of the Group's financial position as at 31 December 2015 have now reduced as a result of management actions in the first half of 2016.

In summary, the key risk areas faced by the Group, and examples of the consequences of risks crystallising in these areas, are:

- Large contract tendering and delivery – uncertainties associated with timing of deal closure and meeting key contractual obligations/milestones associated with major customer programmes can lead to significant financial volatility, may require significant management time and can attract media interest which may cause reputational damage.
- Resource allocation - which may cause substandard delivery of large contracts and customer programmes, reputational damage, and excessive resource and management stretch;
- Competitive positioning - which may arise from aggressive commercial action by competitors or inappropriate pricing strategies in new markets;
- Customer demands - which may change unpredictably as a result of political, economic or policy change. Changing customer demands may impact existing contracted activity, and can create uncertainty in the timing of new business wins;
- Innovation and technology - which may render existing software products and solutions obsolete;
- People and leadership – if the Group is unable to attract and retain key staff, or staff morale is destabilised, shortfalls in operational capabilities may arise;
- Geographic distribution - which may cause over-stretch of management control, resource capacity challenges, foreign exchange currency risk and damage from unforeseen local market conditions;
- Reputation - which may cause loss of key contracts, or wider loss of customer confidence and trust; and
- Intellectual property - which may result in loss of control over or infringement of key elements of our

intellectual property.

Going concern

Following the recent strengthening of the Group's balance sheet, the Group has sufficient financial resources for its foreseeable requirements. Tribal maintains appropriate cash balances, and has a revolving credit facility of £25m that is committed until June 2018.

The Group's software products benefit from a significant installed customer base, whilst its other activities are typically delivered under the framework of long-term contracts. Collectively, the Group has a range of customers across different geographic areas, good levels of committed income and a pipeline of new opportunities. The Group's forecasts and projections, which allow for reasonable possible changes in trading performance, show that the Group will be cash generative across the forecast period.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis in preparing the financial statements.

Taxation

The corporation tax charge on continuing operations was £0.2m (H1 2015: £0.5m). The tax charge for H1 2015 reflects the fact that taxable profits arose in Australia. As the Group continues to grow its activities in international jurisdictions that typically operate with a higher rate of corporation tax, it is anticipated that the tax charge on profits over the medium-term future is likely to be higher than the standard UK corporation tax rate.

Pension

Following the UK's decision to leave the EU, the Group has reviewed its defined benefit schemes with the assistance of its actuaries resulting in the net defined assets of the scheme reducing from £88,000 to net defined liabilities of £1.1m. As a result an actuarial loss of £1.2m has been recognised in the consolidated statement of comprehensive income and expense. This relates to deferred members of the pension scheme, previously employed in the QAS business.

Dividend

Whilst the Board remains committed to a progressive dividend policy, as previously stated dividends will only be recommenced once the Group's financial performance has improved. During the current period, the Group's focus remains on simplifying its operations and re-establishing momentum. As a result, the Board has declared no dividend in respect of the six months ended 30 June 2016 (H1 2015: 0.70p).

Related parties

Transactions with related parties during the period are set out in note 21.

Share Options

Share option charges for the six months to 30 June 2016 of £0.2m relate to the matching shares granted as part of the Rights Issue and share subscription exercise in April 2016. Long Term Incentive Plan options (LTIPs) were granted to the new executive management team at the end of 30 June 2016 and as such there is no charge for these share options in the period to 30 June 2016. The share option charge for all outstanding options in the second half of the year is estimated to be approximately £0.6m resulting in an anticipated full year charge for all share options of £0.8m.

Outlook

As previously highlighted, our profits in 2016 are expected to be weighted towards the second half of the year, as we see the H1 cost saving actions flowing through, improved utilisation in the Implementation teams, and seasonal skewing of results in PBS. Our expectations for the full year are unchanged.

