

T R I B A L

working as one

Half Year Results

For the six months ended 30 June 2013

Our business: supporting management of education, learning and training

We are focused on helping our customers deliver excellence in education, learning and training.

Our business model matches our systems and solutions closely to our customers' requirements and the changing environment in which they operate.

Our long-standing customer relationships bring us good future revenue visibility, enabling us to invest in new software and capabilities to meet our customers' needs.

Our markets and market drivers



How we support our customers



... which support our strategic objectives.



Higher education

Vocational learning

Schools

Government & other

Systems

- Student management systems
- Virtual learning management systems
- Children's Services management systems
- Asset management systems

Working as one

Solutions

- Review and evaluation services and tools
- Analytics and benchmarking
- Professional development and training support
- Learning and assessment

Drivers

- Internationalisation and borderless education
- Adapting to competition for students
- Performance improvement and regulatory compliance
- Efficiency and robustness in business systems

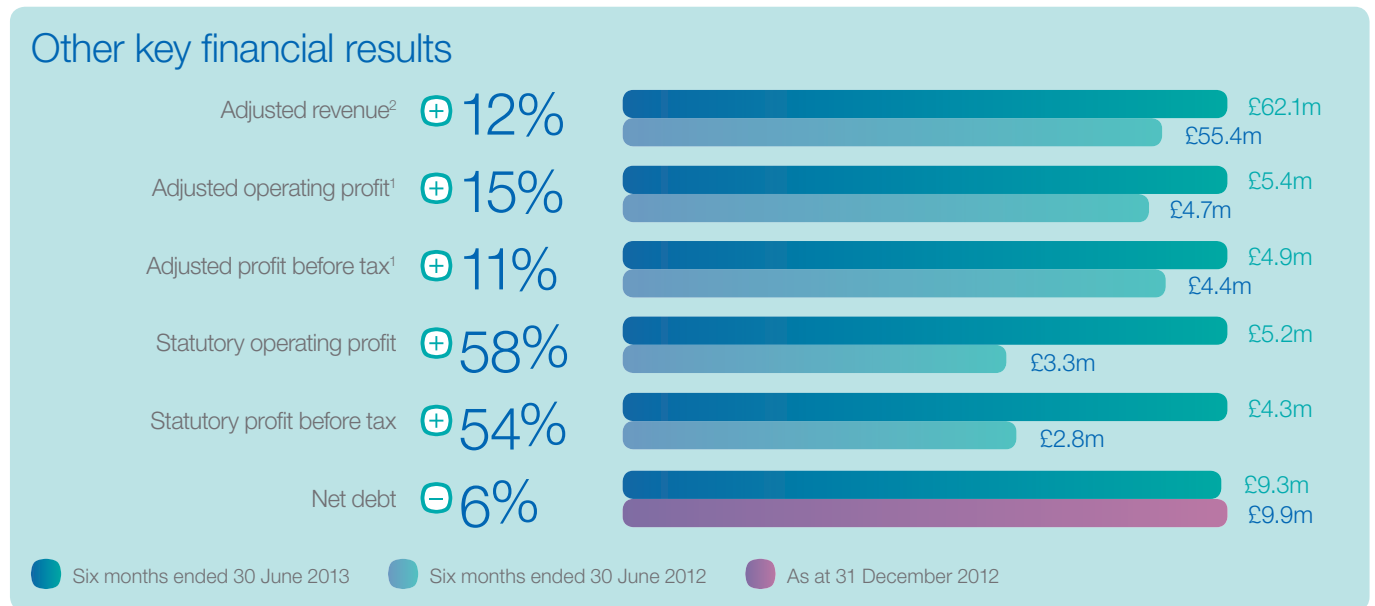
Embed technology across our business

Internationalise our customer base

Reduce debt and create investment capacity through strong cash flow

Key financial results

Six months ended 30 June 2013



Notes:

¹ Adjusted operating profit, adjusted profit before tax and adjusted earnings per share are in respect of continuing operations, excluding operating losses of closed businesses of £0.1m (2012: £1.3m) and intangible asset amortisation of £0.1m (2012: £0.01m), in the case of adjusted profit before tax and adjusted earnings per share, the unwind of the discount on deferred consideration of £0.1m (2012: £nil) and a financial instrument charge of £0.2m (2012: £0.2m), and in the case of adjusted earnings per share the related tax credit of £0.1m (2012: £0.3m).

² Adjusted revenue excludes revenue from closed businesses of £1.6m in 2012.

<ul style="list-style-type: none"> • Advancing well towards strategic goals • Making good headway in existing markets 	<ul style="list-style-type: none"> • Secured North American market entry for student management systems • Increasing potential in internationalising Solutions business 	<ul style="list-style-type: none"> • Healthy operating cash flow, and net debt reduced to £9.3m • Interim dividend increased by 25% to 0.50p
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Chief Executive's statement



Tribal continues to make strong progress. Our business in the UK is continuing to perform well. Our activities in Asia Pacific are growing strongly, we are seeing encouraging momentum in the Middle East, and importantly we have secured our first major university customer in North America. Tribal is now a business with genuine international credentials.

Keith Evans, Chief Executive

Introduction

Tribal continues to advance towards its strategic objectives, with a firm focus on helping our customers to deliver excellent education and learning. We are driving increasing emphasis on our fundamental capabilities:

- Business systems which support the efficient management of education institutions' operations; and
- Analytics and other tools and solutions to support performance improvement.

Our strong market positions in the UK bring us deep understanding of our customers' requirements, guiding our investment programme which aims to enhance and build scalable software products and solutions which can be deployed in the UK, and in our increasing international markets.

Financial performance summary

Adjusted revenue for the six months ended 30 June 2013 was £62.1m (2012: £55.4m), an increase of 12%. At a divisional level, our Systems revenues grew by 24% to £30.6m (2012: £24.6m), with good levels of activity in the UK supported by strong performance in Asia Pacific. Our Solutions revenues were £31.7m (2012: £31.4m) in a quiet UK services market.

