TRIBAL

Empowering the world of education

Tribal Group plc

Half year results
for the six months
ended 30 June 2019

Tribal Group plc

20 August 2019

Half year results for the six months ended 30 June 2019 (unaudited)

	2019	2018	Change	Change %
Revenue	**£40.4m**	£42.0m	£(1.6)m	(4)%
Adjusted operating profit [1,2]	**£6.3m**	£6.3m	-	-
Adjusted EBITDA	**£8.3m**	£7.9m	£0.4m	5%
Statutory profit after tax	**£3.6m**	£2.9m	£0.7m	24%
Operating cash flow	**£(2.7)m**	£0.5m	£(3.2)m	(640)%
Net cash	**£6.0m**	£9.2m	£(3.2)m	(35)%
Earnings per Share (diluted)	**1.7p**	1.4p	0.3p	21%

Financial Highlights

- Full year earnings expected to be in line with the Board's expectations
- Adjusted operating profit performance in line with 2018 H1
- Annual recurring revenue increased 5% to £19.9m representing 49% of total revenue (2018 H1: £18.9m, 45% of total revenue)
- Adjusted operating margin up 50bps to 15.5% (2018 H1: 15.0%)
- Net cash of £6m following the £6m acquisition of Crimson Consultants
- Committed income increased to £123.5m (2018 FY: £121.6m) – 89% of full year revenue expectation already recognised or committed
- Adjusted earnings per share increased 14% to 2.5p (2018 H1: 2.2p)

Operational Highlights

- Continued progress against long-term strategy of developing and delivering our next generation student information services platform, Tribal Edge
- Good Student Information Systems performance in EMEA
- Signed new 3-year £9m Education Services contract with NCETM in the UK
- Completed acquisition of Crimson Consultants for £6m with £4m contingent consideration – integration progressing well
- Continued investment into new and existing product development
- Investment in Tribal Edge at full headcount with first module expected January 2020
- Mark Pickett appointed Chief Executive Officer and Paul Simpson appointed Acting Chief Financial Officer
- Appointment of Mike Cope, former Chief Information Officer of University College London, as Chief Technology Officer

Mark Pickett, CEO of Tribal Group, commented:

"Tribal continued to make good progress against its strategic objectives in the first six months of the year. First half performance overall was encouraging – recurring revenue and operating margin were both up. We completed the acquisition of Crimson Consultants, boosting our next generation cloud solution Tribal Edge's functionality and accelerating its speed to market as well as bringing new customers and relationships into the Group. Our outlook for the full year remains unchanged subject to successfully winning the Middle East inspections work in H2, we continue to work on a number of new revenue opportunities, and we remain very excited about the longer-term growth opportunities available to us through the transition to Tribal Edge."

---

1. Adjusted Operating Profit and Adjusted Operating Margin is in respect of continuing operations, excluding intangible asset amortisation of £0.6m (2018 H1: £0.9m), restructuring costs of £0.3m (2018 H1: £0.1m), and share based payments £0.5m (2018 H1: £1.1m)
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 at 9.30am today at the offices of Tulchan Communications LLP, 85 Fleet Street, London EC4Y 1AE. Please contact tribal@tulchangroup.com to register to attend. A copy of the presentation will be available on the Tribal Group website: www.tribalgroup.com.

Tribal Group plc Tel: 0117 311 5293
Mark Pickett, Chief Executive Officer
Paul Simpson, Acting Chief Financial Officer

Investec Bank plc Tel: 020 7597 5970
Sara Hale
Andrew Pinder
Will Godfrey
Neil Coleman

N+1 Singer Capital Markets Limited Tel: 020 7496 3000
Shaun Dobson

Tulchan Communications LLP Tel: 020 7353 4200
James Macey White
David Ison

This Statement has been prepared for and is addressed only to our shareholders as a whole and should not be relied on by any other party or for any other purpose. Tribal, its directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this Statement is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed. This Statement may contain forward-looking statements. Any forward-looking statement has been made by the directors in good faith based on the information available to them up to the time of approval of this Statement and should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying such forward-looking information. To the extent that this Statement contains any statement dealing with any time after the date of its preparation, such statement is merely predictive and speculative as it relates to events and circumstances which are yet to occur and therefore the facts stated and views expressed may change. Tribal undertakes no obligation to update these forward-looking statements.

Chief Executive's Review

Introduction

Tribal continued to make good progress against its strategy in the first half of the year, reporting good profitability on slightly reduced revenue, in line with the Board's expectations.

Revenue decreased by 4% to £40.4m (2018 H1: £42.0m), adjusted operating profit remained consistent at £6.3m (2018 H1: £6.3m), adjusted operating margin increased by 50 basis points to 15.5% (2018 H1: 15.0%) and statutory profit increased 27% to £3.6m.

Almost 40% of Tribal's income is generated outside the UK, and is therefore subject to foreign exchange movement. Using a constant currency basis, applying 2019 exchange rates to 2018 results, the constant currency revenue[1] decreased by 3%, adjusted operating profit increased by 2% and adjusted operating margin increased by 70 basis points.

Strategy & Market Position

Our strategy is to focus on international education sectors Higher Education, Further Education and Vocational institutions, Schools, Government and State bodies, Training Providers, and Employers – and to underpin student success through the provision of expertise, software and services.

The strategic direction of the business was set after a detailed review early in 2016 and our strategic priorities remain unchanged:

- Deliver Tribal Edge
- Increase Annual Recurring Revenue
- Grow market share in established and new territories
- Drive improved margin

There is a structural shift taking place in the industry, with a move away from costly and inefficient on-premise solutions and demand increasing for flexible, cloud-based student information platforms built on an open ecosystem. We continue to work closely with those institutions to ensure Tribal Edge, our next generation cloud platform, meets that demand, and firmly believe that it has the potential to transform the Group's long-term growth prospects.

Tribal Edge

Tribal Edge has seen significant progress in the last six months and the developments were well received at our annual "Empower" conference, attended by more than 500 delegates.

The first Edge module, for the collection and submission of Student Information in Australia, will go live at the end of 2019, followed by the first Applicant Management module in early 2020, and further modules at regular intervals thereafter. We have ongoing beta trials and a strong pipeline of early adopters looking to deploy the new Tribal Edge modules.

We also introduced Tribal Edge "Exchange" which allows partners and existing customers to simply and easily offer their solutions to other Tribal Edge customers. In time, Edge Exchange will offer additional value to our customers and provide incremental revenue streams to Tribal.