15th September 2016

Condensed consolidated income statement
For the six months to 30 June 2016

	Note	**Adjusted £'000**	**Other (see note 5) £'000**	**Six months ended 30 June 2016 Total £'000**	Adjusted £'000	Other (see note 5) £'000	**Six months ended 30 June 2015 Total** £'000
Continuing operations							
Revenue	4	45,216	-	45,216	58,048	-	58,048
Cost of sales		(26,640)	-	(26,640)	(37,103)	-	(37,103)
Gross profit		18,576	-	18,576	20,945	-	20,945
Other administrative expenses		(18,120)	(1,491)	(19,611)	(18,500)	(6,847)	(25,347)
Amortisation of IFRS 3 intangibles		-	(891)	(891)	-	(833)	(833)
Total administrative expenses		(18,120)	(2,382)	(20,502)	(18,500)	(7,680)	(26,180)
Operating profit/(loss)	4	456	(2,382)	(1,926)	2,445	(7,680)	(5,235)
Investment income		18	-	18	2	-	2
Finance costs	6	(524)	(362)	(886)	(478)	(293)	(771)
(Loss)/profit before tax		(50)	(2,744)	(2,794)	1,969	(7,973)	(6,004)
Tax (charge)/credit	7	(223)	466	243	(476)	202	(274)
(Loss)/profit for the period from continuing operations		(273)	(2,278)	(2,551)	1,493	(7,771)	(6,278)
Discontinued operations							
Loss from discontinued operations		-	-	-	-	(81)	(81)
(Loss)/profit for the period		(273)	(2,278)	(2,551)	1,493	(7,852)	(6,359)
(Loss)/Earnings per share							
From continuing operations							
Basic and diluted	8	(0.2)p	(1.6)p	(1.8)p	1.6p	(8.2)p	(6.6)p
From continuing and discontinued operations							
Basic and diluted	8	(0.2)p	(1.6)p	(1.8)p	1.6p	(8.3)p	(6.7)p

Condensed consolidated income statement
For the year to 31 December 2015

	Note	Adjusted £'000	Other (see note 5) £'000	Year ended 31 December 2015 £'000
Continuing operations				
Revenue	4	106,725	-	106,725
Cost of sales		(68,676)	-	(68,676)
Gross profit		38,049	-	38,049
Other administrative expenses		(35,165)	(46,420)	(81,585)
Amortisation of IFRS 3 intangibles		-	(1,686)	(1,686)
Total administrative expenses		(35,165)	(48,106)	(83,271)
Operating profit/(loss)	4	2,884	(48,106)	(45,222)
Investment income		49	-	49
Finance costs	6	(1,083)	(1,041)	(2,124)
Profit before tax		1,850	(49,147)	(47,297)
Tax (charge)/credit	7	(697)	2,558	1,861
Profit/(loss) for the period from continuing operations		1,153	(46,589)	(45,436)
Discontinued operations				
Loss from discontinued operations		-	(80)	(80)
Profit/(loss) for the year		1,153	(46,669)	(45,516)
Earnings per share				
From continuing operations				
Basic and diluted	8	1.2p	(49.3)p	(48.1)p
From continuing and discontinued operations				
Basic and diluted	8	1.2p	(49.4)p	(48.2)p

Condensed consolidated statement of comprehensive income and expense
For the six months to 30 June 2016

	Six months ended 30 June 2016 £'000	Six months ended 30 June 2015 £'000	Year ended 31 December 2015 £'000
Loss for the period	(2,551)	(6,359)	(45,516)
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit pension schemes	(1,178)	-	(169)
Deferred tax on measurement of defined benefit pension schemes*	212	-	34
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	2,034	(1,079)	(720)
Total comprehensive expense for the period attributable to equity holders of the parent	(1,483)	(7,438)	(46,371)

*The June 2015 prior period comparative has been restated to reclassify a deferred tax charge of £218,000 on share option charges taken to equity

Condensed consolidated balance sheet

As at 30 June 2016

	Note	**30 June 2016 £'000**	(Restated)* 30 June 2015 £'000	(Restated)* 31 December 2015 £'000
Non-current assets				
Goodwill	10	20,749	69,708	38,311
Other intangible assets	11	15,001	23,226	14,784
Property, plant and equipment		2,480	3,138	3,431
Retirement benefit surplus	17	-	137	88
Deferred tax assets		3,897	2,021	3,213
Accrued income		1,084	1,112	1,126
		43,211	99,342	60,953
Current assets				
Inventories		183	817	133
Trade and other receivables	12	17,899	19,574	20,195
Accrued income		3,938	10,772	4,664
Current tax assets		884	-	-
Cash and cash equivalents	19	7,186	4,499	3,896
		30,090	35,662	28,888
Total assets		73,301	135,004	89,841
Current liabilities				
Trade and other payables	13	(7,199)	(11,787)	(7,043)
Deferred income		(21,040)	(24,965)	(21,730)
Accruals		(8,500)	(11,975)	(9,671)
Current tax liabilities		(1,699)	(2,664)	(169)
Borrowings	19	-	-	(2,160)
Provisions	14	(3,156)	(2,493)	(3,845)
		(41,594)	(53,884)	(44,618)
Net current liabilities		(11,504)	(18,222)	(15,730)
Non-current liabilities				
Deferred income		(893)	(746)	(646)
Borrowings	19	(1,500)	(27,589)	(34,207)
Retirement benefit obligation	17	(1,090)	-	-
Deferred tax liabilities		(2,092)	(2,328)	(2,119)
Provisions	14	(1,360)	(4,904)	(2,091)
		(6,935)	(35,567)	(39,063)
Total liabilities		(48,529)	(89,451)	(83,681)
Net assets		24,772	45,553	6,160
Equity				
Share capital	15	9,769	4,743	4,743
Share premium		14,989	21	21
Other reserves		20,174	26,823	20,503
Retained earnings		(20,160)	13,966	(19,107)
Total equity attributable to equity holders of the parent		24,772	45,553	6,160

* In the current period the Group has reclassified its accrued and deferred income balances, so to disclose between current and non-current assets and liabilities respectively. This has no net impact on the results for the prior period.