Adjusted operating profit was £5.4m (2012: £4.7m), an increase of 15%, with adjusted operating margins of 9% (2012: 9%), led by strong growth in our Systems activities.

Adjusted profit before tax was £4.9m (2012: £4.4m), and adjusted earnings per share were 4.9p (2012: 3.6p), an increase of 36%, driven principally by operating profit growth and beneficial tax credits relating to prior year items.

Tribal generated good operating cash flow in the period. Cash conversion was 71% (2012: 70%). Strong cash flow underpinned our investment programmes in new software development, and in increased sales and business development capacity in the UK and internationally. We have increased our investment levels in new software products and modules to £3.5m (2012: £3.0m).

Good cash flow has allowed us to invest whilst carefully managing our net debt. Net debt at 30 June 2013 was £9.3m (30 June 2012: £13.2m; 31 December 2012: £9.9m), despite the net payment of £2.5m of initial consideration for the acquisition of i-graduate. Our order book as at 30 June 2013 remains robust at £145m (31 December 2012: £168m).

Strategic progress

The internationalisation of Tribal has advanced well during the period. Approximately 24% (HY 2012: 18%; FY 2012: 21%) of our adjusted revenues were generated from international customers, and we expect to see our international revenues continue to increase as a proportion of our overall income. Our business is firmly established and growing in Australia and New Zealand, with our activities in the region now combining our Solutions capabilities together with our Systems deployments.

We have now established an anchor relationship for our Systems business in North America. Our first student management system deployment will be undertaken for the University of British Columbia (UBC). UBC is one of Canada's leading research universities, is consistently ranked in the top 40 universities worldwide and attracts 54,000 students from across Canada and 140 countries around the world. UBC is an important partner as we localise our student management systems for the North American markets, complementing our established performance improvement solutions in US schools and our mobile learning partnership with the US Department of Defense.

The extension of our implementation and software support capabilities to support new market entry, through both our own resources and partnering arrangements where appropriate, is a key development priority for us over the coming twelve months.

Tribal's Solutions work has established a good track record in the Middle East, and we are pleased to have now secured new business in Saudi Arabia working in collaboration with a major international management consultancy, building on our capabilities in the United Arab Emirates, Bahrain and Turkey.

Our acquisition of i-graduate, and our software development outsourcing arrangements, have provided us with good insight to other potential geographic markets, which we are now evaluating carefully for future growth opportunities.

Our Markets

Higher Education

We are continuing to see good activity levels in Higher Education as universities respond to the need to compete for students, the internationalisation of their student recruitment base, and the impact of the current economic environment.

Domestically, our customers are adopting a cautious stance in response to increased budget pressure, but at the present time we are seeing new system procurement activity levels similar to previous periods. Internationally, our pipeline of work with universities is strong, with opportunities in Asia Pacific, North America, the Middle East and South Africa. As previously identified, we are pleased to have now concluded a contract with the University of British Columbia to deploy our SITS-vision student management system for the first time in North America.

Operationally, we continue to make good progress with major implementations at Staffordshire University, University of Kent and University of Oxford in the UK. In Asia Pacific, our systems implementations at University of Sydney, Royal Melbourne Institute of Technology and University of Queensland are now well advanced, and we are making good progress at Otago University and University of Canterbury, Christchurch in New Zealand.

Schools

Our schools-based work in the UK remains steady. Our quality review programmes for Ofsted continue to make good progress, and North Yorkshire County Council has become our 106th customer for our Synergy Children's Services management system.

Our implementations for our initial partners of our complementary social care-focussed management system for Children's Services departments (Synergy EIS – Early Intervention and Safeguarding) are nearing completion. We are also beginning testing of our new schools-based student management system with a partner school in the UK.

Internationally, the schools-based elements of the New South Wales Student Administration and Learning Management (SALM) programme continue to progress well, and it is anticipated that our systems will be deployed in an initial selection of schools in the coming months.

In addition to our work for Ofsted, our Quality Review and Evaluation solutions are expanding in international markets, with work now underway in Abu Dhabi, Bahrain and Saudi Arabia, and with new contract wins in the US for the National Charter Schools Institute, building on our work in Nashville, New York and Massachusetts.

Vocational Learning

We are seeing generally good activity levels in our vocational learning markets, where we offer a range of leading Systems and Solutions to the Further Education and work-based learning communities.

In the UK, cost pressures are slowing the buying decisions of Further Education colleges, leading to some uncertainty in the market. Nevertheless, we are pleased to have secured four new college customers for our student management systems in the period.

We are also seeing continuing strong demand for our new Maytas 5 work-based learning student management system amongst training organisations and large employers. Approximately 60% of our Maytas customer base has now opted to upgrade to the new version of this system. Our apprenticeship programme management solution is also showing encouraging momentum, with pilot projects now underway with Tesco, Pizza Hut and KFC.

Outside the UK, our mobile learning platform for the Joint Knowledge Organisation of the US Department of Defense continues to extend, and our activity levels in Asia Pacific are high.

Our work for the SALM programme is advancing well, and our system is expected to be deployed in Technical and Further Education (TAFE) colleges later this year. Elsewhere in Asia Pacific, our student management systems are now deployed in 33% of Institutes of Technology and Polytechnics (ITPs) in New Zealand, with our systems having gone live in the Bay of Plenty Polytechnic and Nelson Marlborough Institute of Technology in the year.

Our analytics work in Asia Pacific has also gained further momentum. We have renewed our national contract to provide operational analytics across all ITPs in New Zealand, and are now providing operational analytics to TAFEs in Queensland, Canberra and Western Australia.