Student Information Systems

This segment includes all software-related products and services sold into Higher Education, Further Education, Schools and Work-based and Vocational Learning organisations.

On a constant currency basis, Student Information Systems revenue remained consistent with the previous year at £28.7m (2018 H1: £28.8m).

The Student Information Systems business has performed well. Overall activity levels in our markets for the replacement or enhancement of student information systems remain stable and we continue to see a steady flow of new opportunities in all sectors.

In the first half of the year, the Group won two new Further Education college contracts, including a significant win at Capital City Colleges Group, one of the largest college groups in the UK. This follows our win in 2018 with Colleges Northern Ireland, consolidating ebs as the leading Further Education student management system in the UK. We also signed a large contract with Sopra Steria to implement our Maytas product to manage the apprenticeship program for the Construction industry Training Board.

A strong account management performance in SITS, with additional modules and components being sold into the existing SITS customer base, continued to drive license sales and Support & Maintenance. However, no new SITS customer sales were made following the five new customers won in the previous 12 months. This was largely as a result of a fall in the number of universities coming to market.

In APAC, our existing business continues to operate well, with additional work obtained from TAFE New South Wales in support of its migration to OneTAFE, a single TAFE entity. Two new ebs customer were won, and in SchoolEdge, we signed a AUS$1.3m contract to support the migration to a new provider, as previously announced.

Education Services

This segment includes non-software services including Quality Assurance Solutions (QAS) inspections, training and benchmarking and i-graduate surveys which are now managed as one business with shared resource; the segment also includes other non-core software services.

Overall revenue in Education Services decreased by 9% on a constant currency basis to £11.7m (2018 H1: £12.9m).

Our Quality Assurance Solutions (QAS) business continues to be successful in winning new contracts for the provision of school and teacher training inspection services through. Revenue was down in the first half of the year, though, as the Abu Dhabi Ministry for Education curtailed the existing schools inspection contract (ADEK) early, to redefine its requirements for future inspections; this resulted in £1m less revenue in H1 2019 than H1 2018. A subsequent tender has been submitted and if the contract decision is positive and timely, Education Services will make up the revenue and operating profit in H2. We also won work in a new emirate, Sharjah, which commenced at the beginning of H2.

In the UK, we secured a new, £9m 3-year contract with the DfE for the National Centre for the Excellence in the Teaching of Mathematics (NCETM), and in New Zealand, we secured a one-year extension of the Tertiary Education Council (TEC) benchmarking contract for all. In the US, we secured a new customer with a contract to review the teacher training in the State of Louisiana (US$1.6m).

Management Changes

In March 2019, Mark Pickett was appointed as Chief Executive Officer, having previously been Acting Chief Executive Officer and Chief Financial Officer. At the same time, Paul Simpson was appointed Acting Chief Financial Officer. Paul had previously been the Global Financial Controller of Tribal.

We have appointed a Chief Technology Officer, Mike Cope, who joins from University College London where he was CIO, and an existing SITS customer. His experience will be invaluable as we drive adoption of the Tribal Edge modules.

Acquisition

In May 2019, Tribal acquired Crimson Consultants ('Crimson'), the UK's market-leading provider of customer relationship management ('CRM') based solutions to the education market. Crimson's technology provides valuable, additional functionality to Tribal Edge. It will accelerate its speed to market and reduces Tribal's requirement to develop this functionality. Additionally, Crimson brings with it a broad existing customer base and strong relationships with Higher Education universities and Further Education colleges, both existing Tribal customers and competitors, presenting compelling new cross-selling opportunities. The initial consideration was £6m with a further £4m contingent consideration based on meeting an annual recurring revenue target. The acquisition was financed through existing cash resources and the integration continues to progress well.

Legal Matters

On 25 January 2019, we notified the stock exchange that the Group had received a letter of claim from lawyers acting for a provider of a software platform on which a number of the Company's material products are based. The letter claims that Tribal Education Limited has failed to account properly for royalties under the terms of a Value Added Reseller Agreement dated 1 April 2000 and has breached the terms of that agreement. Whilst no specific amount is claimed, the letter of claim estimated the losses at between £15m and £30m, which we dispute. These claims date back over a period of more than 18 years during which time the Group has regularly made royalty payments and the Board does not consider the claims to be justified. The Board is vigorously defending the claim and is actively working with the provider to reach a resolution at the earliest opportunity.

On 12 August 2019, the company announced that it had been made aware of the unauthorised disclosure and likely access of personal information of approximately 9,300 individuals, held by Tribal Campus, an Australian subsidiary of the Group, in its capacity as a provider of a student information system to MEGT, an educational organisation in Australia. Upon discovery of the unauthorised disclosure, immediate steps were taken by Tribal to secure the data and external forensic cyber security experts were appointed to investigate the circumstances and scope of the incident. While those investigations are ongoing, the individuals that may have been affected have been contacted and advised on the steps they should take. The Group continues to work closely with the regulator in Australia.

Tribal confirms that this is an isolated incident relating to the migration of data for a single Tribal Campus customer in Australia involving a non-production system. No other customers, products or regions have been affected. Whilst there can be no certainty as to the financial impact, based on current estimates, costs to Tribal are not expected to be material.

Outlook and Current Trading

Despite fewer institutions coming to market for traditional full student information systems both in the UK and Australia/New Zealand, there is growing demand for moving existing systems into the public cloud, providing an opportunity to drive incremental revenue from ebs, Maytas and SITS through the provision of Cloud services.

At the same time, demand for our Tribal Dynamics products, through the acquisition of Crimson Consultants, is strong, with universities increasingly looking to invest in CRM for their Marketing and Recruitment requirements.

Management therefore remains confident that full year earnings will be in line with the Board's expectations.

Looking beyond the full year, the outlook will be affected if large new licence opportunities in Higher Education remain depressed. The team continues to work on a number of bids, but the longer-term nature of the sales cycles may have a slight impact on the expected revenues and operating profit in 2020.

While growth may be slower in the short to medium-term, we continue to make good progress in delivering Tribal Edge in response to the structural shift we are seeing in our industry. It is potentially transformational technology in a market ripe for change, and we remain very excited about the compelling longer-term growth opportunities it will create.

Financial Performance

In the six months ended 30 June 2019 the Group's revenue was down 3.8% to £40.4m (2018 H1: £42.0m).

Adjusted operating profit was in line at £6.3m (2018 H1: £6.3m) and operating profit margin increased to 15.5% (2018: 15.0%). To improve understanding of the underlying performance of the business, these numbers are adjusted for certain items, including share based payments, as detailed in the section "Items excluded from adjusted profit figures".