Condensed consolidated cash flow statement
for the six months to 30 June 2016

	Note	**Six months ended 30 June 2016 £'000**	Six months ended 30 June 2015 £'000	Year ended 31 December 2015 £'000
Net cash inflow/(outflow) from operating activities	18	4,633	(3,161)	(6,216)
Investing activities				
Interest received		18	2	49
Purchases of property, plant and equipment		(232)	(584)	(1,679)
Expenditure on product development and business systems		(1,049)	(3,081)	(5,138)
Gross proceeds from disposal of Synergy		19,421	-	-
Costs associated with disposal of Synergy		(872)	-	-
Payment of deferred consideration for acquisitions net of cash acquired		(2,907)	(3,773)	(4,510)
Net cash inflow/(outflow) from investing activities		14,379	(7,436)	(11,278)
Financing activities				
Interest paid		(399)	(364)	(811)
Purchase of own shares		(91)	-	-
Gross proceeds on issue of shares		22,117	-	-
Costs associated with issue of shares		(2,123)	-	-
Equity dividend paid		-	-	(1,794)
Fees for waiver of loan covenant		-	-	(200)
(Repayment)/draw down of borrowings and loan arrangement fees		(33,000)	6,451	12,912
Net cash (outflow)/inflow from financing activities		(13,496)	6,087	10,107
Net increase/(decrease) in cash and cash equivalents		5,516	(4,510)	(7,387)
Cash and cash equivalents at beginning of period		1,736	9,345	9,345
Effect of foreign exchange rate changes		(66)	(336)	(222)
Cash and cash equivalents at end of period	19	7,186	4,499	1,736

Condensed consolidated statement of changes in equity
For the six months to 30 June 2016

	Share capital £'000	Share Premium £'000	Other reserves £'000	Retained earnings £'000	Total Equity £'000
Balance at 1 January 2015 (audited)	4,743	21	25,757	24,126	54,647
Total comprehensive expenses for the period	-	-	-	(7,438)	(7,438)
Acquisition of own shares	-	-	1,970	-	1,970
Dividends	-	-	-	(1,138)	(1,138)
Charge to equity for share-based payments	-	-	(904)	(1,366)	(2,270)
Tax on charge to equity for share-based payments*	-	-	-	(218)	(218)
Balance at 30 June 2015 (unaudited)	4,743	21	26,823	13,966	45,553
Total comprehensive expenses for the period	-	-	-	(38,933)	(38,933)
Dividends	-	-	-	(656)	(656)
Use of own shares to settle share-based payment vesting scheme	-	-	-	2	2
Tax on charge to equity for share-based payments	-	-	-	194	194
Transfer from Merger Reserve	-	-	(6,320)	6,320	-
Balance at 31 December 2015 (audited)	4,743	21	20,503	(19,107)	6,160
Total comprehensive expense for the period	-	-	-	(1,483)	(1,483)
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 (unaudited)	9,769	14,989	20,174	(20,160)	24,772

*The June 2015 prior period comparative has been restated to reclassify a deferred tax charge of £218,000 on share option charges taken to equity

Notes to the condensed consolidated financial information
for the six months to 30 June 2016

1. General information

The condensed consolidated financial information for the six months ended 30 June 2016 was approved by the Board of Directors on 15th September 2016. 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 2015 were approved by the board of directors on 16 March 2016. 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. However, the auditor's report on those accounts did include an Emphasis of Matter paragraph concluding that whilst the directors' use of the going concern basis of accounting in the preparation of the financial statements was appropriate, conditions existed at the date of approval of those accounts which indicated the existence of a material uncertainty which may have given rise to a significant doubt over the Group's ability to continue as a going concern. The matters arising influencing the Group's going concern assumption and events taking place during the six months ended 30 June 2016 are set out in note 3 below.

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 and International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union as if the company were listed on a market regulated under EU law.

The condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2015 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 2015.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2015.

3. Going concern

The annual report of Tribal Group plc contained substantial disclosure on the Directors' consideration of adopting the going concern basis in preparing the financial statements as the successful completion of the sale of the Synergy business and the Rights Issue and placing were critical assumptions in their assessment.

