TRIBAL

HALF YEAR RESULTS

For the six months ended 30 June 2012

Introduction

Our vision

To create and deliver world-class technology based products and services that help our education, learning and training customers deliver excellence

About us

- Tribal is a leading provider of technology products and services to the education, learning and training markets
- We are based in the UK, and operate internationally, particularly in Australia, New Zealand and the US

We deliver

- **Technology** - a range of proprietary software products to support the business needs of education, learning and training providers
- **Services** - a range of services to support the improvement of education, learning and training delivery by our customers

Our core markets

- Higher Education
- Further Education and vocational learning
- Schools
- Local and central government authorities

Key market positions*

- **Number 1 provider** of student management systems to UK universities
- **Number 1 provider** of school, college and nursery inspections in the UK on behalf of Ofsted
- **Number 2 provider** of Childrens Services information systems to local authorities in the UK
- **Number 1 provider** of student management systems to UK FE colleges and training providers

* Company estimates

Financial Highlights

Revenue up to
£57.0m
⇩ 0.9%

Adjusted operating profit[1] up to
£4.0m
⇧ 2.6%

Profit before tax up to
£3.6m
⇧ 28.6%

Adjusted diluted EPS[1] up to
3.0p
⇧ 3.4%

Operating cash conversion[2] up to
102%

Net debt reduced to
£13.2m
⇩ 23.7%

Chief Executive's statement

Introduction

After a period of considerable change within Tribal, we set out our three year growth strategy early in 2012. Key elements of our strategic plan are now beginning to show encouraging momentum. We are pleased with our progress to date, which has been in line with our overall expectations.

The year ending 31 December 2012 is a period of investment for the future. Tribal is benefitting from a simplified and leaner operating structure, and is generating good cash flow from its underlying operations. This is facilitating increasing investment in additional sales capacity and software product development, aligned to both domestic and international market opportunities.

Financial performance summary

Revenue for the six months ended 30 June 2012 was £57.0m (2011: £57.5m). At a divisional level, our Technology revenues were £25.1m (2011: £22.9m), a 9.6% increase, whilst our Services revenues were £32.5m (2011: £36.5m), a reduction of 11.0% following our withdrawal from a number of low margin / loss-making contracts during 2011.

Adjusted operating profit was £4.0m (2011: £3.9m), an increase of 2.6%, and our adjusted operating margin was 7.0% (2011: 6.8%). Adjusted profit before tax was £3.6m (2011: £2.8m), and adjusted earnings per share were 3.0p (2011: 2.9p). These adjusted profit figures exclude exceptional costs of £0.6m (2011: £3.5m) in relation to restructuring actions. Our effective tax rate for our ongoing activities in the current and future years is expected to be broadly equivalent to the UK corporation tax rate.

The Group generated strong operating cash flow of £4.0m (2011: outflow of £0.9m) arising from improved working capital management. Cash conversion was 102% (2011: (23%)). We have uplifted capitalised expenditure on software product development to £3.0m, particularly relating to enhancements to our existing products to address international customer requirements, and new product development for both domestic and international markets.

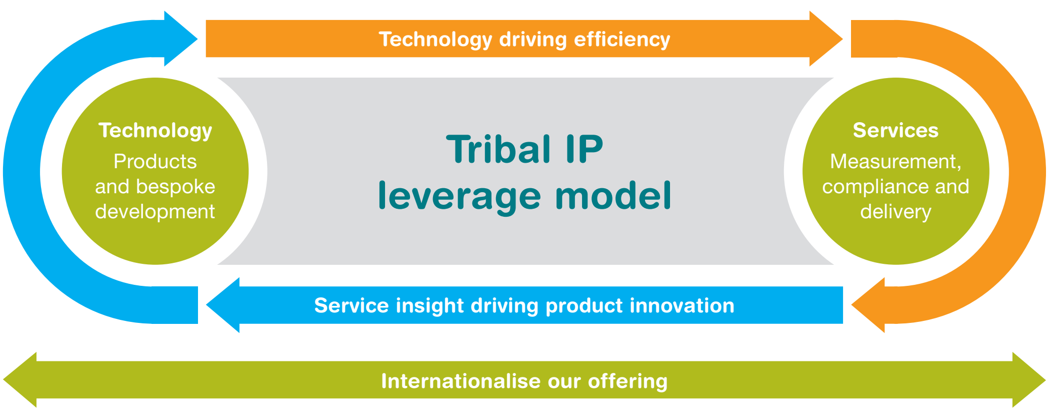
Cash receipts arising from deferred consideration collected from our disposal programme totalled £1.4m. We have now received all consideration due in relation to the disposals of both our Health and Government business and that of Nightingale Associates. Net debt at 30 June 2012 was £13.2m, a reduction of £2.8m since the beginning of the year (31 December 2011: £16.0m).

Our order book as at 30 June 2012 remains strong at £180.5m (31 December 2011: £177.5m).

Our markets

We are seeing a healthy flow of new opportunities for our Technology business in our existing domestic and international markets, with encouraging development of further prospects in new geographic markets for our student management systems.

Domestically, our Services business continues to experience slow procurement cycles as customers focus on restraining their expenditure, although internationally we are increasingly seeing opportunities to deploy our evidence-based improvement services into educational settings across schools, colleges and universities.



Implementing our three year strategy

We are making good progress on our key long-term objectives across the Group. Strategically, we are focussed on two key themes.

- Securing our market leading positions in the UK

We are developing new modules for our existing software products, and new software solutions for targeted markets. Greater use of technology within our Services business to create scalability and efficiency is central to our goals. Our product development expenditure has increased accordingly.