Statutory profit after tax was £3.6m (2018 H1: £2.9m) and diluted earnings per share were 1.7p (2018 H1: 1.4p).

At the end of the period, the Group had net cash of £6.0m, excluding the acquisition of Crimson Consultants this would have increased to £12.0m (2018 FY: £20.0m; 2018 H1: £9.2m).

Results £m 6 months to 30 June	2019	2018	2018 Constant Currency	Growth Constant Currency
Revenue	**40.4**	**42.0**	**41.7**	**(3.2)%**
Student Information Systems	28.7	29.1	28.8	-
Education Services	11.7	12.8	12.9	(9.2)%
Adjusted Operating Profit (before Central Overheads) [1]	**11.8**	**12.4**	**12.2**	(2.9)%
Student Information Systems	9.2	9.2	9.0	1.8%
Education Services	2.6	3.2	3.2	(16.5)%
Central Overheads	**(5.6)**	**(6.1)**	**(6.0)**	7.3%
Adjusted Operating Profit	**6.3**	**6.3**	**6.2**	1.4%
Adjusted Operating Margin	**15.5%**	**15.0%**	**14.8%**	70bps

[1] Adjusted Operating Profit and Adjusted Operating Margin is in respect of continuing operations, excluding intangible asset amortisation of £0.6m (2018 H1: £0.9m), restructuring costs of £0.3m (2018 H1: £0.1m), and share based payments £0.5m (H1 2018: £1.1m)

Over 40% of Tribal's income is generated outside the UK, and is therefore subject to foreign exchange movement. Overall, there was an adverse impact due to foreign exchange fluctuations of £0.3m in revenue and £0.2m in operating profit, due particularly to the Group's exposure to the Australian dollar, which was on average 6% stronger against GBP sterling in 2019 compared with 2018.

The revenue and operating profit by segment in the table shows the reported results for 2019 H1 and 2018 H1, and the 2018 H1 results restated to "constant currency" using 2019 rates to exclude foreign currency impact. The growth percentages shown are on the 2018 constant currency numbers.

Overall revenue decreased by 3.1% on a constant currency basis to £40.4m (2018 H1: £41.7m). This was mainly due to Education Services where Middle East contracts were lower, compared to a strong first half in 2018.

Adjusted operating profit before central overheads decreased by 3.3% to £11.8m (2018 H1: £12.2m).

Central overheads, representing costs in HR, IT, Finance, Marketing and Management that can't be directly attributed to lines of business, reduced to £5.6m (2018 H1: £6.0m). We continue to drive operational efficiencies and cost savings operating on a centralised basis globally, helping to improve margin without impacting the Group's ability to serve our customers or grow, for example absorbing the acquisition of Crimson Consultants.

Adjusted operating profit increased by 1.6% on a constant currency basis to £6.3m (£2018 H1: £6.2m).

Adjusted operating margin, which is traditionally stronger in the first half, increased by 50 basis points to 15.5%; excluding the impact of foreign currency movement it has increased by 70 basis points, as ongoing efficiencies and cost savings continue to benefit profitability.

Student Information Systems: On a constant currency basis, Student Information Systems revenue remained consistent with the previous year at £28.7m (2018 H1: £28.8m).

License sales decreased by £1.4m on a constant currency basis. In EMEA sales increased by £0.2m reflecting strong account management sales with existing customers and the recognition of new license sales in the previous year Canterbury Christ Church University, University of Portsmouth, Queen Mary's University, Ravensbourne University London and Colleges Northern Ireland where license revenue is recognised under IFRS15 as the implementation is completed. In APAC sales fell by £1.7m reflecting the completion of work in relation to prior years sales and the lack of new customers coming to the market.

Implementation is in line on a constant currency basis, reflecting that the delivery of the large contracts won in 2018 as noted above. Callista continued to perform well with good margins although accelerated development work was slightly lower than 2018.

Support & Maintenance revenue increased 5% on a constant currency basis. This reflects the new license and account management sales achieved, together with the contractual annual inflationary uplift.
Cloud revenue has increased by 21% as more customers, including newer contract wins, include Cloud solutions.

Overall operating profit increased by 2% to £9.2m on a constant currency basis (2018 H1: £9.0m) and operating margin increased to 32% (2018 H1: 31%).

Education Services: Overall revenue in Education Services decreased by 9% on a constant currency basis to £11.7m (2018 H1: £12.9m).

QAS revenue decreased by 5% to £9.1m (2018 H1: £9.5m). Strong performance on UK contracts, coupled with increased performance in the US and Professional Development & Training, was offset by a reduction in Middle East revenue representing almost 50% of revenue.

i-graduate revenue decreased by 29% to £0.8m (2018 H1: £1.2m), mainly driven by the return of the Destination of Leavers from Higher Education (DLHE) contract to HESA who have decided to manage inhouse. The revenues for i-graduate are seasonal with a stronger second half, although the southern hemisphere international student barometer will be lower as the majority of institutions partake every other year.

Overall operating profit decreased by 16% to £2.6m on a constant currency basis (2018 H1: £3.2m) and operating margin decreased to 23% (2018 H1: 25%). Improved profitability in i-graduate due to restructuring and costs savings from operating as one business with QAS have been offset by reduced margins on QAS contract, notably in the Middle East.

Key Performance Indicators (KPIs)

The Group monitors its performance using the KPIs in the table below.

KPIs 6 months to 30 June	2019	2018	Variance	2018 Constant Currency	Growth Constant Currency
Revenue	**£40.4m**	**£42.0m**	(4)%	£41.7m	(3)%
Adjusted operating profit[1]	**£6.3m**	**£6.3m**	-	£6.2m	1%
Adjusted operating margin[1]	**15.5%**	**15.0%**	50bps	14.8%	70bps
Annual recurring revenue (6 months)[2]	**£19.9m**	**£18.9m**	5%	£18.5m	7%
Committed income[3,4]	**£123.5m**	**£122.5m**	£1.0m	£121.6m	£1.9m
Staff retention	**93%**	**96%**	(30)bps		
Revenue / average FTE [4] (£'000s: annualised)	**£95.9**	**£91.7k**	£4.2m		

[1] Adjusted Operating Profit and Adjusted Operating Margin is in respect of continuing operations which excludes "Other Items" charges of £1.9m (H1 2018: charge of £2.1m).
[2] Annually Recurring Revenue is calculated assuming maintenance revenue is received equally throughout the year.
[3] Committed income relates to the total value of orders which have been signed on or before, but not delivered by, 30 June 2019, based on the Total Contract Value, even though customers may be permitted, under certain circumstances, to reduce their commitment at a future date. This is reported on an IFRS15 basis and represents the best estimate of business expected to be delivered and recognised in future periods, and includes License sales, Implementation work and two years of Support & Maintenance revenue.
[4] 2018 committed income and revenue / average FTE comparatives are as at 31 December 2018

Annual recurring revenue (ARR) includes Support & Maintenance fees paid on all software and Cloud hosting services, increase by 7% on a constant currency basis to £19.9m (2018 H1: £18.5m). The growth includes the benefit of new license sales in 2018 and contractual inflationary uplift applied annually.