Subsequent to the publication of the annual report and as disclosed in this report, the Group completed the sale of its Synergy business generating net proceeds of £18.5m. In addition, the Group has raised net proceeds of £20.0m from the Rights Issue and placing. This has created a more appropriate capital structure which has eliminated its indebtedness.

On 30 June 2016, the Group agreed amendments to the terms of its banking facilities which remain committed until June 2018. The size of the overall credit facility has been reduced from £50million to £25million, a level more appropriate for the Group balance sheet, following the completion of the rights issue and the sale of Synergy which resulted in a significant reduction in the outstanding indebtedness, and consequently a reduction in the level of debt finance required to support the business going forwards. The most significant change to the agreement is that the maximum permissible leverage ratio (measured as the ratio of net debt to EBITDA) must not exceed 2x (previously 3x). The definition of EBITDA has also been defined to exclude certain non-cash and one-off trading impacts that have unfavourable impacts on the calculation. For the foreseeable future, the Group is forecast to operate within the bank covenant requirements set out in the facility agreements, amended with effect from 30 June 2016, after taking in to account reasonably possible downside changes in trading performance.

The directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

4. Segmental analysis

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.

Geographical information: revenue from external customers	Six months ended 30 June 2016 £'000	Six months ended 30 June 2015 £'000	Year ended 31 December 2015 £'000
UK	25,770	40,184	72,350
Asia Pacific	14,460	12,350	23,699
North America and rest of world	4,986	5,514	10,676
	45,216	58,048	106,725

The principal activities are as follows:

Product Development and Customer Services ("PD & CS"), representing revenues from sales of software and subsequent maintenance revenues, and the costs of developing and maintaining that software;

Implementation Services ("IS"), representing the results of activities through which we deploy and configure our software for our customers;

Professional and Business Solutions ("PBS"), 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.

	Total Revenue			**Adjusted segment operating profit**		
	Six months ended 30 June 2016 £'000	Six months ended 30 June 2015 £'000	Year ended 31 December 2015 £'000	Six months ended 30 June 2016 £'000	Six months ended 30 June 2015 £'000	Year ended 31 December 2015 £000
PD & CS	23,937	24,217	46,131	1,508	1,296	2,023
IMP	7,037	8,508	16,910	116	582	1,140
PBS	3,782	7,391	13,771	61	(143)	229
QAS	10,460	18,184	30,482	706	2,605	2,900
Inter-segment	-	(252)	(569)	-	-	-
Total	45,216	58,048	106,725	2,391	4,340	6,292
Unallocated corporate expenses				(1,935)	(1,895)	(3,408)
Adjusted operating profit				456	2,445	2,884
Amortisation of IFRS 3 intangibles (see note 5)				(891)	(833)	(1,686)

Other items (see note 5)	(1,491)	(6,847)	(46,420)
Operating loss	(1,926)	(5,235)	(45,222)

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 13% (31 December 2015: 18%) have arisen within our QAS segment from the Group's largest customer and revenues of approximately 5% (31 December 2015: 6%) have arisen within our PD&CS and Implementation segments from the Group's second largest customer.

Included within other items is goodwill impairment of £19.1m which relates to the disposal of the Synergy business, of which £14.2m arises in respect of the PD&CS segment and £4.9m arises in respect of the Implementation segment (31 December 2015: £38.8m, of which £23.6m arises in respect of the PD&CS segment, £9.7m arises in respect of the QAS segment, and £5.5m arises in respect of the PBS segment).

5. Other items

	Six months ended 30 June 2016 £'000	Six months ended 30 June 2015 £'000	Year ended 31 December 2015 £'000
Profit on sale of Synergy	301	-	-
- Acquisition costs	-	(218)	(198)
- Gain on bargain purchase	-	403	405
- Movement in deferred contingent consideration*	(387)	(86)	1,020
Acquisition related costs	(387)	99	1,227
- Impairment of goodwill	-	(7,260)	(38,802)
- Impairment of development costs and related charges	-	-	(7,989)
Impairment charges	-	(7,260)	(46,791)
- Onerous contracts	71	233	294
- Costs on closure of SLS business	(33)	-	(823)
- Property related	91	81	210
- Restructuring and associated costs	(1,534)	-	(537)
Other exceptional items	(1,405)	314	(856)
Other administrative costs	(1,491)	(6,847)	(46,420)
- Amortisation of IFRS 3 intangibles	(891)	(833)	(1,686)
Total administrative costs	(2,382)	(7,680)	(48,106)
- Unwinding of discount on deferred contingent consideration	(169)	(293)	(585)
- Bank arrangement fees written off	(244)	-	-
- Fees associated with waiver of loan covenant	51	-	(456)
Exceptional financing items	(362)	(293)	(1,041)
	(2,744)	(7,973)	(49,147)
Tax on other items	466	202	2,558
	(2,278)	(7,771)	(46,589)