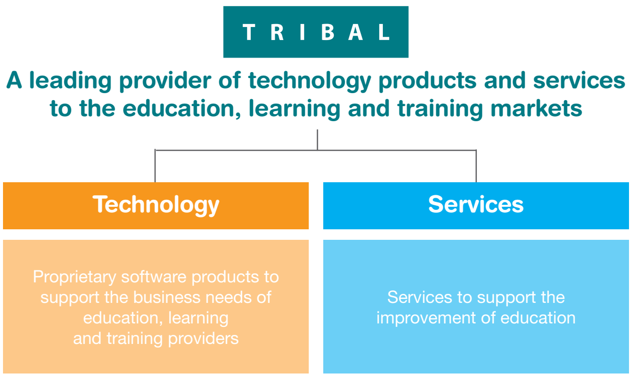
- Internationalising our software products and services to English speaking international markets

Our business has strong credentials in the UK education market, and has demonstrated its ability to operate successfully in international settings. We are well established in Australia and New Zealand, and are now actively exploring development opportunities in North America and South Africa. Our international revenues represented 16% of overall income in the six months ended 30 June 2012, up from 12% for the year ended 31 December 2011.

Fine-tuning our new operating structure

We undertook substantial restructuring actions during 2011, and our new organisational structure is working well.

As we have progressed with the implementation of our strategic plan, we have identified certain areas where there is benefit in further targeted refinement of our scope of activity, and we will continue to streamline and focus our operational structure where appropriate.



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Chief Executive's statement

Technology

	Six months ended 30 June 2012 £'m	Six months ended 30 June 2011 £'m
Revenue		
Licence	3.3	3.5
Implementation	9.9	8.0
Maintenance	8.4	7.3
Other	3.5	4.1
	25.1	22.9
Of which:		
UK	78%	84%
International	22%	16%
	100%	100%
Adjusted segment operating profit	4.7	4.4
Adjusted operating profit margin	19%	19%
Capitalised Technology product development	2.8	1.0

Our Technology business' revenue grew by 9.6% to £25.1m (2011: £22.9m). Divisional adjusted operating profit was £4.7m (2011: £4.4m), and the adjusted operating margin was 19% (2011: 19%).

Domestic activities

In the UK, we have seen a recovery in activity levels for new student management system procurements. In the Further Education college market, after experiencing slow market conditions during 2011, we have secured five new colleges for our ebs4™ product at Tower Hamlets College, Kingston College, Merthyr Tydfil College, East Riding College and Birkenhead Sixth Form College.

In the Higher Education market, we are engaged in a number of active procurements with universities around the UK.

We have stepped up investment in our software products through in-house development activity, and we have also extended our offering through collaboration with international partners to bring innovative new functionality to our customers.

As previously announced, we have established a partnership with Consilience International to provide Ideate™ university research support software as part of our SITS-vision™ solution. We have also established a strategic partnership with Azorus Inc to deliver Customer Relationship Management (CRM) for SITS-vision™ customers. The Azorus CRM solution helps universities attract and enrol the right students, and offers a student communications platform that integrates with SITS-vision™.

Our new Children's Services Care Record system has now been purchased by two large local authorities. We have a good pipeline of further opportunities for this product, although conversion times are proving to be longer than anticipated, as the Government's new guidance to Children's Services departments on information management has not yet been finalised.

International activities

Internationally, our contract for the New South Wales Student Administration and Learning Management system is progressing to plan. At 30 June 2012, we have not recognised any revenue or profit on software licence sales in relation to this major programme as our development work is approaching key programme milestones.

In Higher and Further Education markets outside the UK, our pipeline of medium term opportunities is good. Additional sales capability is now in place in Australia and New Zealand to allow us further to develop these markets, and we have recently been appointed preferred bidder to supply our SITS-vision™ software to two further Australasian universities.

Our asset management system, k2, has continued to strengthen its education-oriented market position. After being selected by the Department for Education to form the basis of its property data survey across all schools in England, k2 has now been selected by the Department for Education in New Zealand as their asset management solution across its schools property portfolio. This contract has a value of cNZ$4m.

Outside Australasia, whilst at an earlier stage, we are seeing promising opportunities for our student management systems in North America and South Africa, and our bespoke solutions business has continued to build its status as a technology partner to the US Department of Defence for which we are developing our mobile learning platform to support the US Army's Mobile Learning Environment ("MoLE").

Investment in new products

Our technology operations have adopted new working practices and we are now seeing the benefits of these changes through increased development efficiencies. We have directed more development capacity towards enhancing our existing products and development of new software. During the six months ended 30 June 2012, we have particularly focussed our investment effort in the following areas:

- Evolution of ebs4 for the Australasian market;
- Module enhancements to SITS-visionTM, including in particular developments further to increase its fit with international universities' requirements;
- Development of the next version of Maytas, our work based learning student management system;
- Further development to enhance our new Children's Services Care Record product; and
- Development of our mobile learning technologies.

Order book

At 30 June 2012, our order book was £80.8m (31 December 2011: £55.9m), including approximately £24.6m relating to the New South Wales Student Administration and Learning Management contract announced in April 2012. Our order book includes £37.3m related to software maintenance and support extending two years to 30 June 2014. These maintenance and support arrangements typically extend over the entire period of a customer's use of our products, usually well in excess of 10 years, and thus we would anticipate these sources of revenue substantially to recur beyond 2014.

Services

	Six months ended 30 June 2012 £'m	Six months ended 30 June 2011 £'m
Revenue		
Measurement	2.4	3.6
Compliance	16.0	18.2
Delivery	14.1	14.7
	32.5	36.5
Of which:		
UK	88%	92%
International	12%	8%
	100%	100%
Adjusted segment operating profit	1.6	1.6
Adjusted operating profit margin	5%	4%
Capitalised Services product development	0.2	0.4

Our Services revenues were £32.5m (2011: £36.5m). Divisional adjusted operating profit was £1.6m (2011: £1.6m). The reduction in revenues reflects our withdrawal from low margin / loss making activities; this, together with the benefits of cost reduction undertaken in the prior year, resulted in adjusted operating margin improving to 5% (2011: 4%).

Domestic activities

Market conditions in the UK are relatively subdued, with procurement cycles typically proceeding slowly, as customers are focussing on reducing expenditure in the short term. However, we have satisfactorily concluded a re-scoping of our inspections contracts to assist Ofsted in meeting its cost reduction targets. In addition to renewing our contract for mathematics professional development for the National Centre for the Excellence in Teaching of Mathematics, we have been appointed as Unionlearn's national strategic partner. Unionlearn is the TUC's trading arm, and this is the first time that Unionlearn has appointed a partner to help it better deploy its £21m learning fund, and to support the development of its 400 learning centres and around 10,000 active learners.