Committed income at 30 June 2019 this increased by £1.9m on a constant currency basis to £123.5m (2018 FY: £121.6m). The growth includes the benefit of new License sales in 2018 and contractual inflationary uplift applied annually to Support & Maintenance, but is impacted by £3.6m due to the reduction in the term life of the contract with Callista to 2.5 years. The acquisition of Crimson Consultants has added £3.0m of ARR from Software-as-a-Service sales and committed professional services (implementation) work.

One-off items: The adjusted operating profit in 2018 benefitted by £0.4m from a number of one-off impacts which were not repeated in the first half of 2019. This included £1.0m bad debt releases, £(0.4)m of revenue contingencies, £0.3m of other provisions and £(0.5)m data centre exit costs.

Product development costs: The Group spent £5.8m on product development, of which £2.8m was capitalised in relation to Tribal Edge, no further capitalised development took place on SchoolEdge (2018 H1: £5.2m spent; £1.7m capitalised: £1.5m Tribal Edge, £0.3m SchoolEdge). The Group spent £2.9m on current products including SITS, ebs, SchoolEdge and Maytas, this was £0.6m lower than the previous year (2018: £3.5m) due to increased efficiency across all products.

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 to provide greater understanding of the Group's underlying performance. The main adjustments are as follows:

- **Share based payments** charges (including employer related taxes) decreased to £0.5m (2018 H1: £1.1m), and are excluded from the Adjusted Operating profit. The charges in the current year relate to the Long-Term Incentive Plan options (LTIPs) which were granted to the executive and senior management teams in 2016, 2017, 2018 and 2019.

- **Amortisation of IFRS3 Intangibles** charge in relation to IFRS3 intangible assets of £0.6m (2018 H1: £0.9m) 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** relate to the restructuring of the Group's operations, principally in Australia, which was completed early in 2019, and includes a charge for redundancy costs of £0.3m (2018 H1: £0.1m).

- **Legal costs:** relate to the legal fees incurred in relation to the items mentioned previously in the Legal Matters section.

- **Acquisition costs:** include amounts relating to corporate activity in the period, specifically the acquisition of Crimson Consultants Limited.

Net Cash and Cash flow

Net cash at 30 June 2019 was £6.0m (H1 2018: £9.2m).

Cash flow £m 6 months to 30 June	2019	2018
Net cash from operating activities	(2.7)	0.5
Capitalised product development on Tribal Edge	(3.0)	(1.8)
Capital expenditure	(0.3)	(0.6)
Acquisition of Crimson Consultants	(5.9)	-
Deferred consideration	-	(0.8)
Dividend payment	(2.1)	(2.0)
Net decrease in cash & cash equivalents	**(14.0)**	**(4.7)**
Cash & cash equivalents at beginning of the year	**20.0**	**14.1**
Cash & cash equivalents at end of period	**6.0**	**9.4**
Less: Effect of foreign exchange rate changes	**-**	**(0.2)**
Net cash & cash equivalents at end of period	**6.0**	**9.2**

Operating cash inflow for the period was £(2.7)m (2018: £0.5m). This reflects the Group's working capital profile, and the additional cash requirements in the first half of the year; most Support & Maintenance and Cloud Services renewals are invoiced and collected towards the end of the calendar year. In QAS there was one large contract receipt totalling £1.9m that was due in June but was not received until July, and exit payments were also made in relation to the restructuring in Australia. Cash conversion is expected to normalise in the second half of the year.

Share Options and Share Capital: On 7 June 2019, 3,360,563 share options were granted to executive and senior management, including 760,563 nil-cost share options to Mark Pickett, Chief Executive Officer as part of his ongoing remuneration. As at 30 June 2019, there were 196,051,181 shares issued (2018 FY: 196,051,181).

Earnings per share: Diluted earnings per share increased by 21% to 1.7p (2018 H1: 1.4p).
Adjusted diluted earnings per share from continuing operations before other costs, including intangible asset amortisation, restructuring costs and share based payment charges, which reflects the Group's underlying trading performance, increased by 14% to 2.5p (2018 H1: 2.2p).

Dividends: The annual dividend for 2018 increased to 1.1p per share (2017: 1.0p per share), paid by the Company in May 2019; the Board reaffirms its intention to continue a progressive dividend policy, with a single dividend payment each year following annual results.

TRIBAL

Condensed consolidated income statement
For the six months to 30 June 2019

	Note	Adjusted £'000	Other items (note 6) £'000	Six months ended 30 June 2019 Total £'000	Adjusted £'000	Other items (note 6) £'000	Six months ended 30 June 2018 Total £'000
Continuing operations							
Revenue	4	40,374	-	40,374	41,989	-	41,989
Cost of sales		(20,045)	-	(20,045)	(20,828)	-	(20,828)
Gross profit		20,329	-	20,329	21,161	-	21,161
Total administrative expenses		(14,064)	(1,845)	(15,909)	(14,879)	(2,064)	(16,943)
Operating profit	4	6,265	(1,845)	4,420	6,282	(2,064)	4,218
Investment income		33	-	33	18	-	18
Finance costs	7	(58)	(86)	(144)	(13)	(60)	(73)
Profit before tax		6,240	(1,931)	4,309	6,287	(2,124)	4,163
Tax (charge)/credit	8	(1,040)	354	(686)	(1,748)	441	(1,307)
Profit/(loss) for the period		5,200	(1,577)	3,623	4,539	(1,683)	2,856
Earnings per share							
Basic	9	2.7p	(0.8)p	1.9p	2.3p	(0.8)p	1.5p
Diluted	9	2.5p	(0.8)p	1.7p	2.2p	(0.8)p	1.4p

All activities are from continuing operations

TRIBAL

Condensed consolidated income statement

For the six months to 30 June 2019 (continued)