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

IAS1, paragraph 97, requires separate disclosure of such items that are considered material by nature or value in the financial statements. As such, 'other item's are not part of the Group's underlying trading activities and include the following for the six months ended 30 June 2016:

Profit on sale of Synergy; on 29 February 2016, the Group announced that it had agreed to dispose of its Synergy children's services management information systems business to Servelec Group plc for total consideration of £20.25m (£19.4m after adjustments for working capital). Subsequent to the allocation of goodwill of £19.1m and costs arising in respect of the disposal, a profit on disposal of £0.3m was recognised in the period. Further information is provided in note 16.

Acquisition costs: during the period, a final payment was made in respect of deferred consideration payable on acquisition of iGraduate, which resulted in a true up of the amounts provided (£0.6m additional charge) and has also been impacted by other movements in the fair value of contingent deferred consideration.

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 2016 and associated costs provided for. Amounts include provision for redundancy costs, consolidation of the Group's office portfolio as well as the costs of termination of the previous executive directors' employment contracts.

Amortisation of IFRS3 intangibles: amortisation arising on the fair value of intangible assets acquired is separately disclosed as other items.

6. Finance costs

	Six months ended 30 June 2016 £'000	Six months ended 30 June 2015 £'000	Year ended 31 December 2015 £'000
Interest on bank overdrafts and loans	297	285	695
Amortisation and write off of loan arrangement fees	50	116	272
Other interest payable	177	77	116
Financing costs	524	478	1,083
Unwinding of discount on deferred contingent consideration	169	293	585
Bank arrangement fees written off	244	-	-
Fees associated with waiver of loan covenants	(51)	-	456
Other financing costs	362	293	1,041
Total financing costs	886	771	2,124

7. Tax

	Six months ended 30 June 2016 £'000	Six months ended 30 June 2015 £'000	Year ended 31 December 2015 £'000
Current tax			
UK corporation tax	-	(41)	354
Overseas tax	482	371	173
Adjustments in respect of prior periods	-	(325)	(1,262)
	482	5	(735)
Deferred tax			
Current period	(725)	93	(2,125)
Adjustments in respect of prior periods	-	176	999
	(725)	269	(1,126)
Tax (credit)/charge on losses	(243)	274	(1,861)

In addition to the amount charged to the income statement, a current tax credit of £nil (30 June 2015: £nil; 31 December 2015: credit of £195,000) and a deferred tax credit of £21,000 (30 June 2015: charge of £218,000; 31 December 2015: charge of £219,000) has been recognised directly in equity in relation to share schemes. A deferred tax credit of £212,000 (30 June 2015: £nil; 31 December 2015: £34,000) 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.

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 2016 000	Six months ended 30 June 2015 000	Year ended 31 December 2015 000
Basic weighted average number of shares in issue	142,383	94,435	94,435
Employee share options	-	-	-
Weighted average number of shares outstanding for dilution calculations	142,383	94,435	94,435

Diluted earnings per share only reflects the dilutive effect of share options for which performance criteria have been met. The maximum number of potentially dilutive shares, based on options that have been granted but have not yet met vesting criteria is 6,186,216 (December 2015: 1,531,955).

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 2016			Six months ended 30 June 2015			Year ended 31 December 2015		
	Continuing £'000	Discontinued £'000	Total £'000	Continuing £'000	Discontinued £'000	Total £'000	Continuing £'000	Discontinued £'000	Total £'000
Net loss	(2,551)	-	(2,551)	(6,278)	(81)	(6,359)	(45,436)	(80)	(45,516)
Earnings per share									
Basic and diluted	(1.8)p	-	(1.8)p	(6.6)p	(0.1)p	(6.7)p	(48.1)p	(0.1)p	(48.2)p
Adjusted earnings per share									
Basic and diluted	(1.8)p			1.6p			1.2p		

	(Loss)/profit for the period			Earnings per share		
	Six months ended 30 June 2016 £'000	Six months ended 30 June 2015 £'000	Year ended 31 December 2015 £'000	Six months ended 30 June 2016 £'000	Six months ended 30 June 2015 £'000	Year ended 31 December 2015 £'000
Loss for the period attributable to equity share holders	(2,551)	(6,359)	(45,516)	(1.8)p	(6.7)p	(48.2)p
Add back: discontinued operations	-	81	80	-	0.1p	0.1p
Loss for the year from continuing operations	(2,551)	(6,278)	(45,436)	(1.8)p	(6.6)p	(48.1)p
Add back:						
Amortisation of IFRS 3 intangibles (net of tax)	633	593	1,197			
Impairment of goodwill	-	7,260	38,802			
Disposal of Synergy	(301)	-	-			
Gain on bargain purchase	-	(403)	(405)			
Impairment of development costs (net of tax)	-	-	6,323			
Unwinding of discount on deferred consideration and onerous contracts	169	293	585			
Other items (net of tax)	1,390	(58)	1,107			
Movement in deferred contingent consideration	387	86	(1,020)			
Total adjusted items (net of tax)	2,278	7,771	46,589	(1.6)p	8.2p	49.3p
Adjusted earnings	(273)	1,493	1,153	(0.2)p	1.6p	1.2p