International activities

Our existing international projects are proceeding well. In Nashville, our school improvement programme is delivering measurable enhancements to pupil performance, and our experience of this project is allowing us to develop further our evidence-based improvement models in the US. Similarly, we are making good progress in the Middle East with education improvement programmes in Abu Dhabi and Bahrain.

We are also pleased to confirm two contracts with the New Zealand Department for Education. We have extended our professional development portal activities through a cNZ$1m contract for a literacy and numeracy portal solution in collaboration with the University of Waikato, and we have extended our performance measurement and improvement benchmarking service for the New Zealand Polytechnic system, with a contract value of NZ$1.2m

Investment in technology-based solutions

Strategically, we see the increased use of technology throughout our Services business as a key target. We are investing in the continued development of software-based solutions to underpin our future offerings in benchmarking, careers guidance, specialist content and evidence-based education improvement tools. We are now beginning to increase investment in these technology-based products as part of our transformation of the Services business.

We are also proactively seeking collaborations with partners who may bring complementary, technology-oriented solutions into our services. Our recent collaboration with SAS, a leading business analytics provider in the US, exemplifies our approach.

Order book

At 30 June 2012, our order book in our Services business was £99.7m (31 December 2011: £121.6m).

Chief Executive's statement

People

We are fortunate at Tribal in employing talented staff and associates who are motivated by working with our customers to deliver technology and services which enhance the delivery of education, learning and training.

As we now move forward to a new stage in the development of Tribal, we are very grateful for the continued support from our management and staff across the organisation.

We continue to build on our market-leading positions in the UK, and increasingly in international markets. Our success is attributable to the skills, expertise and dedication of our 1,350 staff and the associates who work with us.

Risks and uncertainties

Our risk management policies and key risks are documented on pages 34-37 of the Group's report and accounts for the year ended 31 December 2011, which can be found at www.tribalgroup.com/investors. These risks remain materially unchanged since that report.

In summary, the key risks and uncertainties faced by the Group are:

- Technological change which may render existing software products and solutions obsolete;
- Inability to attract and retain staff, destabilising morale and creating shortfalls in operational capabilities;
- Economic uncertainty which may materially delay purchasing decisions, reduce discretionary spend and appetite for innovation amongst our customers;
- International expansion which may cause over-stretch of management control, resource capacity challenges, foreign exchange currency risk and damage from unforeseen local market conditions;
- Operational delivery risk which may cause substandard delivery of key contracts, and excessive resource and management stretch, and reputational risk;
- Business development capacity shortfalls, leading to unfulfilled growth aspirations, particularly in international markets;
- Data security risks, leading to loss of sensitive data which could cause contractual penalties and reputational damage; and
- Bribery and corruption, particularly as the Group expands its operations into new markets, with consequential reputational damage and exclusion from bidding for public sector contracts.

Going concern

The Group is financed by a combination of cash reserves from equity capital, retained profits and bank borrowings. Our £30m senior revolving debt facility runs until February 2015, subject to compliance with covenants. In addition, the Group has a combined guarantee and working capital facility of £10m, of which up to £5m may be used as an overdraft, renewable in March 2013, and a recently established separate guarantee facility of £6.5m renewable in May 2013.

The Group's technology products benefit from a significant installed customer base, whilst the services activities are underpinned by a number of long-term contracts. Collectively, the Group has a range of customers across different geographic areas, high levels of committed income and a good pipeline of new opportunities. The Group's forecasts and projections, which allow for reasonably possible changes in trading performance, show that the Group will be cash generative and compliant with its banking covenants across the forecast period. As a consequence, the directors believe that the Group is well placed to manage its business risks despite the current uncertain economic outlook.

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

Dividend

The board has declared a dividend of 0.40p in respect of the six months ended 30 June 2012 (2011: 0.40p). This will be paid on 19 October 2012 to shareholders on the register on 21 September 2012.

Related parties

Transactions with related parties during the period are set out in note 22.

Board appointments

As previously announced, on 3 July 2012 Robin Crewe joined the board as a non-executive director.

Following Caledonia Investment plc's recent sale of its holding in Tribal, Mat Masters, who joined the board on 21 October 2009 and is an associate director of Caledonia, has resigned from the board in order to focus on his other commitments. The board is grateful to Mat for his contribution to Tribal during a period of significant change.

Outlook

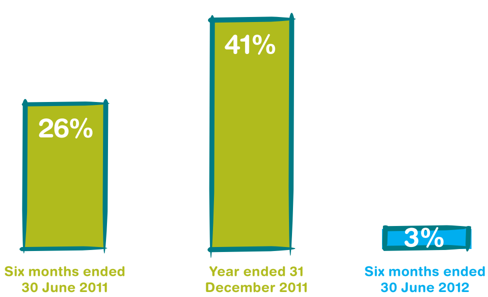
Our international markets are continuing to show good growth potential, and our UK markets are steady.

In our Technology business, we are making good progress delivering our new strategy. We continue to secure significant new customers, we have clear software product development roadmaps in place and on track, and our sales pipeline continues to grow in strength. In Australia, our major New South Wales Student Administration and Learning Management contract is progressing well. The transformation of our Services business towards an increasingly technology-enabled business is underway.

Our current trading is in line with our expectations for the full year, and our cash generation is robust. This year will continue to be a period of investment in our products, people and our international presence. As a result of seasonality in our business, and our programme of investment, we expect our profits to be weighted towards the second half of the year, and Tribal has good potential to make further progress over the medium term.