Divisional Performance

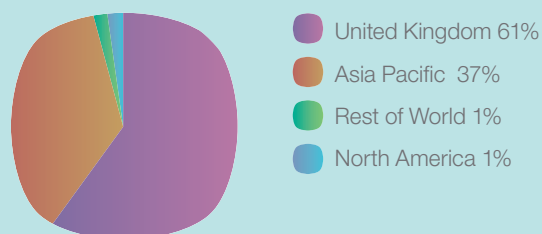
Systems

Six months ended 30 June	2013 £m	2012 £m
Adjusted revenue		
Licence and development fees	8.6	6.0
Implementation	11.3	8.0
Maintenance	9.0	8.2
Other	1.7	2.4
	30.6	24.6
Of which:		
UK	61%	78%
International	39%	22%
	100%	100%
Adjusted segment operating profit	5.8	5.1
Adjusted operating profit margin	19%	21%
Systems product development investment	£2.9m	£2.8m

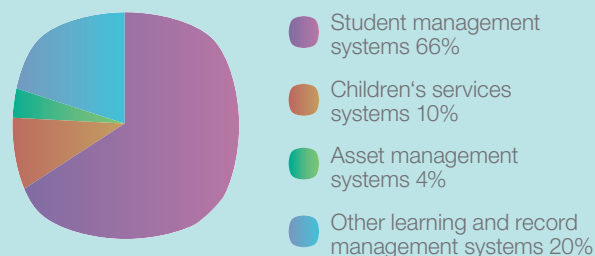
Our Systems business' revenue grew by 24% to £30.6m (2012: £24.6m). International revenues represented 39% (2012: 22%) of total income. Divisional adjusted operating profit was £5.8m (2012: £5.1m), and the adjusted operating margin was 19% (2012: 21%).

Whilst we have seen generally good trading conditions in the UK, we have experienced strong growth in Australia and New Zealand, and we are seeing good early signs in North America.

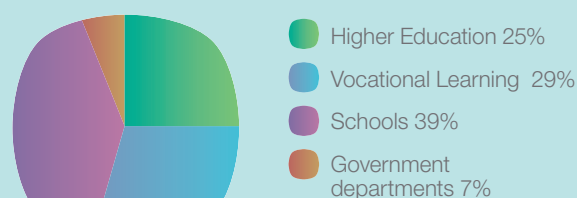
Revenues from international sources (H1 2013)



Revenues by product type (H1 2013)



Revenues by market (H1 2013)



Licence revenues have increased significantly. Our development work on the New South Wales SALM programme commenced towards the middle of 2012. As a result, no licence revenues associated with SALM were recognised in the six months ended 30 June 2012 whereas licence revenues from the SALM programme in the six months ended 30 June 2013 were £3.6m. Total SALM-related licence and development fee revenues recognised to date are £7.1m. Other licence revenues in the period include those related to new further education college system sales, and customers upgrading to our new Maytas 5 system.

Implementation revenues have increased, driven by strong activity levels in Asia Pacific, of which SALM-related implementation fees were £4.9m in the period (2012: £1.3m). Total SALM-related implementation revenues are now £9.7m.

Our annuity maintenance income base is growing, led by continued expansion of our installed customer base across universities, colleges and local government.

Operating margins are lower in this period as a result of an increased weighting of our revenue mix towards implementation work on the SALM programme, and continued investment in sales capacity particularly in international markets.

Our investment in new software development has been sustained, and we are particularly investing in new functionality in our key student management systems for both domestic and international markets.

Order book levels in our Systems business were £67m (31 December 2012: £73m) reflecting in particular the ongoing delivery of the SALM contract.

Solutions

Six months ended 30 June	2013 £m	2012 £m
Adjusted revenue		
Benchmarking and analytics	3.0	2.0
Review and evaluation services	15.7	17.0
Professional development and training support	9.6	9.2
Learning and assessment	3.4	3.2
	31.7	31.4
Of which:		
UK	91%	88%
International	9%	12%
	100%	100%
Adjusted segment operating profit	1.9	1.9
Adjusted operating profit margin	6%	6%
Solutions product development investment	£0.6m	£0.2m

Our Solutions business' revenue grew by 1% to £31.7m (2012: £31.4m). International revenues represented 9% (2012: 12%) of total income. The domestic market remains quiet, and whilst the timing of international revenues carries some uncertainties, we are making good progress developing our pipeline of new business in international markets.

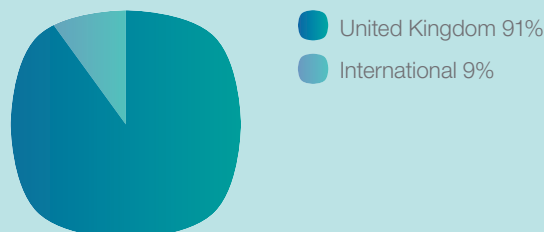
Divisional adjusted operating profit was £1.9m (2012: £1.9m), and adjusted operating margins remained steady at 6% (2012: 6%).

Our Benchmarking and Analytics revenues have grown following the acquisition of i-graduate in January 2013. i-graduate is performing in line with our expectations, and the combination of i-graduate's intellectual property and customer base with Tribal's pre-existing capabilities is generating new business opportunities.

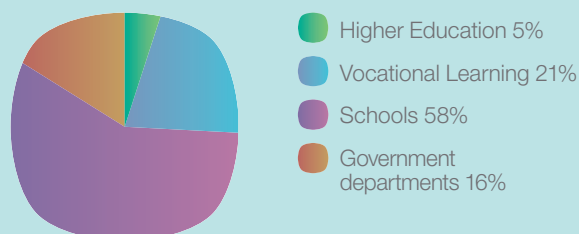
Overall activity levels in our Review and Evaluation business are satisfactory. Our work for Ofsted remains the largest part of this revenue stream. The phasing of our work in Abu Dhabi will be weighted towards the second half of the year in 2013, whereas this activity was weighted towards the first part of the year in 2012.

