Triad Group Plc
Half year results for the six months ended 30 September 2009

Chairman's Statement

Financial Highlights

- Revenue is £14.1m for the six months ended 30 September 2009 (H1 2008/09: £16.6m)
- Gross profit as a percentage of revenue 17.1% (H1 2008/09: 19.7%)
- Operating loss after exceptional items £0.34m (H1 2008/09: £0.13m profit)
- Loss before tax £0.41m (H1 2008/09: £0.01m profit)

Business review

As reported in my interim management statement, the market uncertainty caused by the recession in the UK economy has led to challenging trading conditions. This is reflected in the results for the first half of the financial year, with the Group reporting a 15% drop in revenue and a consequent loss before tax of £0.41m (H1 2008/09: £0.01 profit). The Board has taken steps to reduce the cost base of the Group whilst retaining its core competencies and continuing to invest in the Zubed initiative.

Revenue for the six months to 30 September 2009 was £14.1m (H1 2008/09: £16.6m). Revenues have been impacted by the downturn in the UK economy. This has resulted in delays to procurement decisions and cuts in the IT related expenditure of both new and existing clients. The contractor market has been particularly affected by falling demand caused by these unprecedented economic conditions.

During the period the Group made an operating loss of £0.34m (H1 2008/09: £0.13m profit). A decrease in utilisation in the consultancy business and pressure on fee rates and margins has impacted operating margins. In order to minimise the loss and protect the Group going forward, headcount and other cost reductions were made towards the end of the first half year. During the period the measures taken to reduce group costs have resulted in annualised cost savings of circa £1.15m.

The Group's net borrowings at 30 September 2009 were £1.27m (31 March 2009: £0.61m, 30 September 2008: £1.0m). The Group continues to operate comfortably within its existing bank facilities.

Although we have made cost reductions the resourcing, consultancy and solutions business has continued to attract a steady flow of orders. Our focus on key niche areas combined with the experience and capabilities of our staff means we remain well positioned to grow as and when the market improves.

Despite the downturn, interest in our new location intelligence software, Zubed, has remained high. Accordingly, although some buying decisions have been delayed, our investment in Zubed has continued. With a substantial level of investment to date, we have started to see revenue growth in what are large and untapped markets.

Current trading conditions remain challenging, but with signs of improvement in the economy, the Board is cautiously confident about the outcome for the new calendar year.

Board Appointment

On 19 October 2009 Nick Burrows was appointed Executive Finance Director. Nick has worked for the Group since 2001 as Financial Controller and was appointed Company Secretary in 2007.

Employees

On behalf of the board I would like to thank the staff for their considerable efforts during what has been a challenging period for the Group.

Dividends

No interim dividend has been declared or paid (2008/09 interim: 0.00p).

John Rigg
Chairman
27 November 2009

Operating Review

The resourcing business has not been immune to the market-wide decrease in demand for contract resource. We have seen increased pressure from existing clients to cut margins and rates and, though resisted where possible, this has exerted downwards pressure on gross margins. The sales team continues to be focused and, subject to improved market conditions, we look forward to the new calendar year with confidence.

Utilisation in the consultancy and solutions business has been affected by deferrals and cuts in client IT expenditure with a consequential impact on pipeline visibility. We have continued to focus on delivering services and applications based on Microsoft technologies with a particular emphasis on SharePoint. During the last six months we have performed a number of engagements and the pipeline of potential projects is encouraging. The Group has also partnered with Microsoft in the delivery of services delivered from the Cloud. We have already completed one project to allow a client to utilise Microsoft's Business Productivity Online Services (BPOS) suite and there are a number of interesting opportunities in the pipeline that will utilise BPOS or Windows Azure.

In June the Group was awarded, as part of a consortium bid, inclusion on the new ICT Consultancy Services Framework issued by Buying Solutions, the national procurement partner for UK public services. This framework is the most used UK public sector agreement for the provision of ICT Consultancy services. The ICT Consultancy framework has also been drafted to allow delivery services i.e. development. Access to this framework will create a significant pipeline of opportunities for the Group and allow us to directly seek new public sector work. A number of interesting opportunities have already emerged.

The Zubed offering is being well received in a range of markets resulting in a number of sales to high profile clients. However, client budgetary pressures and longer buying decisions have delayed the conversion of some prospects into sales. During the first six months of the financial year Zubed has secured notable contracts including LloydsTSB, Mothercare, The Royal British Legion, American Express, The Home Office and Milton Keynes Borough Council. The list of sales prospects is promising with many discussions at an advanced stage and a number of trials underway. We are continuing to invest in the development of Zubed's Location Intelligence Platform core architecture and toolset.

Zubed was created, two years ago, as a tool that enabled the resourcing business to add a location based search facility onto its candidate and client search tool. The initial Location Based Resourcing tool has developed further into a job finding tool ZubedJobs.com. ZubedJobs includes semantic search technology, web crawlers and geo-location facilities, all of which are developed in Web 2.0 and SaaS technologies and are proprietary to Triad Group Plc. The fundamental architecture of Zubed has spawned a family of market specific products in the financial, charity, government, retail and general commerce markets. Initial customers, mentioned above, have been secured in these market segments with further prospects providing opportunities for both Zubed and cross-selling the Group's consultancy and development services.