14 August 2012

Key performance indicators (KPIs)



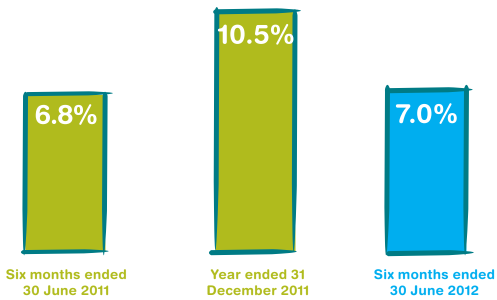
Adjusted earnings per share

Objective: Long term sustainable growth in EPS

3%

Six months ended 30 June 2012

Commentary: We are investing in greater sales and business development capacity to drive and support growth in the medium term. Significant EPS growth in 2011 was due to a low base caused by difficult trading conditions in 2010. Our profits are expected to be weighted towards the second half of 2012



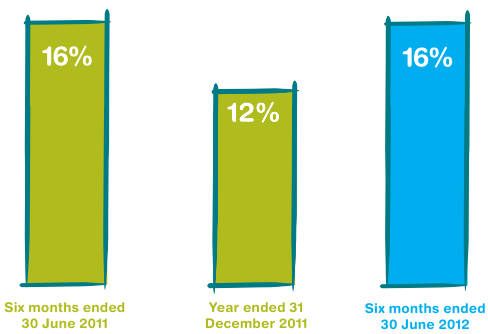
Adjusted operating margin

Objective: Maintain and enhance our operating margin

7.0%

Six months ended 30 June 2012

Commentary: Our profits are expected to be weighted towards the second half of 2012



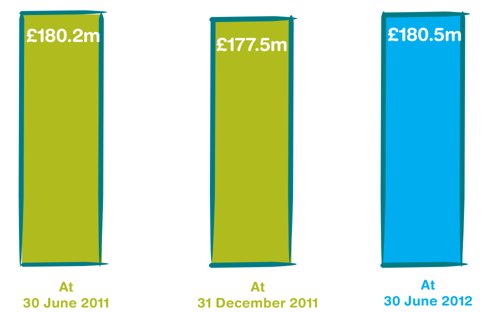
Internationalisation

Objective: Increasing proportion of overall revenue generated from international markets

16%

Six months ended 30 June 2012

Commentary: We are seeing good potential in international markets across our business, and in particular our international pipeline in our Technology business is developing well



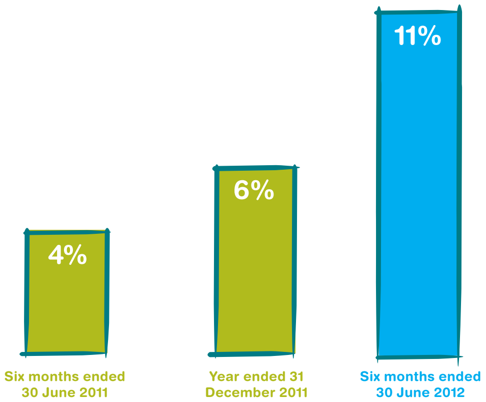
Order book

Objective: Increasing order book supporting enhanced revenue visibility

£180.5m

At 30 June 2012

Commentary: Our order book has been strengthened by the New South Wales Student Administration and Learning Management contract, and we are progressing with delivery of our Ofsted inspections contracts which represent a substantial part of our order book



Product development investment

Objective: Sustained investment in development of existing and new technology products, stated as a percentage of Technology division revenue

11%

Six months ended 30 June 2012

Commentary: Our financial position is allowing us to uplift our capital expenditure in line with our strategic plan to £3.0m (6 months ended 30 June 2011: £1.4m)

Cash conversion

Objective: Generate strong cash flow from our continuing operations (measured before exceptional costs but after capital expenditure)

102%

Six months ended 30 June 2012

Commentary: We are strongly cash generative, in spite of significant increases in our product development expenditure

As explained in our financial statements for the year ended 31 December 2011, it is our intention to extend our KPI reporting over the forthcoming reporting periods to include measures such as retention of people, environmental impact and the extent to which technology underpins our wider activities.

Condensed Consolidated Income Statement

For the six months to 30 June 2012

	Note	**Before exceptional and amortisation costs £'000**	**Exceptional and amortisation costs (Note 5) £'000**	**Six months ended 30 June 2012 Total £'000**	Before exceptional and amortisation costs £'000	Exceptional and amortisation costs (Note 5) £'000	Six months ended 30 June 2011 Total £'000
Continuing operations							
Revenue	4	**56,991**	**-**	**56,991**	57,469	-	57,469
Cost of sales		**(37,626)**	**-**	**(37,626)**	(36,390)	-	(36,390)
Gross profit		**19,365**	**-**	**19,365**	21,079	-	21,079
Other administrative expenses		**(15,396)**	**(645)**	**(16,041)**	(17,154)	(3,488)	(20,642)
Amortisation of IFRS 3 intangibles		**-**	**(12)**	**(12)**	-	(149)	(149)
Total administrative expenses		**(15,396)**	**(657)**	**(16,053)**	(17,154)	(3,637)	(20,791)
Operating profit/(loss)	4	**3,969**	**(657)**	**3,312**	3,925	(3,637)	288
Investment income	6	**98**	**-**	**98**	34	-	34
Other gains and losses	7	**-**	**(227)**	**(227)**	-	165	165
Finance costs	8	**(423)**	**-**	**(423)**	(1,197)	-	(1,197)
Profit/(loss) before tax		**3,644**	**(884)**	**2,760**	2,762	(3,472)	(710)
Tax	9	**(806)**	**91**	**(715)**	(30)	40	10
Profit/(loss) for the period from continuing operations		**2,838**	**(793)**	**2,045**	2,732	(3,432)	(700)
Discontinued operations							
Loss from discontinued operations	10	**(61)**	**(13)**	**(74)**	(723)	(22,441)	(23,164)
Profit/(loss) for the period		**2,777**	**(806)**	**1,971**	2,009	(25,873)	(23,864)
Earnings per share							
From continuing operations							
Basic	11	**3.0p**	**(0.8)p**	**2.2p**	2.9p	(3.6)p	(0.7)p
Diluted	11	**3.0p**	**(0.8)p**	**2.2p**	2.9p	(3.6)p	(0.7)p
From continuing and discontinued operations							
Basic	11	**3.0p**	**(0.9)p**	**2.1p**	2.1p	(27.6)p	(25.5)p
Diluted	11	**3.0p**	**(0.9)p**	**2.1p**	2.1p	(27.6)p	(25.5)p