Our work in Professional Development and Training Support has made good progress. In professional development, our learning portals for the National Centre for Excellence in the Teaching of Mathematics (NCETM), NHS South West and the Welsh Assembly Government are continuing to perform well. Our careers advice and guidance work for the national offender management service has been extended for a further year to March 2014. Our apprenticeship programme management work is making progress towards

Revenues from international sources (H1 2013)



Revenues by market (H1 2013)



an increasingly software based solution, and we are currently engaged in a number of pilot projects which have the potential to widen our customer base in this market.

In Learning and Assessment, we are seeing generally good appetite for our vocational learning solutions from FE colleges, and the early market response to our GoLearn system has been encouraging.

The order book in our Solutions business totals £78m (31 December 2012: £95m), reflecting particularly our continuing delivery of our contracts with Ofsted.

People

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

As we move forward as an international business, our development creates new opportunities and challenges for our people. We are very grateful for the continued support of our staff across Tribal, and their commitment to realising our strategic goals.

Risks and uncertainties

Our risk management policies and key risks are documented on pages 28-33 of the Group's report and accounts for the year ended 31 December 2012, which can be found at www.tribalgroup.com/investors. Our key risks remain materially unchanged since that report.

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

- Geographic distribution – which may cause over-stretch of management control, resource capacity challenges, foreign exchange currency risk and damage from unforeseen local market conditions;
- Resource allocation – which may cause substandard delivery of key contracts, and excessive resource and management stretch;
- Innovation and technology – which may render existing software products and solutions obsolete;
- Intellectual property – which may result in loss of control over or infringement of key elements of our intellectual property;
- Customer demands – which may change unpredictably as a result of political, economic or policy change. Changing customer demands may impact existing contracted activity, and can create uncertainty in the timing of new business wins;
- Competitive positioning – which may result in aggressive commercial action by competitors or inappropriate pricing strategies in new markets;
- Reputation – which may cause loss of key contracts, or loss of customer confidence and trust;
- People – which may cause inability to attract and retain staff, destabilise morale and create shortfalls in operational capabilities; and
- Governance and controls – which may cause poor control particularly of international expansion.

Going concern

The Group has sufficient financial resources for its foreseeable requirements. Tribal maintains sizeable cash balances, has a revolving credit facility of £30m which is committed until February 2015 and has a combined guarantee and overdraft facility of £10m which is renewable annually in March 2014. This facility is supplemented by a £9.5m guarantee facility renewable annually in May 2014.

The Group's software products benefit from a significant installed customer base, whilst its Solutions activities are underpinned by a portfolio of long-term contracts. Collectively, the Group has a range of customers across different geographic areas, high levels of committed income and a strong 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 across the forecast period. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully.

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

Cash conversion

Cash conversion for the period is 71% (2012: 70%).

Cash conversion is calculated as operating cash flow from continuing operations after capital expenditure, divided by adjusted operating profit.

Taxation

The effective tax rate in the period has benefitted from non-recurring prior year items. Our effective tax rate for ongoing activities is expected to be broadly equivalent to the UK statutory corporation tax rate for the foreseeable future.

Dividend

The Board has declared a dividend of 0.50p in respect of the six months ended 30 June 2013 (2012: 0.40p). This will be paid on 18 October 2013 to shareholders on the register on 20 September 2013.

Related parties

Transactions with related parties during the period are set out in note 23.

Outlook

Tribal is making good progress towards its strategic objectives. Whilst there remain uncertainties, in particular arising from the challenges of unpredictable procurement cycles, we are seeing generally good opportunities in our existing geographic markets, and we have increasing visibility of further potentially attractive opportunities in new international markets.

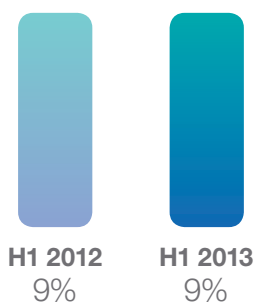
Our pipeline of identified new business is encouraging, particularly in international markets. Complementing these opportunities, our overseas delivery capabilities are growing in stature.

As previously indicated, as a result of seasonality in our business and the anticipated phasing of new business, we expect our profits to be weighted towards the second half of the year. Our current trading is at least in line with our expectations for the full year, and our cash generation is robust. Tribal has good potential to make further progress over the medium term.

12 August 2013

Key performance indicators

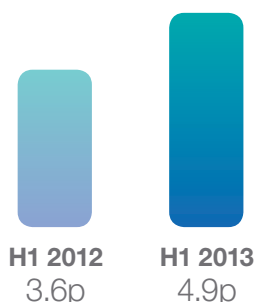
Adjusted operating margin



Objective: Maintain and enhance our adjusted operating margin, which is a reflection of our underlying profitability.

Outlook: We have made good initial progress in the first half of 2013. Our profits are typically weighted towards the second half of our financial year, and Tribal has good potential to enhance its operating margins.

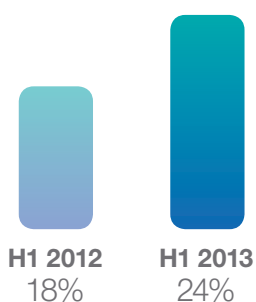
Adjusted earnings per share



Objective: Long-term sustainable growth in EPS.

Outlook: Our trading is at least in line with our expectations for the year, and Tribal is well placed to continue to make good progress into 2014.

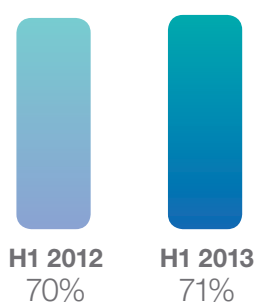
Internationalisation



Objective: Increasing the proportion of overall adjusted revenue generated from international markets.

Outlook: We have seen strong revenue growth in Asia Pacific during the first half of 2013, and expect that to continue in the remainder of the year. We are making good headway in North America and the Middle East, and are seeing opportunities developing in other selected international markets.

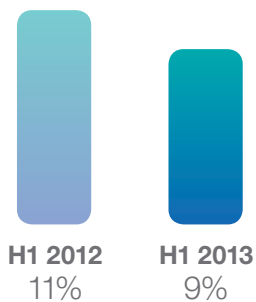
Cash conversion



Objective: Generate strong cash flow from our continuing operations (measured after capital expenditure).