	Note	Adjusted £'000	Other items (note 6) £'000	Year ended 31 December 2018 £'000
Revenue	4	80,062	-	80,062
Cost of sales		(40,837)	-	(40,837)
Gross profit		39,225	-	39,225
Total administrative expenses		(28,430)	(6,212)	(34,642)
Operating profit	4	10,795	(6,212)	4,583
Investment income		46	-	46
Finance (costs)/income	7	(54)	274	220
Profit before tax		10,787	(5,938)	4,849
Tax (charge)/credit	8	(1,873)	1,171	(702)
Profit/(loss) for the year		8,914	(4,767)	4,147
Earnings per share				
Basic	9	4.6p	(2.5)p	2.1p
Diluted	9	4.3p	(2.3)p	2.0p

Condensed consolidated statement of comprehensive income and expense

For the six months to 30 June 2019

	Six months ended 30 June 2019 £'000	Six months ended 30 June 2018 £'000	Year ended 31 December 2018 £'000
Profit for the period	3,623	2,856	4,147
Other comprehensive income/(expense)			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement of defined benefit pension schemes	-	-	430
Deferred tax on measurement of defined benefit pension schemes	-	-	(73)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	75	(513)	(792)
Other comprehensive income/(expense) for the period net of tax	75	(513)	(435)
Total comprehensive income for the period attributable to equity holders of the parent	3,698	2,343	3,712

TRIBAL

Condensed consolidated balance sheet
As at 30 June 2019

	Note	**30 June 2019 £'000**	30 June 2018 £'000	31 December 2018 £'000
Non-current assets				
Goodwill	10	29,953	20,728	20,517
Other intangible assets	11	14,023	13,417	12,718
Property, plant and equipment		1,571	1,737	1,762
Right of use assets	5	4,527	-	-
Deferred tax assets		3,465	4,579	3,776
Contract assets		66	44	77
		53,605	40,505	38,850
Current assets				
Trade and other receivables	12	13,337	15,110	12,840
Contract assets		6,036	6,363	3,750
Current tax assets		97	86	73
Deferred tax assets		-	-	228
Cash and cash equivalents (excluding bank overdrafts)	18	6,989	9,214	19,974
		26,459	30,773	36,865
Total assets		80,064	71,278	75,715
Current liabilities				
Trade and other payables	13	(7,406)	(7,531)	(6,755)
Contract liabilities		(18,488)	(17,222)	(20,872)
Accruals		(5,419)	(7,194)	(7,941)
Current tax liabilities		(1,127)	(2,888)	(1,097)
Lease liabilities	5	(994)	-	-
Borrowings	18	(985)	-	-
Provisions	14	(209)	(256)	(879)
		(34,628)	(35,091)	(37,544)
Net current liabilities		(8,169)	(4,318)	(679)
Non-current liabilities				
Contract liabilities		(328)	(709)	(707)
Retirement benefit obligations		(1,002)	(1,718)	(1,002)
Lease liabilities	5	(3,255)	-	-
Other payables	13	(1,872)	(160)	(62)
Deferred tax liabilities		(550)	(1,013)	(713)
Provisions	14	(1,000)	(349)	(213)
		(8,007)	(3,949)	(2,697)
Total liabilities		(42,635)	(39,040)	(40,241)
Net assets		37,429	32,238	35,474
Equity				
Share capital	16	9,803	9,803	9,803
Share premium		15,539	15,539	15,539
Other reserves		25,440	23,661	25,020
Accumulated losses		(13,353)	(16,765)	(14,888)
Total equity attributable to equity holders of the parent		37,429	32,238	35,474

Condensed consolidated cash flow statement
for the six months to 30 June 2019

	Note	**Six months ended 30 June 2019 £'000**	Six months ended 30 June 2018 £'000	Year ended 31 December 2018 £'000
Net cash (used in)/from operations	17	(2,737)	549	14,241
Investing activities				
Interest received		33	17	46
Purchases of property, plant and equipment		(279)	(676)	(1,203)
Expenditure on intangible assets		(2,999)	(1,769)	(4,217)
Payment of deferred consideration for acquisitions		-	(826)	(826)
Acquisition of investments in subsidiaries		(5,919)	-	-
Net cash outflow from investing activities		(9,164)	(3,254)	(6,200)
Financing activities				
Interest paid		-	(1)	(1)
Equity dividend paid		(2,147)	(1,952)	(1,952)
Net cash used in financing activities		(2,147)	(1,953)	(1,953)
Net (decrease)/increase in cash and cash equivalents		(14,048)	(4,658)	6,088
Net cash and cash equivalents at beginning of period		19,974	14,082	14,082
Effect of foreign exchange rate changes		78	(210)	(196)
Net cash and cash equivalents at end of period	18	6,004	9,214	19,974

TRIBAL

Condensed consolidated statement of changes in equity

For the six months to 30 June 2019

	Note	Share Capital £'000	Share Premium £'000	Other reserves £'000	Accumulated losses £'000	Total Equity £'000
Balance at 31 December 2017 as previously reported		9,803	15,539	22,783	(15,573)	32,552
Effect of IFRS15		-	-	-	(1,704)	(1,704)
Balance at 31 December 2017 restated		9,803	15,539	22,783	(17,277)	30,848
Profit for the period		-	-	-	2,856	2,856
Other comprehensive expense for the period		-	-	-	(513)	(513)
Equity dividend paid		-	-	-	(1,952)	(1,952)
Charge to equity for share-based payments		-	-	878	-	878
Tax credit on charge to equity for share-based payments		-	-	-	121	121
Contributions by and distributions to owners		-	-	878	(1,831)	(953)
Balance at 30 June 2018 as previously reported		9,803	15,539	23,661	(16,765)	32,238
Effect of IFRS15		-	-	-	193	193
Tax effect of IFRS15		-	-	-	265	265
Balance at 30 June 2018 restated		9,803	15,539	23,661	(16,307)	32,696
Profit for the period		-	-	-	1,291	1,291
Other comprehensive income for the period		-	-	-	78	78
Charge to equity for share-based payments		-	-	1,387	-	1,387
Tax credit on charge to equity for share-based payments		-	-	-	50	50
Foreign exchange difference on share-based payments		-	-	(28)	-	(28)
Contributions by and distributions to owners		-	-	1,359	50	1,409
Balance at 31 December 2018 as previously reported		9,803	15,539	25,020	(14,888)	35,474
Effect of IFRS16	5	-	-	-	(73)	(73)
Balance at 31 December 2018 restated		9,803	15,539	25,020	(14,961)	35,401
Profit for the period		-	-	-	3,623	3,623
Other comprehensive loss for the period		-	-	-	75	75
Equity dividend paid		-	-	-	(2,147)	(2,147)
Charge to equity for share-based payments		-	-	420	-	420
Tax credit on charge to equity for share-based payments		-	-	-	57	57
Contributions by and distributions to owners		-	-	420	57	477
Balance at 30 June 2019		9,803	15,539	25,440	(13,353)	37,429