Condensed Consolidated Income Statement

	Note	Before exceptional and amortisation costs £'000	Exceptional and amortisation costs (Note 5) £'000	Year ended 31 December 2011 Total £'000
Continuing operations				
Revenue	4	108,231	-	108,231
Cost of sales		(66,516)	-	(66,516)
Gross profit		41,715	-	41,715
Other administrative expenses:		(30,403)	(5,349)	(35,752)
Amortisation of IFRS 3 intangibles		-	(218)	(218)
Total administrative expenses		(30,403)	(5,567)	(35,970)
Operating profit/(loss)	4	11,312	(5,567)	5,745
Investment income	6	50	-	50
Other gains and losses	7	-	(145)	(145)
Finance costs	8	(1,910)	-	(1,910)
Profit/(loss) before tax		9,452	(5,712)	3,740
Tax	9	(2,066)	1,651	(415)
Profit/(loss) for the year from continuing operations		7,386	(4,061)	3,325
Discontinued operations				
Loss from discontinued operations	10	(1,113)	(24,651)	(25,764)
Profit/(loss) for the year		6,273	(28,712)	(22,439)

Earnings per share				
From continuing operations				
Basic	11	7.9p	(4.4)p	3.5p
Diluted	11	7.9p	(4.4)p	3.5p
From continuing and discontinued operations				
Basic	11	6.7p	(30.6)p	(23.9)p
Diluted	11	6.7p	(30.6)p	(23.9)p

Condensed Consolidated Statement of Comprehensive Income

For the six months to 30 June 2012

	Six months ended 30 June 2012 £'000	Six months ended 30 June 2011 £'000	Year ended 31 December 2011 £'000
Profit/(loss) for the period	**1,971**	(23,864)	(22,439)
Transfer from cash flow hedge reserve	**226**	6	234
Actuarial loss on defined benefit pension schemes	**-**	-	(175)
Tax relating to components of other comprehensive income	**(90)**	(2)	(121)
Exchange differences on translation of foreign operations	**39**	63	4
Total comprehensive income for the period attributable to equity holders of the parent	**2,146**	(23,797)	(22,497)

Condensed Consolidated Balance Sheet

At 30 June 2012

	Note	**30 June 2012 £'000**	30 June 2011 £'000	31 December 2011 £'000
Non-current assets				
Goodwill	13	**72,616**	72,616	72,616
Other intangible assets	14	**7,921**	4,610	5,655
Property, plant and equipment		**2,740**	4,366	2,576
Investments		**1**	1	1
Deferred tax assets		**2,033**	2,017	1,661
		85,311	83,610	82,509
Current assets				
Inventories		**1,117**	1,452	333
Trade and other receivables	15	**27,496**	31,487	23,323
Cash and cash equivalents	20	**6,297**	7,060	6,524
Assets held for sale	10	**-**	92	-
		34,910	40,091	30,180
Total assets		**120,221**	123,701	112,689
Current liabilities				
Trade and other payables	16	**(8,348)**	(11,701)	(8,781)
Accruals and deferred income		**(37,647)**	(32,263)	(28,271)
Tax liabilities		**(3,275)**	(3,291)	(2,671)
Provisions	17	**(2,137)**	(1,966)	(2,419)
Liabilities held for sale	10	**-**	(145)	-
		(51,407)	(49,366)	(42,142)
Net current assets		**(16,497)**	(9,275)	(11,962)
Non-current liabilities				
Bank loans		**(19,526)**	(24,341)	(22,503)
Retirement benefit obligations	18	**(540)**	(226)	(540)
Deferred tax liabilities		**(171)**	(193)	(178)
Derivative financial instruments		**-**	(2,002)	-
Provisions	17	**(320)**	(2,412)	(1,439)
		(20,557)	(29,174)	(24,660)
Total liabilities		**(71,964)**	(78,540)	(66,802)
Net assets		**48,257**	45,161	45,887
Equity				
Share capital		**4,685**	4,685	4,685
Other reserves		**26,834**	26,119	26,245
Retained earnings		**16,738**	14,357	14,957
Equity shareholders' funds		**48,257**	45,161	45,887

Condensed Consolidated Statement of Changes in Equity

For the six months to 30 June 2012

	Share capital £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2012	4,685	26,245	14,957	45,887
Total comprehensive income for the period	-	136	2,010	2,146
Dividends	-	-	(560)	(560)
Credit to equity for deferred tax on hedge reserve	-	-	233	233
Credit to equity for share-based payments	-	453	98	551
Balance at 30 June 2012	4,685	26,834	16,738	48,257

For six months to 30 June 2011

	Share capital £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2011	4,685	26,246	38,824	69,755
Total comprehensive income for the period	-	4	(23,801)	(23,797)
Dividends	-	-	(606)	(606)
Charge to equity for share-based payments	-	(131)	(60)	(191)
Balance at 30 June 2011	4,685	26,119	14,357	45,161

For six months to 31 December 2011

	Share capital £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2011	4,685	26,246	38,824	69,755
Total comprehensive income for the period	-	169	(22,666)	(22,497)
Dividends	-	-	(980)	(980)
Charge to equity for share-based payments	-	(170)	(221)	(391)
Balance at 31 December 2011	4,685	26,245	14,957	45,887

Condensed Consolidated Cash Flow Statement

For six months to 30 June 2012

	Note	**Six months ended 30 June 2012 £'000**	Six months ended 30 June 2011 £'000	Year ended 31 December 2011 £'000
Net cash from operating activities	19	**5,609**	(6,653)	(408)
Investing activities				
Interest received		**98**	34	49
Proceeds on disposal of discontinued operations		**1,411**	11,275	12,786
Proceeds on disposal of property, plant and equipment		**-**	160	160
Purchases of property, plant and equipment		**(943)**	(355)	(836)
Expenditure on product development and business systems		**(3,042)**	(1,639)	(3,804)
Acquisitions and deferred consideration		**-**	(70)	(70)
Cash and cash equivalents disposed		**-**	(408)	(408)
Net cash (outflow)/inflow from investing activities		**(2,476)**	8,997	7,877
Financing activities				
Interest paid		**(257)**	(1,061)	(1,606)
Equity dividend paid		**-**	-	(980)
Repayment of borrowings		**(3,000)**	(11,500)	(11,500)
Settlement of interest rate swap		**-**	-	(2,086)
New bank loans net of arrangement fees		**(142)**	2,543	542
Net cash used in financing activities		**(3,399)**	(10,018)	(15,630)
Net decrease in cash and cash equivalents		**(266)**	(7,674)	(8,161)
Cash and cash equivalents at beginning of period		**6,524**	14,659	14,659
Effect of foreign exchange rate changes		**39**	75	26
Cash and cash equivalents at end of period	20	**6,297**	7,060	6,524

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Notes to the Condensed Consolidated Financial Information

For the six months to 30 June 2012

1. General information

The condensed consolidated financial information for the six months ended 30 June 2012 was approved by the Board of Directors on 13 August 2012.