9. Dividends

	Six months ended 30 June 2016 £'000	Six months ended 30 June 2015 £'000	Year ended 31 December 2015 £'000
Amounts recognised as distributions to equity holders in the period:			
Interim dividend for the year ended 31 December 2015 of 0.70 pence per share	-	-	661
Final dividend for the year ended 31 December 2015 of nil pence per share (2014: 1.20 pence per share)	-	1,138	1,133
	-	1,138	1,794

No final dividend was paid for the year ended 31 December 2015 and no interim dividend for 2016 has been proposed.

10. Goodwill

	£'000
Cost	
At 1 January 2016	119,542
Exchange differences	1,545
At 30 June 2016	121,087
Accumulated impairment losses	
At 1 January 2016	81,231
Allocation of goodwill to disposal of Synergy	19,107
At 30 June 2016	100,338
Net book value	
At 30 June 2016	20,749
At 31 December 2015	38,311

On 1 April 2016 The Group disposed of its Synergy children's services management information system business to Servelec Group plc. As part of the calculation of the profit on disposal, goodwill associated with the Synergy business has been allocated to the profit. This amounted to £19.1m (see also note 16).

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.

11. Other intangible assets

	Software £'000	Customer contracts and relationships £'000	Development costs £'000	Business systems £'000	Software licences £'000	Total £'000
Cost						
At 1 January 2016	6,634	6,613	30,015	5,688	-	48,950
Transfers	-	-	-	-	1,369	1,369
Additions	-	-	494	555	12	1,061
Disposals	-	-	(3,153)	-	(36)	(3,189)
Exchange differences	908	387	257	12	-	1,564
At 30 June 2016	7,542	7,000	27,613	6,255	1,345	49,755
Amortisation						
At 1 January 2016	2,128	3,800	23,831	4,407	-	34,166
Transfers	-	-	-	-	1,084	1,084
Charge for the period	664	227	562	69	105	1,627
Disposals	-	-	(2,664)	-	(25)	(2,689)
Exchange differences	351	121	89	5	-	566
At 30 June 2016	3,143	4,148	21,818	4,481	1,164	34,754
Carrying amount						
At 30 June 2016	4,399	2,852	5,795	1,774	181	15,001
At 31 December 2015	4,506	2,813	6,184	1,281	-	14,784

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.

Disposals in development costs correspond to the sale of the Synergy business (see note 16).

12. Trade and other receivables

	30 June 2016 £'000	30 June 2015 £'000	31 December 2015 £'000
Amounts receivable for the sale of services	15,350	15,815	17,700
Allowance for doubtful debts	(722)	(284)	(655)
	14,628	15,531	17,045
Amounts recoverable on contracts	28	111	42
Other receivables	280	341	263
Prepayments	2,963	3,591	2,845
	17,899	19,574	20,195

13. Trade and other payables

	30 June 2016 £'000	30 June 2015 £'000	31 December 2015 £'000
Trade payables	2,118	4,121	2,274
Other taxation and social security	3,082	4,509	3,405
Other payables	1,999	3,157	1,364
	7,199	11,787	7,043

14. Provisions

	Property related £'000	Deferred consideration £'000	Onerous contracts £'000	Legal claims £'000	Restructuring £'000	Total £'000
At 1 January 2016	617	4,717	444	158	-	5,936
Increase/(release) in provision	11	345	(69)	215	811	1,313
Utilisation of provision	(243)	(2,907)	(179)	-	-	(3,329)
Unwind of discount	-	169	-	-	-	169
Exchange rate movement	7	411	-	-	9	427
At 30 June 2016	392	2,735	196	373	820	4,516

The provisions are split as follows:

	Property related £'000	Deferred consideration £'000	Onerous contracts £'000	Legal claims £'000	Restructuring £'000	Total £'000
Within one year	392	1,375	196	373	820	3,156
More than one year	-	1,360	-	-	-	1,360

	392	2,735	196	373	820	4,516

Property related provisions reflect costs associated with exiting properties leased by businesses now discontinued or closed. Costs are expected to be incurred over a period of up to one year.

