Triad Group Plc
Half year results for the six months ended 30 September 2011

Chairman's Statement

Financial Highlights

- Revenue is £9.6m for the six months ended 30 September 2011 (H1 2010/11: £12.3m)
- Gross profit as a percentage of revenue: 16.2% (H1 2010/11: 15.3%)
- Earnings before interest, tax, depreciation and amortisation (EBITDA): £0.1m (H1 2010/11 £0.1m loss).
- Operating loss after exceptional items: £0.1m (H1 2010/11: £0.3m loss)
- Profit after tax: £0.1m (H1 2010/11: £0.4m loss)

Business review

As a result of measures taken to reduce the Group's underlying cost base, and changes to the organisational structure of the operating segments, the Group reports improved operating results for the six months to 30 September 2011.

The Group made a profit after tax for the period of £0.1m (H1 2010/11: £0.4m loss) and a positive EBITDA of £0.1m (H1 2010/11: £0.1m loss). Gross margin has increased to 16.2% (H1 2010/11: 15.3%).

Group revenue has decreased in the period to £9.6m (H1 2010/11: £12.3m, H2 2010/11: £10.0m) predominantly due to the impact on the Group's results of the decline in the public sector market.

Utilisation in the Consulting & Solutions business has been improving. Our sales pipeline has strengthened and we are currently recruiting additional staff to work alongside our very experienced team of consultants. Gross margins remain under pressure in the resourcing business.

During the period Triad's Board and management have taken steps to unify the Group's brand and strengthen its presence in the marketplace under the Triad name. Triad's resourcing business is now trading as "Triad Resourcing" having previously traded under the "Generic" name.

The creation of a more unified structure to the business will give Triad's clients a better understanding of the services offered and will enable these services to be offered to a broader range of clients in a more consolidated manner than previously. More details on the Group's services can be found on the Company website at www.triad.co.uk.

Triad Resourcing provides IT contractors and interim resource to the private and public sectors. Following demand from our clients, we are now also providing permanent recruitment services. We continue to focus on specific niche markets within the health, telecoms, defence, digital new media, GIS and information security sectors.

Triad Consulting & Solutions continues to offer a range of services including consultancy, project and programme leadership, solution delivery and support. Zubed, now a key part of the Consulting & Solutions business, continues as the product name for the family of location intelligence services, and forms part of a broader range of our business intelligence service offering.

Our solution delivery team is providing leading-edge solutions to a growing customer base, using products predominantly from the Microsoft stable. As one of a small number of gold-competency partners in the UK, we are delighting customers with web-based applications using the latest developments in collaboration, business intelligence, location intelligence, and information delivery. A hallmark of our success is the number of clients returning to us for repeat business. Our support team provides a full range of on-site and remote support services across the UK, supporting applications, hardware and infrastructure.

In line with the above changes to the Group's operating structure and management, segmental performance is reported accordingly across two segments, Resourcing and Consulting & Solutions (see note 4).

For the 6 months to 30 September 2011, despite a decrease in turnover in the period to £8.4m (H1 2010/11: £10.2m), the Triad Resourcing segment reports an operating profit of £0.4m (H1 2010/11: £0.3m). The improvement in operating profit has arisen following careful management of the segment's cost base and a concerted effort to preserve gross margin.

The Triad Consulting & Solutions business, which incorporates the previously separately identified Zubed operating segment, reports a reduced segmental operating loss of £0.4m (H1 2010/11: loss £0.6m). Included in this figure is amortisation of capitalised Zubed development costs of £104,000 (H1 2010/11: £131,000).

Administrative expenses have reduced to £1.6m (H1 2010/11; £2.2m) further to a managed reduction in headcount and property cost savings.

A tax credit of £252,000 (H1 2010/11: £nil) has been recognised in the period relating to research and development expenditure (see note 7).

Net borrowings at 30 September 2011 were £0.7m (at 30 September: £0.9m, at 31 March 2011: £1.0m). Cash management and control continues to be a priority.

Outlook

The uncertain economic climate continues to create challenging trading conditions for the Group, particularly in the public sector which now accounts for less than 20% of the Group's revenues. However, cost cutting exercises and measures taken to consolidate the business have provided a stable platform, and trading into the second half of the year has been in line with internal expectations.

Management and staff continue to work extremely hard to strengthen the Group's service offering and build sustainable growth in the target markets identified.

Dividends

No interim dividend has been declared or paid (2010/11 interim: nil).

Employees

On 23 September 2011 the Board granted 1,025,000 share options to management and staff.

On behalf of the Board I would like to thank staff for their continued hard work and loyalty.