The information for the year ended 31 December 2011 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

2. Accounting policies

The annual financial statements of Tribal Group plc are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union.

The same accounting policies, presentation and methods of computation are followed in the condensed consolidated financial information as applied in the Group's latest annual audited financial statements.

3. Going concern

After making enquiries and on the basis of the information set out in the Chief Executive's statement, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the half year results.

4. Segmental analysis

Principal activities are now as follows:

Technology a range of high value software products, together with one-off bespoke solutions leveraged from our core software components.

Services supporting quality improvement in educational establishments, professional development for teachers, and adult learning and career development.

Notes to the Condensed Consolidated Financial Information

4. Segmental analysis (continued)

	Six months ended 30 June 2012 £'000	Six months ended 30 June 2011 £'000	Year ended 31 December 2011 £'000
Revenue			
Technology	**25,113**	22,897	46,562
Services	**32,470**	36,501	64,293
Intersegment	**(592)**	(1,929)	(2,624)
Continuing operations	**56,991**	57,469	108,231
Segment operating profit			
Technology	**4,655**	4,397	9,343
Services	**1,648**	1,627	5,442
Unallocated corporate expenses	**(2,334)**	(2,099)	(3,473)
Segment operating profit	**3,969**	3,925	11,312
Amortisation of IFRS 3 intangibles	**(12)**	(149)	(218)
Exceptional costs	**(645)**	(3,488)	(5,349)
Operating profit	**3,312**	288	5,745

5. Exceptional administrative expenses

	Six months ended 30 June 2012 £'000	Six months ended 30 June 2011 £'000	Year ended 31 December 2011 £'000
Restructuring costs			
– Redundancy	**(256)**	(2,119)	(3,327)
– Property related	**(91)**	(1,286)	(1,773)
– Other restructuring costs	**(298)**	(747)	(913)
Release of deferred consideration	**-**	664	664
	(645)	(3,488)	(5,349)

Notes to the Condensed Consolidated Financial Information

6. Investment income

	Six months ended 30 June 2012 £'000	Six months ended 30 June 2011 £'000	Year ended 31 December 2011 £'000
Interest on bank deposits	**22**	28	42
Net interest receivable on retirement benefit obligations	**–**	-	1
Other interest receivable	**76**	6	7
	98	34	50

7. Other gains and losses

	Six months ended 30 June 2012 £'000	Six months ended 30 June 2011 £'000	Year ended 31 December 2011 £'000
Hedge ineffectiveness in the cash flow hedge	**(227)**	165	84
Charge on settlement of interest rate swap	**-**	-	61
	(227)	165	145

8. Finance costs

	Six months ended 30 June 2012 £'000	Six months ended 30 June 2011 £'000	Year ended 31 December 2011 £'000
Finance charges			
Interest on bank overdrafts and loans	**423**	1,197	1,910

Notes to the Condensed Consolidated Financial Information

9. Tax

	Six months ended 30 June 2012 £'000	Six months ended 30 June 2011 £'000	Year ended 31 December 2011 £'000
Continuing operations			
Current tax			
UK corporation tax	**582**	64	-
Overseas tax	**294**	-	506
Adjustments in respect of prior periods	**(22)**	(219)	(567)
	854	(155)	(61)
Deferred tax			
Current period	**(118)**	145	(215)
Adjustments in respect of prior periods	**(21)**	-	691
	(139)	145	476
Tax charge	**715**	(10)	415
Discontinued operations			
Current tax	**51**	201	(168)
Deferred tax	**-**	-	(107)
Total			
Current tax			
UK corporation tax	**633**	265	-
Overseas tax	**294**	-	506
Adjustments in respect of prior periods	**(22)**	(219)	(735)
	905	46	(229)
Deferred tax			
Current period	**(118)**	145	(172)
Adjustments in respect of prior periods	**(21)**	-	541
	(139)	145	369
Tax charge	**766**	191	140

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. On 3 July 2012 the Government substantively enacted a reduction in the corporation tax rate to 23% by 2013. This will have a corresponding effect on the Group's future effective tax rate. The effective tax rate of the continuing Group in future years is anticipated to be broadly equivalent to the UK corporation tax rate.

Notes to the Condensed Consolidated Financial Information

10. Discontinued operations

Discontinued operations include the Health & Government, Resourcing and Communications businesses which were disposed of during 2010 and 2011. The Resourcing and Communications sales were trade and assets deals and so there continue to be small transactions for example as leases associated with those businesses wind down. The results of the discontinued operations which have been included in the consolidated income statement were as follows:

	Six months ended 30 June 2012 £'000	Six months ended 30 June 2011 £'000	Year ended 31 December 2011 £'000
Turnover	**-**	22,781	27,591
Direct agency costs	**-**	(4,191)	(4,275)
Revenue	**-**	18,590	23,316
Operating loss before amortisation of IFRS 3 intangibles and exceptional costs	**(64)**	(723)	(1,329)
Exceptional costs	**78**	(3,298)	(4,506)
Goodwill impairment	**-**	-	-
Amortisation of IFRS 3 intangibles	**-**	(237)	(237)
Operating profit/(loss)	**14**	(4,258)	(6,072)
Attributable tax (charge)/credit	**(51)**	(201)	275
Loss on disposal of discontinued operations	**(37)**	(18,705)	(19,967)
Net loss attributable to discontinued operations	**(74)**	(23,164)	(25,764)