Notes to the condensed consolidated financial information
for the six months to 30 June 2019

1. General information

The condensed consolidated financial information for the six months ended 30 June 2019 was approved by the Board of Directors on 19 August 2018. 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 2018 were approved by the Board of Directors on 19 March 2019. 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 2018 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 2018.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2018 with the exception of the Leases policy. The introduction of IFRS16 has resulted in a new policy as follows:

All leases are treated as finance leases unless they are classified as a short lease. Right-of-use assets are created by reference to the lease liability, less adjustments for future dilapidation costs. Right-of-use assets are amortised on a straight line basis over the period of the lease, the amortisation period being equivalent to the length of the lease. The implicit rate used in the calculations is 1.8% + LIBOR.

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 Information ("SIS") represents the delivery of software and subsequent maintenance and support services and the activities through which we deploy and configure our software for our customers; and

Education Services representing inspection and review services which support the assessment of educational delivery, previously Quality Assurance Solutions (QAS), and a portfolio of performance improvement tools and services, including analytics, software solutions, facilities and asset management, previously i-graduate.

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 2019 £'000	Six months ended 30 June 2018 £'000	Year ended 31 December 2018 £'000	Six months ended 30 June 2019 £'000	Six months ended 30 June 2018 £'000	Year ended 31 December 2018 £000
SIS	28,656	29,147	56,922	9,067	9,247	16,506
Education Services	11,718	12,842	23,140	2,762	3,154	4,975
Total	40,374	41,989	80,062	11,829	12,401	21,481
Unallocated corporate expenses				(5,564)	(6,119)	(10,686)
Adjusted operating profit				6,265	6,282	10,795
Amortisation of IFRS 3 intangibles (see note 6)				(575)	(909)	(1,787)
Other items				(1,270)	(1,155)	(4,425)
Operating profit				4,420	4,218	4,583

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.

Within Education Services revenues of approximately 3% (31 December 2018: 5%) have arisen from the Segments largest customer: within SIS revenues of approximately 4% (31 December 2018: 6%) have arisen from the Segments largest customer.

TRIBAL

4. Segmental analysis (cont.)

Geographical information:

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

	Six months ended 30 June 2019 £'000	Six months ended 30 June 2018 £'000	Year ended 31 December 2018 £'000
UK	24,220	20,470	42,554
Australia	9,564	12,068	22,234
Other Asia Pacific	1,954	3,005	5,529
North America and rest of world	4,636	6,446	9,745
	40,374	41,989	80,062

5. Effect of new accounting standards

The Group adopted IFRS16 "Leases" with effect from 1 January 2019. This has resulted in the group recognising right-of-use assets and lease liabilities. For leases currently classified as operating leases, under previous accounting requirements the group did not recognise related assets or liabilities, and instead spread the lease payments on a straight-line basis over the lease term. The Group has applied the modified retrospective approach method and has only recognised leases on the balance sheet as at 1 January 2019. Comparative amounts for the year prior to the first adoption have not been restated. In addition it has been decided to measure right-of-use assets by reference to the measurement of the lease liability on that date, less adjustments for future dilapidation costs. The key assumptions used in this assessment are as follows: Straight line amortisation of the right-of-use assets; amortisation period being equivalent to the length of the lease; and implicit rate used in the calculations being 1.8% + LIBOR.

The effects of adopting IFRS 16 for the periods ending 30 June 2019 are as follows:

	30 June 2019 As reported £'000	30 June 2019 Effect of IFRS16 £'000	30 June 2019 As would have been reported £'000
Balance Sheet			
Assets			
Right of use assets	4,527	(4,527)	-
Liabilities			
Trade and other payables	(7,406)	(308)	(7,714)
Lease liabilities	(4,249)	4,249	-
Provisions	(1,209)	773	(436)
Equity			
Accumulated losses	(13,353)	73	(13,280)
Profit and loss account current year	3,623	876	4,499

6. Other items

	Six months ended 30 June 2019 £'000	Six months ended 30 June 2018 £'000	Year ended 31 December 2018 £'000
Acquisition related costs	(135)	-	(62)
Share based payments (including employer related taxes)	(544)	(1,096)	(2,329)
-Impairment of development costs	-	-	(983)
-Legacy Defined benefit schemes	-	-	(73)
-Legal	(278)	-	-
-Property related	-	-	7
-Restructuring and associated costs	(313)	(59)	(985)
Other exceptional items	(591)	(59)	(2,034)
Amortisation of IFRS 3 intangibles	(575)	(909)	(1,787)
Total administrative costs	(1,845)	(2,064)	(6,212)
Other financing costs	(86)	(60)	(106)
Other financing income	-	-	380
Total other items before tax	(1,931)	(2,124)	(5,938)
Tax on other items	354	441	1,171
Total other items after tax	(1,577)	(1,683)	(4,767)

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 2018:

Acquisition costs: The numbers include amounts relating to corporate activity in the period. (30 June 2019: £135,000; 30 June 2018 £nil; 31 December 2018: £62,000).

Share based payments: The numbers above include the movement in associated employers taxes accrual (30 June 2019: £19,000; 30 June 2018: £155,000; 31 December 2018: £17,000) and the cash paid on dividends on share options that have met performance conditions (30 June 2019: £106,000; 30 June 2018: £46,000; 31 December 2018: £47,000). When the Company declares a cash dividend, some option holders are entitled to a 'dividend equivalent'. This is a payment in cash and/or additional shares with a value determined by reference to the dividends that would have been paid on the vested shares in respect of dividend record dates occurring during the period between the grant of the Award and the date on which it becomes exercisable.

Other exceptional items: Amounts principally reflect the costs arising in respect of the restructuring of the Group's operations and the legal costs associated with the current contingent liability (see note 19). The restructuring program has been be executed in the first half of 2019 and associated costs have been provided for. Amounts relate mainly to provision for redundancy costs. (30 June 2019; £313,000; 30 June 2018: £59,000; 31 December 2018: £985,000).