Ian Haynes
Chief Executive
27 November 2009

Financial Review

In accordance with International Accounting Standards, the group has adopted IFRS 8, Segmental Reporting. The Group's segmental results can be found at note 4.

Business consultancy, software and systems delivery

Revenue for the six months to 30 September 2009 was £14.0m (H1 2008/09: £16.6m).
The operating result for the segment was a loss of £0.04m (H1 2008/09: £0.48m profit).

Zubed

Revenue for the six months to 30 September 2009 was £0.18m (H1 2008/09: £0.03m). Zubed revenue consists of annual user based licence fees and bespoke development revenue. The operating result for the segment was a loss of £0.29m (H1 2008/09: £0.35m loss).

Overheads

During the period headcount has been reduced by 15% realising annualised cost savings of circa £0.8m. We have now sub-let 6,115 square feet of office space in Godalming and exercised a break clause in the office at Milton Keynes achieving annualised cost savings of circa £0.35m.

Cash

Net cash borrowings have increased to £1.27m. The cash impact of the staff and property cost savings will be fully realised in the second half of the financial year.

Capital expenditure on tangible assets, particularly motor vehicles, has been significantly reduced during the period. Capital expenditure for the 6 months to 30 September 2009 was £0.04m (H1 2008/09: £0.21m).

The capitalised development costs relating to Zubed now stand at £0.62m. A total of £0.20m of costs were capitalised in the period (H1 2008/09: £0.18m). Total amortisation charged to the income statement in the period was £0.09m (H1 2008/09: £0.04m).

Nick Burrows
Finance Director
27 November 2009

Condensed consolidated income statement

	Note	**Unaudited Six months ended 30 September 2009 £'000**	Unaudited Six months ended 30 September 2008 £'000	Audited Year ended 31 March 2009 £'000
Revenue		**14,148**	16,625	32,770
Cost of sales		**(11,722)**	(13,354)	(26,552)
Gross profit		**2,426**	3,271	6,218
Administrative expenses		**(2,761)**	(3,140)	(6,053)
Operating (loss)/profit pre exceptional expense		**(335)**	131	235
Exceptional administrative expense: change in surplus property provision	6	**-**	-	(70)
Operating (loss)/profit	6	**(335)**	131	165
Finance income		**11**	-	18
Finance expense	7	**(81)**	(122)	(223)
(Loss)/profit before tax		**(405)**	9	(40)
Tax expense		**-**	-	-
(Loss)/profit and total comprehensive (expense)/income for the period		**(405)**	9	(40)
Basic (loss)/profit per share	10	**(2.67)p**	0.06p	(0.26p)
Diluted (loss)/profit per share	10	**(2.67)p**	0.06p	(0.26p)

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.

Condensed consolidated balance sheet

	Note	**Unaudited 30 September 2009 £'000**	Unaudited 30 September 2008 £'000	Audited 31 March 2009 £'000
Non-current assets				
Intangible assets	8	**622**	418	533
Property, plant and equipment		**405**	665	540
		1,027	1,083	1,073
Current assets				
Trade and other receivables		**6,250**	7,378	6,537
Cash and cash equivalents		**45**	87	86
		6,295	7,465	6,623
Total assets		**7,322**	8,548	7,696
Current liabilities				
Trade and other payables		**(3,153)**	(4,118)	(3,687)
Financial liabilities	9	**(1,318)**	(1,095)	(703)
Short term provisions		**(271)**	(251)	(266)
		(4,742)	(5,464)	(4,656)
Non-current liabilities				
Financial liabilities	9	**-**	(1)	-
Long term provisions		**(1,303)**	(1,359)	(1,362)
		(1,303)	(1,360)	(1,362)
Total liabilities		**(6,045)**	(6,824)	(6,018)
Net assets		**1,277**	1,724	1,678
Shareholders' equity				
Share capital		**151**	151	151
Share premium account		**562**	562	562
Capital redemption reserve		**104**	104	104
Retained earnings		**460**	907	861
Total shareholders' equity		**1,277**	1,724	1,678