Operating cash flows for discontinued operations	**(431)**	(5,560)	(8,540)
Effect of foreign exchange rate changes	**-**	3	-
Investing cash flows for discontinued operations (including proceeds on disposal of discontinued operations)	**1,480**	10,867	12,498
Financing cash flows for discontinued operations	**-**	-	(11,500)
Total cash flows for discontinued operations	**1,049**	5,310	(7,542)

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

	30 June 2012 £'000	30 June 2011 £'000	31 December 2011 £'000
Goodwill and other intangible assets	**-**	-	-
Property, plant and equipment	**-**	-	-
Deferred tax asset	**-**	2	-
Investments	**-**	-	-
Inventories	**-**	-	-
Trade and other receivables	**-**	90	-
Trade and other payables	**-**	(145)	-
	-	(53)	-

Notes to the Condensed Consolidated Financial Information

11. Earnings per share

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

	Six months ended 30 June 2012 thousands	Six months ended 30 June 2011 thousands	Year ended 31 December 2011 thousands
Basic weighted average number of shares in issue	**93,696**	93,696	93,696
Employee share options	**-**	3	-
Weighted average number of shares for the purpose of calculating diluted earnings per share	**93,696**	93,699	93,696

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

The adjusted basic and adjusted 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 2012 £'000	Six months ended 30 June 2011 £'000	Year ended 31 December 2011 £'000
Earnings			
From continuing operations			
Net profit/(loss) from continuing operations attributable to equity holders of the parent	**2,045**	(700)	3,325
Earnings per share			
Basic	**2.2p**	(0.7)p	3.5p
Diluted	**2.2p**	(0.7)p	3.5p
From continuing and discontinued operations			
Net profit/(loss) from continuing operations attributable to equity holders of the parent	**1,971**	(23,864)	(22,439)
Earnings per share			
Basic	**2.1p**	(25.5)p	(23.9)p
Diluted	**2.1p**	(25.5)p	(23.9)p

Notes to the Condensed Consolidated Financial Information

11. Earnings per share (continued)

	Six months ended 30 June 2012 £'000	Six months ended 30 June 2011 £'000	Year ended 31 December 2011 £'000
Adjusted earnings			
From continuing operations			
Net profit/(loss) from continuing operations attributable to equity holders of the parent	**2,045**	(700)	3,325
Amortisation of IFRS 3 intangibles (net of tax)	**9**	109	160
Exceptional costs (net of tax)	**557**	3,488	3,756
Financial instrument charge/(credit) (net of tax)	**227**	(165)	145
Adjusted earnings	**2,838**	2,732	7,386
Adjusted earnings per share			
Basic	**3.0p**	2.9p	7.9p
Diluted	**3.0p**	2.9p	7.9p
From continuing and discontinued operations			
Net profit/(loss) from continuing and discontinued operations attributable to the equity holder	**1,971**	(23,864)	(22,439)
Amortisation of IFRS 3 intangibles (net of tax)	**9**	281	338
Exceptional costs (net of tax)	**498**	6,786	8,262
Loss on disposal of discontinued operations	**72**	18,971	19,967
Financial instrument charge/(credit) (net of tax)	**227**	(165)	145
Adjusted earnings	**2,777**	2,009	6,273
Adjusted earnings per share			
Basic	**3.0p**	2.1p	6.7p
Diluted	**3.0p**	2.1p	6.7p

12. Dividends

	Six months ended 30 June 2012 £'000	Six months ended 30 June 2011 £'000	Year ended 31 December 2011 £'000
Amounts recognised as distributions to equity holders in the period:			
Interim dividend for the year ended 31 December 2011 of 0.40 pence per share	-	-	373
Final dividend for the year ended 31 December 2011 of 0.60 pence per share (2010: 0.65 pence per share)	**560**	606	606
	560	606	979

The Board has declared an interim dividend of 0.40 pence per share (2011: 0.40 pence per share), which will absorb £0.4m (2011: £0.4m).

The interim dividend was approved by the Board on 13 August 2012 and has not been included as a liability as at 30 June 2012. The dividend is payable on 19 October 2012 to ordinary shareholders who are on the register on 21 September 2012. The shares will be quoted ex-dividend on 19 September 2012.

Notes to the Condensed Consolidated Financial Information

13. Goodwill

	£'000
Cost	
At 1 January 2012 and 30 June 2012	102,196
Accumulated impairment losses	
At 1 January 2012 and 30 June 2012	29,580
Net book value	
At 31 December 2011 and 30 June 2012	**72,616**

The Group tests annually for impairment or more frequently if there are indications that goodwill might be impaired.

14. Other intangible assets

	Customer relationships, contract pipeline and brands £'000	Development costs £'000	Business systems £'000	Total £'000
Cost				
At 1 January 2012	2,446	10,685	4,349	17,480
Additions	-	3,042	-	3,042
At 30 June 2012	2,446	13,727	4,349	20,522
Amortisation				
At 1 January 2012	2,363	6,645	2,817	11,825
Charge for the period	12	586	178	776
At 30 June 2012	2,375	7,231	2,995	12,601
Carrying amount				
At 30 June 2012	**71**	**6,496**	**1,354**	**7,921**
At 31 December 2011	83	4,040	1,532	5,655
Cost				
At 1 January 2011	6,918	8,668	4,331	19,917
Additions	-	1,436	203	1,639
Disposals	(4,472)	(1,201)	(195)	(5,868)
At 30 June 2011	2,446	8,903	4,339	15,688
Amortisation				
At 1 January 2011	3,754	5,743	2,619	12,116
Charge for the period	386	513	170	1,069
Disposals	(1,846)	(104)	(157)	(2,107)
At 30 June 2011	2,294	6,152	2,632	11,078
Carrying amount				
At 30 June 2011	**152**	**2,751**	**1,707**	**4,610**
At 31 December 2010	3,164	2,925	1,712	7,801