Amortisation of IFRS3 intangibles: Amortisation arising on the fair value of intangible assets acquired is separately disclosed as other items. (30 June 2019: £575,000; 30 June 2018 £909,000; 31 December 2018: £1,787,000).

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 2019: £86,000; 30 June 2018 £60,000; 31 December 2017: £106,000).

6. Other items (cont.)

Financing income: Amounts relating to settlement gains on defined benefit schemes (30 June 2019: £nil; 30 June 2018 £nil; 31 December 2018: £380,000).

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.

7. Finance costs/(income)

	Six months ended 30 June 2019 £'000	Six months ended 30 June 2018 £'000	Year ended 31 December 2018 £'000
Interest on bank overdrafts and loans	58	-	1
Amortisation and write off of loan arrangement fees	-	-	12
Net interest payable on retirement benefit obligations	-	-	41
Other interest payable	-	13	-
Adjusted Finance costs	58	13	54
Unwinding of discounts	86	60	106
Other finance costs	86	60	106
Total finance costs	144	73	160
Settlement gain on defined benefit schemes	-	-	(380)
Total finance costs/(income)	144	73	(220)

8. Tax

	Six months ended 30 June 2019 £'000	Six months ended 30 June 2018 £'000	Year ended 31 December 2018 £'000
Current tax			
UK corporation tax	-	-	114
Overseas tax	253	1,752	702
Adjustments in respect of prior periods	-	-	(179)
	253	1,752	637
Deferred tax			
Current period	433	(445)	79
Adjustments in respect of prior periods	-	-	(14)
	433	(445)	65
Tax charge on losses	686	1,307	702

In addition to the amount charged to the income statement, a deferred tax credit of £57,000 (30 June 2018: credit of £121,000; 31 December 2018: credit of £171,000) has been recognised directly in equity in relation to share schemes. A deferred tax credit of £nil (30 June 2018: £nil; 31 December 2018: charge of £73,000) 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.

9. 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 2019 £ '000	Six months ended 30 June 2018 £ '000	Year ended 31 December 2018 £ '000
Basic weighted average number of shares in issue	195,224	195,223	195,224
Weighted average number of Employee share options	10,546	15,446	10,546
Weighted average number of shares outstanding for dilution calculations	205,770	210,669	205,770

Diluted earnings per share only reflects the dilutive effect of share options for which performance criteria have been met.

As at 30 June 2019 there are 5,301,844 options that have met vesting criteria and can be exercised. Together with other potentially dilutive shares, based on options that have been granted but have not yet met vesting criteria of 1,838,220, the total number of potentially dilutive shares is 7,140,064 (31 December 2018: 7,140,064). In addition, there are a further 3,405,996 (31 December 2018: 3,405,996) potentially dilutive matching share options that have been granted and have met vesting criteria as at 30 June 2019.

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 2019 £'000	Six months ended 30 June 2018 £'000	Year ended 31 December 2018 £'000
Net profit	3,623	2,856	4,147
Earnings per share			
Basic	1.9p	1.5p	2.1p
Diluted	1.8p	1.4p	2.0p
Adjusted Net profit	5,200	4,539	8,914
Adjusted earnings per share			
Basic	2.7p	2.3p	4.6p
Diluted	2.5p	2.2p	4.3p

9. Earnings per share (cont.)

	Profit for the period			Earnings per share		
	Six months ended 30 June 2019 £'000	Six months ended 30 June 2018 £'000	Year ended 31 December 2018 £'000	Six months ended 30 June 2019 £'000	Six months ended 30 June 2018 £'000	Year ended 31 December 2018 £'000
Profit for the period attributable to equity share holders	3,623	2,856	4,147	1.9p	1.5p	2.1p
Add back:						
Amortisation of IFRS 3 intangibles (net of tax)	412	647	1,271			
Share based payments	420	800	2,237			
Unwinding of discounts	86	60	106			
Other items (net of tax)	659	176	1,153			
Total adjusted items (net of tax)	1,577	1,683	4,767	0.8p	0.8p	2.5p
Adjusted earnings	5,200	4,539	8,914	2.7p	2.3p	4.6p

10. Goodwill

	£'000
Cost	
At 1 January 2019	101,748
Additions	9,416
Exchange differences	20
At 30 June 2019	111,184
Accumulated impairment losses	
At 1 January 2019	81,231
At 30 June 2018	81,231
Net book value	
At 30 June 2019	29,953
At 31 December 2018	20,517

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	Acquired intellectual property £'000	Development costs £'000	Business systems £'000	Software licences £'000	Total £'000
Cost							
At 1 January 2019	7,414	6,945	1,873	30,507	6,415	1,486	54,640
Additions	-	-	-	2,812	175	12	2,999
Exchange differences	11	6	-	6	-	-	23
At 30 June 2019	7,425	6,951	1,873	33,325	6,590	1,498	57,662
Amortisation							
At 1 January 2019	6,563	5,287	561	22,577	5,509	1,425	41,922
Charge for the period	383	191	187	719	177	33	1,690
Exchange differences	15	4	-	8	-	-	27
At 30 June 2019	6,961	5,482	748	23,304	5,686	1,458	43,639
Carrying amount							
At 30 June 2019	464	1,469	1,125	10,021	904	40	14,023
At 31 December 2018	851	1,658	1,312	7,930	906	61	12,718

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 3 to 7 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. Intellectual property was acquired from WAMBIZ Limited in 2017 and is recorded as Acquired Intellectual property, discounted for deferred consideration payments which are included as a deferred consideration liability in Trade and other payables. This asset is being amortised over a period of 5 years.

12. Trade and other receivables

	30 June 2019 £'000	30 June 2018 £'000	31 December 2018 £'000
Amounts receivable for the sale of services	9,495	11,966	9,452
Less: loss allowance	(174)	(671)	(137)
	9,321	11,295	9,315
Other receivables	437	677	375
Prepayments	3,579	3,138	3,150
	13,337	15,110	12,840

13. Trade and other payables

	30 June 2019 £'000	30 June 2018 £'000	31 December 2018 £'000
Current			
Trade payables	1,388	1,178	1,461
Other taxation and social security	2,414	2,592	3,028
Other payables	1,506	3,334	1,793
Deferred consideration	2,098	427	473
	7,406	7,531	6,755
Non-current			
Other payables	35	160	62
Deferred consideration	1,837	-	-
	1,872	160	62
Total	9,278	7,691	6,817

14. Provisions

	Property related £'000	Legal claims £'000	Restructuring £'000	Total £'000
At 1 January 2019	440	-	652	1,092
IFRS 16 adjustment	772	-	-	772
Increase/(release) in provision	(77)	154	-	77
Utilisation of provision	(97)	-	(652)	(749)
Exchange rate movement	17	-	-	17
At 30 June 2019	1,055	154	-	1,209

The provisions are split as follows:

	Property related £'000	Legal claims £'000	Restructuring £'000	Total £'000
Within one year	55	154	-	209
More than one year	1,000	-	-	1,000
Total	1,055	154	-	1,209

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, under IFRS 16.