Outlook: We generated good operating cash flow during the first half of 2013, holding net debt below £10m despite strong investment expenditure. While some project cash flows may continue to be lumpy, we expect to continue to generate good cash flow to reduce debt and create further investment capacity.

Product development investment



Objective: Sustained investment in development of existing and new products in the Systems business, stated as a percentage of adjusted Systems division revenue.

Outlook: We have significantly increased the levels of capitalised product development investment during the past two years. We expect to maintain broadly these levels of investment for the foreseeable future.

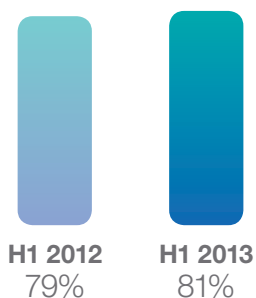
Order book



Objective: Increasing order book supporting enhanced revenue visibility.

Outlook: Our overall order book remains good, with the contractual delivery of our Ofsted inspections contracts being the primary driver of the overall reduction in order book levels in the period. We recognise only two years of maintenance income from our installed base of systems customers within our order book, although we expect most of these customers to remain with us for many years.

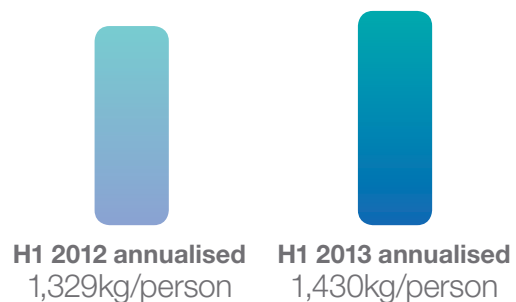
Staff retention



Objective: Optimise retention of skilled staff.

Outlook: As we proceed with our strategy plan, and demonstrate the strength of Tribal's position in its markets, staff feedback indicates that our people are confident in their future within Tribal.

Impact on the environment



Objective: Minimise our carbon emissions (measured as average kilogrammes of CO₂ emitted per member of staff as a result of air, rail and car travel).

Outlook: Our increasing internationalisation will continue to require our people to travel extensively, but we are working to use technology to minimise the need for travel where practicable.

Condensed consolidated income statement

for the six months to 30 June 2013

	Note	Underlying £'000	Closed businesses and exceptional costs £'000	Six months ended 30 June 2013 Total £'000	Underlying £'000	Closed businesses and exceptional costs £'000	Six months ended 30 June 2012 Total £'000
Continuing operations							
Revenue	4	62,093	-	62,093	55,415	1,576	56,991
Cost of sales		(39,457)	-	(39,457)	(35,618)	(2,008)	(37,626)
Gross profit		22,636	-	22,636	19,797	(432)	19,365
Other administrative expenses		(17,247)	(45)	(17,292)	(15,114)	(927)	(16,041)
Amortisation of IFRS 3 intangibles		-	(115)	(115)	-	(12)	(12)
Total administrative expenses		(17,247)	(160)	(17,407)	(15,114)	(939)	(16,053)
Operating profit	4	5,389	(160)	5,229	4,683	(1,371)	3,312
Investment income	6	16	-	16	98	-	98
Other gains and losses	7	-	(227)	(227)	-	(227)	(227)
Finance costs	8	(548)	(124)	(672)	(423)	-	(423)
Profit before tax		4,857	(511)	4,346	4,358	(1,598)	2,760
Tax	9	(309)	80	(229)	(982)	267	(715)
Profit for the period from continuing operations		4,548	(431)	4,117	3,376	(1,331)	2,045
Discontinued operations							
Profit/(loss) from discontinued operations	10	-	384	384	(61)	(13)	(74)
Profit for the period		4,548	(47)	4,501	3,315	(1,344)	1,971
Earnings per share							
From continuing operations							
Basic	11	4.9p	(0.5)p	4.4p	3.6p	(1.4)p	2.2p
Diluted	11	4.9p	(0.5)p	4.4p	3.6p	(1.4)p	2.2p
From continuing and discontinued operations							
Basic	11	4.9p	(0.1)p	4.8p	3.5p	(1.4)p	2.1p
Diluted	11	4.9p	(0.1)p	4.8p	3.5p	(1.4)p	2.1p

As set out in note 5, the results of closed businesses have been excluded from the underlying result. Comparatives have been restated accordingly, reducing 2012 adjusted revenue by £1.6m and increasing 2012 adjusted operating profit by £0.7m compared to the figures as previously stated.

Condensed consolidated income statement

	Note	Underlying £'000	Closed businesses and exceptional costs £'000	Year ended 31 December 2012 Total £'000
Continuing operations				
Revenue	4	113,417	1,978	115,395
Cost of sales		(69,253)	(2,440)	(71,693)
Gross profit		44,164	(462)	43,702
Other administrative expenses:		(30,282)	(1,927)	(32,209)
Amortisation of IFRS 3 intangibles		-	(24)	(24)
Total administrative expenses		(30,282)	(1,951)	(32,233)
Operating profit	4	13,882	(2,413)	11,469
Investment income	6	162	-	162
Other gains and losses	7	-	(453)	(453)
Finance costs	8	(1,205)	-	(1,205)
Profit before tax		12,839	(2,866)	9,973
Tax	9	(2,633)	619	(2,014)
Profit for the year from continuing operations		10,206	(2,247)	7,959
Discontinued operations				
Profit from discontinued operations	10	925	840	1,765
Profit for the year		11,131	(1,407)	9,724
Earnings per share				
From continuing operations				
Basic	11	10.9p	(2.4)p	8.5p
Diluted	11	10.9p	(2.4)p	8.5p
From continuing and discontinued operations				
Basic	11	11.9p	(1.5)p	10.4p
Diluted	11	11.9p	(1.5)p	10.4p