Notes to the Condensed Consolidated Financial Information

15. Trade and other receivables

	30 June 2012 £'000	30 June 2011 £'000	31 December 2011 £'000
Trade receivables	**14,743**	14,864	10,846
Other receivables	**793**	6,266	3,605
Prepayments and accrued income	**11,960**	10,357	8,872
	27,496	31,487	23,323

16. Trade and other payables

	30 June 2012 £'000	30 June 2011 £'000	31 December 2011 £'000
Trade payables	**3,552**	6,084	4,241
Other taxation and social security	**2,982**	2,930	2,587
Other payables	**1,814**	2,687	1,953
	8,348	11,701	8,781

17. Provisions

As at 30 June 2012, there were provisions of £2.5m (30 June 2011: £4.4m; 31 December 2011: £3.9m). £2.0m of the June 2012 balance represents provisions for future lease costs on properties vacated as part of the restructuring undertaken by the Group following the sale of the Health and Government businesses (30 June 2011: £3.8m; 31 December 2011: £3.4m). Of this, £0.3m is classified as non-current (30 June 2011: £2.4m; 31 December 2011: £1.9m). The balance represents an estimate of the cost of settling potential litigation claims. These claims are expected to be resolved within one year and are therefore shown within current liabilities. However, it is possible that these claims may take longer to resolve, or the Group may not be promptly notified that the claim has been dropped. The claim may be settled at amounts higher or lower than that provided depending on the outcome of commercial or legal arguments. The provision made is management's best estimate of the Group's liability based on past experience, commercial judgement and legal advice. There is no expected reimbursement for any economic outflow that may be required. Further details are contained in note 21.

18. Defined benefit schemes

Two of the Group's subsidiary undertakings participate in defined benefit pension schemes: Tribal Technology Limited participates in the TfL Pension Fund, and Tribal Education Limited participates in the Federated Pension Plan and the Prudential Platinum Pension Fund.

Notes to the Condensed Consolidated Financial Information

19. Note to the cash flow statement

Reconciliation of operating profit/(loss) to operating cash flows

	Six months ended 30 June 2012 £'000	Six months ended 30 June 2011 £'000	Year ended 31 December 2011 £'000
Operating profit from continuing operations	**3,312**	288	5,745
Operating (loss)/profit from discontinued operations	**13**	(4,258)	(6,072)
Depreciation of property, plant and equipment	**787**	1,040	3,310
Amortisation of other intangible assets	**777**	1,069	2,153
Net pension charge	**-**	-	102
Loss on disposal of property, plant and equipment	**-**	1,512	1,590
Share-based payments	**453**	(189)	(223)
Release of deferred consideration	**-**	(664)	(664)
Operating cash flows before movements in working capital	**5,342**	(1,202)	5,941
Increase in inventories	**(785)**	(760)	359
Increase in receivables	**(5,610)**	(9,631)	(4,310)
Increase/(decrease) in payables and provisions	**6,970**	4,038	(3,116)
Net cash from operating activities before tax	**5,917**	(7,555)	(1,126)
Tax (paid)/received	**(308)**	902	718
Net cash from operating activities	**5,609**	(6,653)	(408)

Net cash from operating activities before tax can be analysed as follows:

Continuing operations (excluding restricted cash)	**6,527**	(1,160)	8,110
Decrease in restricted cash	**(179)**	(835)	(696)
	6,348	(1,995)	7,414
Discontinued operations	**(431)**	(5,560)	(8,540)
	5,917	(7,555)	(1,126)

Notes to the Condensed Consolidated Financial Information

20. Analysis of net debt

	30 June 2012 £'000	30 June 2011 £'000	31 December 2011 £'000
Non restricted cash	**6,009**	6,731	6,057
Restricted cash	**288**	329	467
Gross cash	**6,297**	7,060	6,524
Syndicated bank facility (net of bank arrangement fees)	**(19,526)**	(24,342)	(22,503)
Gross debt	**(19,526)**	(24,342)	(22,503)
Net debt	**(13,229)**	(17,282)	(15,979)

Restricted funds represent funds restricted in use by the relevant commercial terms of certain trading contracts.

21. Contingent liabilities

The Group has received notification of a number of potential litigation claims, the majority of which relate to discontinued activities. On the basis of legal advice claims are being robustly contested as to the liability and quantum. A provision of £0.5m (30 June 2011: £0.5m) has been made for defending these claims, where appropriate (see note 17).

In addition to this, the Company and its subsidiaries have provided performance guarantees issued by its banks on its behalf, in the ordinary course of business. These are not expected to result in any material financial loss.

22. 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.

The remuneration of the directors, who are 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'.

	Six months ended 30 June 2012 £'000	Six months ended 30 June 2011 £'000	Year ended 31 December 2011 £'000
Short-term employee benefits	**480**	434	881
Share-based payments	**311**	(112)	(76)
	791	322	805

Responsibility statement

We confirm that to the best of our knowledge:

(a) the condensed set of financial statements has been prepared in accordance with IAS 34 ‘Interim Financial Reporting’,

(b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

(c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

Keith Evans
Chief Executive

Steve Breach
Group Finance Director

14 August 2012

Independent review report to Tribal Group plc

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2012, which comprises the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and related notes 1 to 22. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2012 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Statutory Auditors
Bristol, United Kingdom

14 August 2012

Company information

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Steve Breach

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E-communications

As an alternative to receiving documents through the post, shareholders can receive important information online, including annual and Half Year reports and notices of meetings. Registering for e-communications also enables shareholders to obtain secure online access to personal shareholding details, change address details, request new share certificates and check dividend payments.

To register for e-communications, please visit http://www.capitashareportal.com.

Duplicate accounts

If you receive two or more copies of the Half Year results and/or multiple cheques for each dividend payment, it means that you have more than one shareholder account.

To receive just one copy of the Half Year results and one cheque for each dividend payment, please contact the Company's registrars, Capita Registrars, on 0871 664 0300 for UK callers (UK calls cost 10p per minute plus network charges) or +44 208 639 3399 for overseas callers. Lines are open Monday to Friday 8.30am to 5.30pm and ask for your accounts to be amalgamated.

Financial calendar

Ex-dividend date	19 September 2012
Record date	21 September 2012
Final dividend payment date	19 October 2012

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