Condensed consolidated cash flow statement

	Unaudited Six months ended 30 September 2009 £'000	Unaudited Six months ended 30 September 2008 £'000	Audited Year ended 31 March 2009 £'000
(Loss)/profit for the period	**(405)**	**9**	**(40)**
Adjustments for:			
Depreciation of property, plant and equipment	**158**	**197**	**378**
Profit on disposal of property, plant and equipment	**-**	**2**	**4**
Amortisation of intangible assets	**96**	**56**	**131**
Finance income	**(11)**	**-**	**(18)**
Interest expense	**13**	**43**	**68**
Share-based payment expense	**4**	**3**	**6**
Changes in working capital			
Decrease in trade and other receivables	**287**	**57**	**898**
(Decrease)/increase in trade and other payables	**(533)**	**112**	**(319)**
Decrease in provisions	**(54)**	**(41)**	**(23)**
Cash generated from operations	**(445)**	**438**	**1,085**
Interest paid	**(13)**	**(43)**	**(68)**
Finance received	**11**	**-**	**18**
Net cash flows from operating activities	**(447)**	**395**	**1,035**
Cash flows from investing activities			
Purchase of intangible assets	**(197)**	**(178)**	**(368)**
Purchase of property, plant and equipment	**(37)**	**(206)**	**(316)**
Proceeds from sale of property plant and equipment	**25**	**117**	**169**
Net cash flows from investing activities	**(209)**	**(267)**	**(515)**
Cash flows from financing activities			
Finance lease principal payments	**(3)**	**(6)**	**(11)**
Net cash from financing activities	**(3)**	**(6)**	**(11)**

Net (decrease)/increase in cash and cash equivalents	**(659)**	**122**	**509**
Cash and cash equivalents at beginning of the period	**(612)**	**(1,121)**	**(1,121)**
Cash and cash equivalents at end of the period	**(1,271)**	**(999)**	**(612)**

Condensed consolidated statement of changes in equity

	Unaudited Six months ended 30 September 2009 £'000	Unaudited Six months ended 30 September 2008 £'000	Audited Year ended 31 March 2009 £'000
Opening shareholders' equity	**1,678**	**1,712**	**1,712**
(Loss)/profit and total comprehensive (expense)/income for the period	**(405)**	**9**	**(40)**
Share-based payments	**4**	**3**	**6**
Closing shareholders' equity	**1,277**	**1,724**	**1,678**

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 27 November 2009.

2. Basis of preparation

The comparative figures for the year ended 31 March 2009 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 237 (2) or (3) of the Companies Act 2006.

These financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) 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 2009 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

From 1 April 2009, the Group has adopted IFRS 8 *Segmental Reporting*. The Group derives its revenue from two operating segments being business consultancy, software and systems delivery and the Group's location intelligence business, Zubed.

	Unaudited Six months ended 30 September 2009 £'000	Unaudited Six months ended 30 September 2008 £'000	Audited Year ended 31 March 2009 £'000
Revenue			
Resourcing, consultancy and solutions	13,968	16,625	32,701
Zubed	180	25	69
	14,148	**16,625**	**32,770**

	Unaudited Six months ended 30 September 2009 £'000	Unaudited Six months ended 30 September 2008 £'000	Audited Year ended 31 March 2009 £'000
Operating result after exceptional items			
Resourcing, consultancy and solutions	(42)	484	850
Zubed	(293)	(353)	(685)
	(335)	**131**	**165**

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

5. Dividend

No interim dividend has been declared or paid (2008/09: 0.00p)

6. Operating Loss

In year ended 31 March 2009 there were exceptional administrative charge of £70,000, resulting from a change in the discount rate used in the calculation of the provision relating to the vacant property.

7. Finance expense

	Unaudited Six months ended 30 September 2009 £'000	Unaudited Six months ended 30 September 2008 £'000	Audited Year ended 31 March 2009 £'000

Bank interest payable	**(13)**	(42)	**(67)**
Finance lease interest	**-**	(1)	**(1)**
Total interest expense	**(13)**	(43)	**(68)**
Unwinding of discount on provisions	**(68)**	(79)	**(155)**
Total finance expense	**(81)**	(122)	**(223)**

8. Intangible assets

During the period the Group incurred approximately £195,000 on internally generated software (six months to 30 September 2008: £176,000, year to 31 March 2009: £362,000) and £2,000 on purchased software (six months to 30 September 2008: £2,000, year to 31 March 2009: £6,000).

9. Financial liabilities

	Unaudited Six months ended 30 September 2009 £'000	Unaudited Six months ended 30 September 2008 £'000	Audited Year ended 31 March 2009 £'000
Present value of finance lease obligations	**(2)**	(10)	**(5)**
Bank borrowings	**(1,316)**	(1,086)	**(698)**
	(1,318)	(1,096)	**(703)**

The maturity profile of the present value of financial liabilities is as follows:

Current	**(1,318)**	(1,095)	**(703)**
Non-current	**-**	(1)	**-**
	(1,318)	(1,096)	**(703)**

10. 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 2009	Unaudited 30 September 2008	Audited 31 March 2009
(Loss)/profit for the period	**£(405,000)**	**£9,000**	**£(40,000)**
Average number of shares in issue	**15,149,579**	**15,149,579**	**15,149,579**
Effect of dilutive options	**-**	**45,256**	**-**
Average number of shares in issue plus dilutive options	**15,149,579**	**15,194,835**	**15,149,579**
Basic (loss)/profit per share	**(2.67)p**	**0.06p**	**(0.26)p**
Diluted (loss)/profit per share	**(2.67)p**	**0.06p**	**(0.26)p**

11. Related party transactions

The group rents 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. 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 2008/09: £nil).

12. Statement of the directors' responsibilities

The Board confirms to the best of their knowledge;

- that the consolidated half year financial statements for the six months to 30 September 2009 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 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.

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