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

15. Acquisition of subsidiary

On 9 May 2019, the Group acquired 100% of the issued share capital of Crimson Holdings Limited and its subsidiary Crimson Consultants Limited (Crimson), a company incorporated in the UK that is a leading provider of customer relationship management (CRM) based solutions to the education market.

This transaction has been accounted for by the acquisition method of accounting. This comprises an initial cash consideration of £6.0m and a deferred contingent consideration of £4.0m (the discounted figure at acquisition being £3.376m) which is payable on the annual recurring revenue (ARR) growth of the acquired business. Deferred contingent consideration that becomes due shall be satisfied in the period from March 2020 to March 2021.

Due to the timing of the acquisition, the acquisition accounting adjustments were not complete as at 30 June 2019, however, will be finalised prior to 31 December 2019.

The provisional carrying amount of each class of Crimson Consultants Limited's assets before combination is set out below:

	Book value £'000
Tangible assets	15
Trade and other receivables	723
Cash and cash equivalents	34
Trade and other payables	(858)
Net liabilities acquired	(86)
Goodwill arising on acquisition (note 10)	9,416
Consideration	
Satisfied by:	
Initial cash consideration	5,954
Deferred contingent consideration	3,376
	9,330

The initial cash consideration paid to Crimson was satisfied through existing cash balances.

Crimson Consultants Limited contributed revenue of £0.4m and operating profit of £nil to the Group for the period between the date of acquisition and the balance sheet date. Acquisition related costs amounted for £0.1m.

Had the acquisition occurred on 1 January 2019, the Group's revenue would have increased by £1.4m and its operating profit reduced by £0.1m.

16. Share capital

	Six months ended 30 June 2019 number	Six months ended 30 June 2019 £'000	Six months ended 30 June 2018 number	Six months ended 30 June 2018 £'000	Year ended 31 December 2018 number	Year ended 31 December 2018 £'000
Allotted, called up and fully paid						
At beginning of the period	196,051,181	9,803	196,051,181	9,803	196,051,181	9,803
Issued during the period	-	-	-	-	-	-
At end of the period	196,051,181	9,803	196,051,181	9,803	196,051,181	9,803

The Company has one class of ordinary shares of 5p which carry no right to fixed income.

17. Notes to the cash flow statement

	Six months ended 30 June 2019 £'000	Six months ended 30 June 2018 £'000	Year ended 31 December 2018 £'000
Operating profit from continuing operations	4,420	4,218	4,583
Depreciation of property, plant and equipment	899	496	995
Amortisation and impairment of other intangible assets	1,690	2,025	5,099
Share based payments	418	895	2,265
Research and development tax credit	(180)	-	(325)
Net pension (credit)/charge	-	-	54
Other non-cash items	134	386	55
Operating cash flows before movements in working capital	7,381	8,020	12,726
(Increase)/Decrease in receivables	(2,159)	(2,942)	2,034
Decrease in payables	(8,036)	(3,333)	1,086
Net cash (used in)/ from operating activities before tax	(2,814)	1,745	15,846
Tax (paid)/received	77	(1,196)	(1,605)
Net cash (used in)/from operating activities	(2,737)	549	14,241
Net cash (used in)/from operating activities before tax can be analysed as follows:			
Continuing operations (excluding restricted cash)	(2,814)	1,784	15,885
Decrease in restricted cash	-	(39)	(39)
	(2,814)	1,745	15,846

18. Analysis of net cash

	30 June 2019 £'000	30 June 2018 £'000	31 December 2018 £'000
Cash and cash equivalents	6,989	9,214	19,974
Overdrafts	(985)	-	-
Net cash	6,004	9,214	19,974

18. Analysis of net cash (cont.)

Analysis of changes in net cash

	30 June 2019 £'000	30 June 2018 £'000	31 December 2018 £'000
Opening net cash	19,974	14,082	14,082
Net (decrease)/increase in cash and cash equivalents	(14,048)	(4,658)	6,088
Effect of foreign exchange rate changes	78	(210)	(196)
Closing net cash	6,004	9,214	19,974

19. Contingent liabilities

On 24 January 2019 the Group received a letter of claim from lawyers acting for a provider of a software platform on which a number of the Group's material products are based. The letter claims that Tribal Education Limited, a subsidiary of Tribal Group plc, has failed to account properly for royalties under the terms of a Value Added Reseller Agreement dated 1 April 2000 and has breached the terms of that agreement. Whilst no specific amount is claimed the letter of claim estimates the losses at between £15 million and £30 million. These claims date back over a period of more than 18 years during which the Group has regularly made royalty payments and the Directors do not consider the claims to be justified. The Directors intend to defend these claims vigorously at this stage and are of the opinion that the claims can be successfully resisted. The information usually required by IAS 37 Provisions, Contingent Liabilities and Contingent Assets is not disclosed on the grounds that it can be expected to prejudice seriously the outcome of the litigation.

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 £0.2m (30 June 2018: £nil, 31 December 2018: £nil) 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.

The Company and its subsidiaries have provided performance guarantees issued by their banks on their behalf, in the ordinary course of business totalling £1.1m (30 June 2018: £1.5m, 31 December 2018: £1.0m). These are not expected to result in any material financial loss.

20. 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 7 June 2019, Tribal Group plc ("the Company") granted nil-cost options over a total of 760,563 ordinary shares (representing approximately 0.40% of the Company's issued shares) to Mark Pickett under the terms of its 2010 Long Term Incentive. This award has been granted subject to performance conditions based on the Group's Adjusted Operating Profit over a performance period ending 31 December 2019. This award will, ordinarily, vest on the third anniversary of the grant.

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 2019 £'000	30 June 2018 £'000	31 December 2018 £'000
Short-term employee benefits	1,069	1,166	3,674
Termination benefits	-	-	291
Share-based payments	203	895	2,164
	1,272	2,061	6,129

21. 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 Education Services 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 2018. 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

Mark Pickett
Chief Executive

20 August 2019