Deferred consideration reflects amounts in respect of the acquisitions of subsidiary undertakings, payable over a period of up to 3 years. Certain amounts are contingent upon the performance of the acquired entities, with amounts reflecting management's best estimate of the future profitability of those entities and the resultant payments due under the terms of the Sale and Purchase Agreements. Deferred consideration is measured at fair value with gains and losses going through the income statement.

Onerous contracts represent costs anticipated from contracts, where we have withdrawn from markets but are committed to multiyear maintenance deals which necessitate a minimum level of staffing which will not be covered by contract revenues.

Legal claims reflect provisions recognised in respect of disputes arising on previously disposed of businesses, and anticipated costs to resolve other contractual disputes.

Restructuring provisions represent amounts provided in respect of the Group's restructuring and reorganisation. Amounts principally reflect redundancy costs and amounts provided in respect of the consolidation of the Group's office portfolio.

15. Share capital

	Six months ended 30 June 2016 number	Six months ended 30 June 2016 £'000	Six months ended 30 June 2015 number	Six months ended 30 June 2015 £'000	Year ended 31 December 2015 number	Year ended 31 December 2015 £'000
Allotted , called up and fully paid						
At beginning of the period	94,849,241	4,743	94,849,241	4,743	94,849,241	4,743
Issued during the period	100,531,058	5,026	-	-	-	-
At end of the period	195,380,299	9,769	94,849,241	4,743	94,849,241	4,743

On 4 April 2016 94,849,241 Rights Issue shares were issued and on 19 April 2016 5,681,817 Subscriptions shares were issued.

16. Disposal of Synergy

On 1 April 2016 The Group disposed of its Synergy children's services management information system business to Servelec Group plc.

The net assets of the Synergy business at the date of disposal were as follows:

	£'000
Intangible assets	489
Tangible assets	220
Trade and other receivables	1,785
Trade and other payables	(3,364)
Attributable goodwill	19,107
Net assets	18,237
Cash consideration	19,421

Costs associated with the disposal	(883)
Gain on disposal	301

Two of the Group's directors, Richard Last and Roger McDowell are also directors of Servelec Group plc; given the conflict arising in respect of the disposal of Synergy to Servelec, neither director participated in the Board's consideration of the disposal of Synergy.

Additionally, the Group has provided warranties and indemnities against certain liabilities as part of the disposal. The Group believes that a material liability arising from such warranties provided is remote.

During 2016, the Synergy business generated revenues of £1.5m (2015: £6.3m), of which £1.3m (2015: £5.2m) related to the Product Development and Customer Services segment, and included £1.0m (2015: £4.1m) of recurring software maintenance revenues. Other revenue generated by the Synergy business of £0.3m (2015: £1.1m) related to the Implementation Services segment.

The Synergy business delivered an operating profit £0.7m in 2016 (2015: £2.7m), stated before allocation of costs of central support services which have not transferred to Servelec Group plc. These non-transferring activities include IT services, HR, finance, legal, marketing and head office costs. Additionally, the operating profit for 2016 is stated before exceptional charges of £nil (2015: £1.0m).

17. Retirement Benefit Schemes

Following the UK's decision to leave the EU, the Group has reviewed its defined benefit schemes with the assistance of its actuaries resulting in the net defined assets of the scheme reducing from £88,000 to net defined liabilities of £1,090,000. As a result an actuarial loss of £1,178,000 has been recognised in the consolidated statement of comprehensive income and expense.

18. Notes to the cash flow statement

	Six months ended 30 June 2016 £'000	Six months ended 30 June 2015 £'000	Year ended 31 December 2015 £'000
Operating loss from continuing operations	(1,926)	(5,235)	(45,222)
Operating loss from discontinued operations	-	(30)	(80)
Gain on disposal of Synergy	(301)	-	-
Depreciation of property, plant and equipment	756	748	1,532
Impairment of goodwill	-	7,260	38,802
Amortisation and impairment of other intangible assets	1,627	2,834	13,437
Other non cash items	1,735	450	(1,834)
Operating cash flows before movements in working capital	1,891	6,027	6,635
(Increase)/decrease in inventories	(50)	(206)	478
Decrease in receivables	1,341	182	5,701
Increase/(decrease) in payables	1,137	(8,793)	(17,203)
Net cash from/(used in) operating activities before tax	4,319	(2,790)	(4,389)
Tax receipts/(paid)	314	(371)	(1,827)
Net cash from/(used in) operating activities	4,633	(3,161)	(6,216)

Net cash from/(used in) operating activities before tax can be analysed as

follows:			
Continuing operations (excluding restricted cash)	4,369	3,097	2,045
Decrease in restricted cash	(50)	(5,865)	(6,354)
	4,319	(2,768)	(4,309)
Discontinued operations	-	(22)	(80)
	4,319	(2,790)	(4,389)

19. Analysis of net cash/net debt

	30 June 2016 £'000	30 June 2015 £'000	31 December 2015 £'000
Cash and cash equivalents	7,186	4,499	3,896
Overdrafts	-	-	(2,160)
Syndicated bank facility (net of bank arrangement fees)	(1,500)	(27,589)	(34,207)
Net cash/(net debt)	5,686	(23,090)	(32,471)

Analysis of changes in net cash/net debt.