John Rigg
Chairman
30 November 2011

Unaudited condensed consolidated income statement

	Note	**Unaudited Six months ended 30 September 2011 £'000**	Unaudited Six months ended 30 September 2010 £'000	Audited Year ended 31 March 2011 £'000
Revenue	4	**9,605**	12,303	23,298
Cost of sales		**(8,052)**	(10,420)	(19,654)
Gross profit		**1,553**	1,883	3,644
Administrative expenses		**(1,606)**	(2,190)	(4,413)
Operating loss pre exceptional (expense)/credit		**(53)**	(307)	(362)
Exceptional administrative expense: staff termination costs		**-**	-	(433)
Exceptional administrative expense: impairment of intangible asset		**-**	-	(140)
Exceptional administrative credit: change in surplus property provision		**-**	-	166
Operating loss		**(53)**	(307)	(769)
Operating loss	4	**(53)**	(307)	(769)
Finance income		**3**	-	2
Finance expense	6	**(62)**	(78)	(153)
Loss before tax		**(112)**	(385)	(920)
Tax credit	7	**252**	-	-
Profit/(loss) for the period and total comprehensive income/(expense) attributable to equity holders of the parent		**140**	(385)	(920)
Basic profit/(loss) per share	8	**0.92p**	(2.54)p	(6.07)p
Diluted profit/(loss) per share	8	**0.92p**	(2.54)p	(6.07)p

There is no recognised income or expense except for the total comprehensive income (expense) for the periods stated above therefore no separate statement of recognised income and expense has been prepared.

All amounts relate to continuing activities.

Unaudited condensed consolidated statement of changes in equity

	Share Capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2010	151	562	104	256	1,073
Loss for the period and total comprehensive expense	-	-	-	(385)	(385)
Share-based payments	-	-	-	4	4
At 30 September 2010	**151**	**562**	**104**	**(125)**	**692**
At 1 April 2011	151	562	104	(664)	153
Profit for the period and total comprehensive income	-	-	-	140	140
Share-based payments	-	-	-	-	-
At 30 September 2011	**151**	**562**	**104**	**(524)**	**293**
At 1 April 2010	151	562	104	256	1,073
Loss for the year and total comprehensive expense	-	-	-	(920)	(920)
Share-based payments	-	-	-	-	-
At 31 March 2011	**151**	**562**	**104**	**(664)**	**153**

Unaudited condensed consolidated balance sheet

	Note	**Unaudited 30 September 2011 £'000**	Unaudited 30 September 2010 £'000	Audited 31 March 2011 £'000
Non-current assets				
Intangible assets	9	**332**	641	416
Property, plant and equipment		**30**	124	68
		362	765	484
Current assets				
Trade and other receivables		**4,501**	5,167	4,549
Cash and cash equivalents		**42**	83	33
		4,543	5,250	4,582
Total assets		**4,905**	6,015	5,066
Current liabilities				
Trade and other payables		**(2,656)**	(2,890)	(2,946)
Bank and other borrowings	10	**(776)**	(995)	(789)
Short term provisions		**(144)**	(259)	(107)
		(3,576)	(4,144)	(3,842)
Non-current liabilities				
Long term provisions		**(1,036)**	(1,179)	(1,071)
		(1,036)	(1,179)	(1,071)
Total liabilities		**(4,612)**	(5,323)	(4,913)
Net assets		**293**	692	153
Shareholders' equity				
Share capital		**151**	151	151
Share premium account		**562**	562	562
Capital redemption reserve		**104**	104	104
Retained earnings		**(524)**	(125)	(664)
Total shareholders' equity		**293**	692	153

Unaudited condensed consolidated cash flow statement

	Unaudited Six months ended 30 September 2011 £'000	Unaudited Six months ended 30 September 2010 £'000	Audited Year ended 31 March 2011 £'000
Profit/ (loss)for the period	**140**	(385)	(920)
Adjustments for:			
Depreciation of property, plant and equipment	**15**	71	120
Profit on disposal of property, plant and equipment	**(19)**	(35)	(49)
Amortisation of intangible assets	**104**	131	269
Impairment of intangible assets	**-**	-	140
Finance income	**(3)**	-	(2)
Interest expense	**14**	10	22
Share-based payment expense	**-**	4	-
Changes in working capital			
Decrease in trade and other receivables	**48**	1,133	1,751
Decrease in trade and other payables	**(290)**	(1,126)	(1,070)
Increase/(decrease) in provisions	**2**	(57)	(317)
Cash generated/ (consumed) by operations	**11**	(254)	(56)
Interest paid	**(14)**	(10)	(22)
Interest received	**3**	-	2
Net cash flows from operating activities	**-**	(264)	(76)
Cash flows from investing activities			
Purchase of intangible assets	**(20)**	(100)	(153)
Purchase of property, plant and equipment	**(3)**	(2)	(9)
Proceeds from sale of property plant and equipment	**45**	62	90
Net cash flows from investing activities	**22**	(40)	(72)
Net (decrease)/ increase in cash and cash equivalents	**22**	(304)	(148)
Cash and cash equivalents at beginning of the period	**(756)**	(608)	(608)
Cash and cash equivalents at end of the period	**(734)**	(912)	(756)

Notes to the interim report

1. General information

The interim financial information set out above and overleaf does not constitute statutory accounts and has neither been audited nor reviewed pursuant to guidance issued by the Auditing Practices Board. It has been approved by the Board of Directors on [ ]November 2011.

2. Basis of preparation

The comparative figures for the year ended 31 March 2011 are not the Group's statutory accounts for the financial year. Those accounts have been reported on by the Group's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and did not contain statements under Section 498 (2) or (3) of the Companies Act 2006.