Condensed consolidated statement of comprehensive income for the six months to 30 June 2013

	Six months ended 30 June 2013 £'000	Six months ended 30 June 2012 £'000	Year ended 31 December 2012 £'000
Profit for the period	4,501	1,971	9,724
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain on defined benefit pension schemes	230	–	290
Items that may be reclassified subsequently to profit or loss:			
Transfer from cash flow hedge reserve	226	226	453
Tax relating to components of other comprehensive income	272	(90)	141
Exchange differences on translation of foreign operations	(40)	39	16
Total comprehensive income for the period	5,189	2,146	10,624

Condensed consolidated balance sheet

at 30 June 2013

	Note	30 June 2013 £'000	30 June 2012 £'000	31 December 2012 £'000
Non-current assets				
Goodwill	13	77,550	72,616	72,616
Other intangible assets	14	14,845	7,921	10,195
Property, plant and equipment		3,041	2,740	3,146
Investments		1	1	1
Deferred tax assets		2,198	2,033	2,033
		97,635	85,311	87,991
Current assets				
Inventories		999	1,117	1,931
Trade and other receivables	15	26,944	27,496	28,225
Cash and cash equivalents	21	8,094	6,297	8,424
		36,037	34,910	38,580
Total assets		133,672	120,221	126,571
Current liabilities				
Trade and other payables	16	(11,002)	(8,348)	(7,642)
Accruals and deferred income		(37,424)	(37,647)	(39,814)
Tax liabilities		(2,691)	(3,275)	(2,797)
Provisions	17	(2,193)	(2,137)	(1,159)
		(53,310)	(51,407)	(51,412)
Net current liabilities		(17,273)	(16,497)	(12,832)
Non-current liabilities				
Bank loans	21	(17,432)	(19,526)	(18,274)
Retirement benefit obligations	18	(313)	(540)	(419)
Deferred tax liabilities		(5)	(171)	-
Provisions	17	(1,633)	(320)	(523)
		(19,383)	(20,557)	(19,216)
Total liabilities		(72,693)	(71,964)	(70,628)
Net assets		60,979	48,257	55,943
Equity				
Share capital		4,685	4,685	4,685
Other reserves		27,728	26,834	26,913
Retained earnings		28,566	16,738	24,345
Equity shareholders' funds		60,979	48,257	55,943

Condensed consolidated statement of changes in equity for the six months to 30 June 2013

	Share capital £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2013	4,685	26,913	24,345	55,943
Total comprehensive income for the period	-	174	5,015	5,189
Dividends	-	-	(794)	(794)
Credit to equity for share-based payments	-	641	-	641
Balance at 30 June 2013	4,685	27,728	28,566	60,979

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 the year ended 31 December 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 year	-	302	10,322	10,624
Dividends	-	-	(934)	(934)
Credit to equity for share-based payments	-	366	-	366
Balance at 31 December 2012	4,685	26,913	24,345	55,943

Condensed consolidated cash flow statement

for the six months to 30 June 2013

	Note	Six months ended 30 June 2013 £'000	Six months ended 30 June 2012 £'000	Year ended 31 December 2012 £'000
Net cash from operating activities	20	7,403	5,609	15,063
Investing activities				
Interest received		16	98	117
Proceeds on disposal of discontinued operations		338	1,411	1,542
Purchases of property, plant and equipment		(658)	(943)	(2,178)
Expenditure on product development and business systems		(3,490)	(3,042)	(6,188)
Acquisitions and deferred consideration		(2,521)	-	(50)
Net cash outflow from investing activities		(6,315)	(2,476)	(6,757)
Financing activities				
Interest paid		(309)	(257)	(750)
Equity dividend paid		-	-	(934)
Repayment of borrowings		(1,081)	(3,000)	(4,695)
New bank loans net of arrangement fees		-	(142)	-
Net cash used in financing activities		(1,390)	(3,399)	(6,379)
Net (decrease)/increase in cash and cash equivalents		(302)	(266)	1,927
Cash and cash equivalents at beginning of period		8,424	6,524	6,524
Effect of foreign exchange rate changes		(28)	39	(27)
Cash and cash equivalents at end of period	21	8,094	6,297	8,424

Notes to the condensed consolidated financial information

for the six months to 30 June 2013

1. General information

The condensed consolidated financial information for the six months ended 30 June 2013 was approved by the Board of Directors on 12 August 2013.

The information for the year ended 31 December 2012 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 auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement 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.

In the current financial year, the Group has adopted the amendments to IAS 1 'Presentation of Items of Other Comprehensive Income' and IAS 19 (revised 2011) 'Employee Benefits'. Otherwise, the same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest annual audited financial statements.

The amendments to IAS 1 require items of other comprehensive income to be grouped by those items that will be reclassified subsequently to profit or loss and those that will never be reclassified, together with their associated income tax. The amendments have been applied retrospectively, and hence the presentation of items of comprehensive income have been restated to reflect the change. The effect of these changes is evident from the condensed statement of comprehensive income.

IAS 19 (revised 2011) and the related consequential amendments have impacted the accounting for the Group's defined benefit scheme, by replacing the interest cost and expected return on plan assets with a net interest charge on the net defined benefit liability. There is no significant impact on the profit for the period or other comprehensive income as a result of adopting IAS 19 (revised 2011).

3. Going concern

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

4. Segmental analysis

The principal activities are as follows:

Systems: a range of proprietary software products and related services to support the business needs of education, learning and training providers.

Solutions: a range of services to support the improvement of education, learning and training delivery by our customers.

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.