	30 June 2016 £'000	30 June 2015 £'000	31 December 2015 £'000
Opening net debt	(32,471)	(11,678)	(11,678)
Net increase/(decrease) in cash and cash equivalents	5,516	(4,510)	(7,387)
Effect of foreign exchange rate changes	(66)	(336)	(222)
Decrease/(increase) in bank loans and overdrafts	33,000	(6,450)	(12,912)
Amortisation of loan arrangement fees and similar charges	(293)	(116)	(272)
Closing net cash/(net debt)	5,686	(23,090)	(32,471)

As at 30 June 2016, cash and cash equivalents included restricted advance cash receipts in relation to customer programmes of £0.2m (30 June 2015: £0.8m, 31 December 2015: £0.2m).

20. Contingent liabilities

The Group is subject to various claims which arise in the ordinary course of business. 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 2015: £36.2m).

In addition, the Company and its subsidiaries have provided performance guarantees issued by their banks on their behalf, in the ordinary course of business totally £6.9m (30 June 2015: £8.0m, 31 December 2015: £8.5m). These are not expected to result in any material financial loss.

21. 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.

As part of the Rights Issue, a CEO Subscription by Ian Bowles (the Company's Chief Executive) to raise £250,000, a NED Subscription by Richard Last and Roger McDowell (the Company's Chairman and Senior Independent Director, respectively) to raise a total of £1,000,000 and a Share Matching Plan to be entered into between the Company and Richard Last and Roger McDowell were executed. The Subscription Shares were admitted to listing on the Official List and admitted to trading on the Main Market on 19 April 2016.

On 28 June 2016, Tribal Group plc ("the Company") granted nil-cost options over a total of 3,591,020 ordinary shares (representing approximately 1.84% of the Company's issued shares) to its executive directors and members of the senior management team under the terms of its 2010 Long Term Incentive Plan. This included nil-cost options over 2,454,546 ordinary shares granted to Ian Bowles, the Group's Chief Executive Officer. All of the awards are subject to a performance condition measured over a maximum of a 3 year period ending on 27 June 2019.

In addition, the Company granted nil cost options to Mark Pickett, Group Chief Financial Officer, under the terms of its 2010 Long Term Incentive Plan, over a total of 1,223,241 ordinary shares (representing approximately 0.63% of the Company's issued shares). This award is subject to a performance condition measured over a maximum of a 3 year period ending on 29 June 2019.

The performance conditions for the awards to Ian Bowles, and Mark Pickett, correspond to a target share price on the third anniversary of the date of the grant. The amount of awards that vest will range between 0% and 100% of those granted based upon target share price between 60p and 80p.

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 2016 £'000	30 June 2015 £'000	31 December 2015 £'000
Short-term employee benefits	1,211	1,094	2,227
Share-based payments[1]	170	(141)	(141)
	1,381	953	2,086

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

22. Seasonality

Our profits in 2016 are expected to be weighted towards the second half of the year, as we see the H1 cost savings actions flowing through, improved utilisation in the Implementation teams, and seasonal skewing of results in PBS.

Statement of Directors' Responsibilities

The directors' confirm that these condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union 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 2015. 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	**Mark Pickett**
Chief Executive	Group Finance Director

15th September 2016

Independent review report to Tribal Group plc

Report on the condensed consolidated financial information

Our conclusion

We have reviewed Tribal Group plc's condensed consolidated financial information (the "interim financial statements") in the half-yearly financial report of Tribal Group plc for the 6 month period ended 30 June 2016. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the AIM Rules for Companies.

What we have reviewed

The interim financial statements comprise:

- the condensed consolidated balance sheet as at 30 June 2016;
- the condensed consolidated income statement and condensed consolidated statement of comprehensive income and expense for the period then ended;
- the condensed consolidated cash flow statement for the period then ended;
- the condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the half-yearly financial report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the AIM Rules for Companies.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The half-yearly financial report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules for Companies which require that the financial information must be presented and prepared in a form consistent with that which will be adopted in the company's annual financial statements.

Our responsibility is to express a conclusion on the interim financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the AIM Rules for Companies and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
Reading
15th September 2016