These financial statements have been prepared using accounting policies the Group expects to be applicable at 31 March 2012, in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and with the Disclosure and Transparency Rules of the Financial Services Authority, and in accordance with the requirements of IAS34, Interim Financial Reporting, and with the accounting policies set out in the statutory accounts of Triad Group Plc for the year ended 31 March 2011 except in that that these, and future, financial statements have been prepared in accordance with IFRS 8: Segmental Reporting (see note 4 below) and IAS 1 Revised: Presentation of Financial Statements.

3. Going Concern

The current economic conditions create uncertainty particularly over (a) the level of demand for the Group's services and (b) the availability of bank finance in the foreseeable future. The Group's projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facility. The facility may be terminated by either party with one month's written notice. The board receives regular cash flow and working capital projections to enable it to monitor its available headroom under this facility. These projections indicate that the Group expects to have sufficient resources to meet its reasonably expected obligations. The bank has not drawn to the attention of the Group any matters to suggest that this facility will not be continued on acceptable terms. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

4. Segmental reporting

The Group derives its revenue from two operating segments being Resourcing, and Consulting & Solutions.

	Unaudited Six months ended 30 September 2011 £'000	Unaudited Six months ended 30 September 2010 £'000	Audited Year ended 31 March 2011 £'000
Revenue			
Resourcing	**8,372**	10,208	19,541
Consulting & Solutions	**1,233**	2,095	3,757
	9,605	12,303	23,298

	Unaudited Six months ended 30 September 2011 £'000	Unaudited Six months ended 30 September 2010 £'000	Audited Year ended 31 March 2011 £'000
Operating result after exceptional items			
Resourcing	**374**	284	600
Consulting & Solutions	**(427)**	(591)	(1,369)
	(53)	(307)	(769)

Total assets are not reported internally by segment so no such segmental information is given.

The Zubed location intelligence business is no longer reported as a separate segment, but is now included within the Consulting & Solutions segment, which is reported separately from the Resourcing segment.

5. Dividend

No interim dividend has been declared or paid (2010/11: nil)

6. Finance expense

	Unaudited Six months ended 30 September 2011 £'000	Unaudited Six months ended 30 September 2010 £'000	Audited Year ended 31 March 2011 £'000
Bank interest payable	**(14)**	(10)	(22)
Unwinding of discount on provisions	**(48)**	(63)	(125)
Net foreign exchange loss	**-**	(5)	(6)

Total finance expense	**(62)**	(78)	(153)

7. Tax Credit

A research and development tax credit of £252,000 has been recognised in respect of qualifying research and development costs relating to location intelligence. The claim has been made in the current period is in relation to costs incurred in years ended 31 March 2010 and 2011.

£38,000 has been accrued for professional fees associated with the preparation and submission of the claim, and is included in administrative expenses.

8. **Earnings per share**

Earnings per share have been calculated on the loss for the period divided by the weighted average number of shares in issue during the period based on the following:

	Unaudited 30 September 2011	Unaudited 30 September 2010	Audited 31 March 2011
Profit/(loss) for the period	**£140,000**	£(**385,000**)	£(920,000)
Average number of shares in issue	**15,149,579**	15,149,579	15,149,579
Effect of dilutive options	**-**	-	-
Average number of shares in issue plus dilutive options	**15,149,579**	15,149,579	15,149,579
Basic profit/(loss) per share	**0.92p**	(2.54)p	(6.07)p
Diluted loss per share	**0.92p**	(2.54)p	(6.07)p

9. Intangible assets

During the period the Group incurred expenditure of approximately £nil on internally generated software (six months to 30 September 2010: £99,000, year to 31 March 2011: £151,000) and £20,000 on purchased software (six months to 30 September 2010: £1,000, year to 31 March 2011: £2,000).

10. Bank and other borrowings

	Unaudited Six months ended 30 September 2011 £'000	Unaudited Six months ended 30 September 2010 £'000	Audited Year ended 31 March 2011 £'000
Current			
Bank borrowings	**(776)**	(995)	(789)
	(776)	(995)	(789)

11. Related party transactions

The Group rents two of its offices under contracts expiring in 2018. The current annual rents of £395,000 were fixed, by independent valuation, for a five year period at the last rent review in 2008. A rent holiday has been agreed with the landlords for one of the offices for a period of one year commencing from 25 March 2011. Therefore the rent payable during the current year ending 31 March 2012 is reduced to £215,000. JC Rigg, a Director, has notified the Board that he has a 50% beneficial interest in these contracts. The balance owed at the period end was £nil (H1 2010/11: £nil).

12. Statement of the directors' responsibilities

The Board confirms to the best of their knowledge;

- that the condensed consolidated half year financial statements for the six months to 30 September 2011 have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU; and

- that the Half Year Report includes a fair review of the information required by sections 4.2.7R and 4.2.8R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the period and their impact on the condensed consolidated half year financial statements; a description of the principal risks and uncertainties for the remainder of the current financial year; and the disclosure requirements in respect of material related party transactions.

By order of the Board

NE Burrows
Company Secretary
30 November 2011

Names of the current Board of Directors can be found on the company website at www.triad.co.uk.