	Six months ended 30 June 2013 £'000	Six months ended 30 June 2012 £'000	Year ended 31 December 2012 £'000
Geographical information: revenue from external customers			
UK	47,364	45,244	89,212
Asia Pacific	11,675	5,207	16,449
North America and rest of the world	3,054	4,964	7,756
Total adjusted revenue	62,093	55,415	113,417
UK revenue from closed businesses	-	1,576	1,978
	62,093	56,991	115,395

4. Segmental analysis (continued)

	Six months ended 30 June 2013 £'000	Six months ended 30 June 2012 £'000	Year ended 31 December 2012 £'000
Adjusted revenue			
Systems	30,586	24,600	55,544
Solutions	31,657	31,407	59,342
Intersegment	(150)	(592)	(1,469)
Continuing operations	62,093	55,415	113,417
Segment adjusted operating profit			
Systems	5,776	5,071	12,072
Solutions	1,943	1,946	5,282
Unallocated corporate expenses	(2,330)	(2,334)	(3,472)
Segment adjusted operating profit	5,389	4,683	13,882
Amortisation of IFRS 3 intangibles	(115)	(12)	(24)
Exceptional costs	(45)	(645)	(1,545)
Closed businesses	-	(714)	(844)
Operating profit	5,229	3,312	11,469

Of the total net losses from closed business in the 6 months to June 2012, £298,000 arose in relation to the Systems division (December 2012: £483,000) and £416,000 in relation to the Solutions division (December 2012: £361,000).

5. Exceptional costs and closed businesses

	Six months ended 30 June 2013 £'000	Six months ended 30 June 2012 £'000	Year ended 31 December 2012 £'000
Closed businesses:			
– Turnover	-	1,576	1,978
– Cost of sales	-	(2,008)	(2,440)
– Administrative expenses	-	(282)	(382)
Trading loss from closed business	-	(714)	(844)
– Redundancy costs – closed businesses	-	(199)	(279)
– Other restructuring costs – closed businesses	(65)	(419)	(1,007)
Operating loss from closed business	(65)	(1,332)	(2,130)
Other exceptional costs:			
– Redundancy	-	(7)	-
– Property related	82	(20)	-
– Acquisition costs	(62)	-	(209)
– Movements in deferred consideration	(124)	-	(50)
– Amortisation of IFRS 3 intangibles	(115)	(12)	(24)
– Unwinding of hedge accounting reserve	(227)	(227)	(453)
	(511)	(1,598)	(2,866)

Notes to the condensed consolidated financial information continued

6. Investment income

	Six months ended 30 June 2013 £'000	Six months ended 30 June 2012 £'000	Year ended 31 December 2012 £'000
Interest on bank deposits	14	22	42
Net interest receivable on retirement benefit obligations	-	-	45
Other interest receivable	2	76	75
	16	98	162

7. Other gains and losses

	Six months ended 30 June 2013 £'000	Six months ended 30 June 2012 £'000	Year ended 31 December 2012 £'000
Unwinding of hedge accounting reserve	(227)	(227)	(453)

8. Finance costs

	Six months ended 30 June 2013 £'000	Six months ended 30 June 2012 £'000	Year ended 31 December 2012 £'000
Interest on bank overdrafts and loans	469	423	1,014
Unwinding of discount on deferred contingent consideration	124	-	-
Other interest payable	79	-	191
	672	423	1,205

9. Tax

	Six months ended 30 June 2013 £'000	Six months ended 30 June 2012 £'000	Year ended 31 December 2012 £'000
Continuing operations			
Current tax			
UK corporation tax	990	582	1,976
Overseas tax	30	294	313
Adjustments in respect of prior periods	(609)	(22)	-
	411	854	2,289
Deferred tax			
Current period	(175)	(118)	221
Adjustments in respect of prior periods	(7)	(21)	(496)
	(182)	(139)	(275)
Tax charge	229	715	2,014
Discontinued operations			
Current tax	117	51	(422)
Deferred tax	-	-	(134)
Total			
Current tax			
UK corporation tax	1,107	633	2,006
Overseas tax	30	294	313
Adjustments in respect of prior periods	(609)	(22)	(452)
	528	905	1,867
Deferred tax			
Current period	(175)	(118)	244
Adjustments in respect of prior periods	(7)	(21)	(653)
	(182)	(139)	(409)
Tax charge	346	766	1,458

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. The effective tax rate of the continuing Group for the foreseeable future is anticipated to be broadly equivalent to the UK corporation tax rate.

The effective tax rate in the period has benefitted from non-recurring prior year items.

Notes to the condensed consolidated financial information continued

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 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 2013 £'000	Six months ended 30 June 2012 £'000	Year ended 31 December 2012 £'000
Operating profit/(loss) before amortisation of IFRS 3 intangibles and exceptional costs	13	(64)	369
Exceptional costs	345	78	433
Operating profit	358	14	802
Attributable tax (charge)/credit	(117)	(51)	556
Profit/(loss) on disposal of discontinued operations	143	(37)	407
Net profit/(loss) attributable to discontinued operations	384	(74)	1,765
Operating cash flows for discontinued operations	94	(431)	(1,213)
Investing cash flows for discontinued operations (including proceeds on disposal of discontinued operations)	337	1,480	1,542
Total cash flows for discontinued operations	431	1,049	329

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 2013 £'000	Six months ended 30 June 2012 £'000	Year ended 31 December 2012 £'000
Basic weighted average number of shares in issue	93,696	93,696	93,696
Employee share options	-	-	-
Weighted average number of shares for the purpose of calculating diluted earnings per share	93,696	93,696	93,696

Diluted earnings per share only reflects the dilutive effect of share options for which performance criteria have been met. Current share incentive schemes vest based on cumulative EPS for a 3 year period with the earliest vesting based on the Group's results for the 3 years to 31 December 2013.

The adjusted 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 2013 £'000	Six months ended 30 June 2012 £'000	Year ended 31 December 2012 £'000
Earnings			
From continuing operations			
Net profit from continuing operations attributable to equity holders of the parent	4,117	2,045	7,959
Earnings per share			
Basic	4.4p	2.2p	8.5p
Diluted	4.4p	2.2p	8.5p
From continuing and discontinued operations			
Net profit from continuing and discontinued operations attributable to equity holders of the parent	4,501	1,971	9,724
Earnings per share			
Basic	4.8p	2.1p	10.4p
Diluted	4.8p	2.1p	10.4p

Notes to the condensed consolidated financial information continued

11. Earnings per share (continued)

	Six months ended 30 June 2013 £'000	Six months ended 30 June 2012 £'000	Year ended 31 December 2012 £'000
Adjusted earnings			
From continuing operations			
Net profit from continuing operations attributable to equity holders of the parent	4,117	2,045	7,959
Amortisation of IFRS 3 intangibles (net of tax)	88	9	18
Unwinding of discount on deferred consideration	124	-	-
Closed businesses (net of tax)	-	538	610
Exceptional costs (net of tax)	45	557	1,166
Financial instrument charge (net of tax)	174	227	453
Adjusted earnings	4,548	3,376	10,206
Adjusted earnings per share			
Basic	4.9p	3.6p	10.9p
Diluted	4.9p	3.6p	10.9p
From continuing and discontinued operations			
Net profit from continuing and discontinued operations attributable to the equity holder	4,501	1,971	9,724
Amortisation of IFRS 3 intangibles (net of tax)	88	9	18
Unwinding of discount on deferred consideration	124	-	-
Closed businesses (net of tax)	(10)	538	610
Exceptional (credits)/costs (net of tax)	(220)	498	733
(Profit)/loss on disposal of discontinued operations	(109)	72	(407)
Financial instrument charge (net of tax)	174	227	453
Adjusted earnings	4,548	3,315	11,131
Adjusted earnings per share			
Basic	4.9p	3.5p	11.9p
Diluted	4.9p	3.5p	11.9p

12. Dividends

	Six months ended 30 June 2013 £'000	Six months ended 30 June 2012 £'000	Year ended 31 December 2012 £'000
Amounts recognised as distributions to equity holders in the period:			
Interim dividend for the year ended 31 December 2012 of 0.40 pence per share	-	-	374
Final dividend for the year ended 31 December 2012 of 0.85 pence per share (2011: 0.60 pence per share)	794	560	560
	794	560	934

The Board has declared an interim dividend of 0.50 pence per share (2012: 0.40 pence per share), which will absorb £0.5m (2012: £0.4m).

The interim dividend was approved by the Board on 12 August 2013 and has not been included as a liability as at 30 June 2013. The dividend is payable on 18 October 2013 to ordinary shareholders who are on the register on 20 September 2013. The shares will be quoted ex-dividend on 18 September 2013.

13. Goodwill

	£'000
Cost	
At 1 January 2013	102,196
Additions	4,934
At 30 June 2013	107,130
Accumulated impairment losses	
At 1 January 2013 and 30 June 2013	29,580
Net book value	
At 30 June 2013	77,550
At 31 December 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 and contract pipeline £'000	Development costs £'000	Business systems £'000	Total £'000
Cost				
At 1 January 2013	2,446	16,873	4,349	23,668
Transfer from inventories	-	1,098	-	1,098
Additions	1,339	3,490	-	4,829
At 30 June 2013	3,785	21,461	4,349	29,595
Amortisation				
At 1 January 2013	2,387	7,913	3,173	13,473
Charge for the period	115	984	178	1,277
At 30 June 2013	2,502	8,897	3,351	14,750
Carrying amount				
At 30 June 2013	1,283	12,564	998	14,845
At 31 December 2012	59	8,960	1,176	10,195

Customer relationships and contract pipeline have arisen from acquisitions, and are amortised over their estimated useful lives, which on average is five years. As at 30 June 2013 the total net book value is made up of £1.2m relating to customer relationships (December 2012: £0.1m) and £0.1m relating to contract pipeline (June 2012: £nil, December 2012: £nil).

The amortisation period for development costs incurred on the Group's development costs is three to five years based on the expected life-cycle of the product.

The Group's corporate business systems software is amortised over an average of five years from the date it first comes into use.

During the period, £1.1m of software development costs previously included in inventories in connection with the SALM programme have been reclassified to other intangible assets because the related functionality forms part of our core product development strategy and meets the relevant requirements under IAS 38 'Intangible Assets'.

Notes to the condensed consolidated financial information continued

15. Trade and other receivables

	30 June 2013 £'000	30 June 2012 £'000	31 December 2012 £'000
Trade receivables	15,018	14,743	16,536
Amounts recoverable on contracts	362	945	812
Other receivables	650	793	903
Prepayments and accrued income	10,914	11,015	9,974
	26,944	27,496	28,225

16. Trade and other payables

	30 June 2013 £'000	30 June 2012 £'000	31 December 2012 £'000
Trade payables	4,682	3,552	3,284
Other taxation and social security	3,872	2,982	3,349
Other payables	2,448	1,814	1,009
	11,002	8,348	7,642

17. Provisions

As at 30 June 2013, there were provisions of £3.8m (30 June 2012: £2.5m; 31 December 2012: £1.7m). £0.3m of the June 2013 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 2012: £2.0m; 31 December 2012: £1.2m). Of this, £0.2m is classified as current (30 June 2012: £1.6m; 31 December 2012: £0.7m). A further £2.9m of the June 2013 balance is in relation to deferred contingent consideration (30 June 2012: £nil; 31 December 2012: £nil) of which £1.5m is included within current liabilities. The balance represents an estimate of the cost of settling potential litigation claims, further details of which are contained in note 22.

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.

Payments to pension schemes in the period were £0.7m (2012: £0.8m).

19. Acquisition of subsidiary

On 2 January 2013, the Group acquired 100% of the issued share capital of International Graduate Insight Group Limited.

This transaction has been accounted for by the purchase method of accounting. The total expected cost of acquisition is £6.9m. This comprises an initial cash consideration of £3.5m and deferred contingent consideration of £3.4m (the discounted figure being £2.9m) which is payable based on the future profits of the acquired business.

Deferred contingent consideration that becomes due shall be satisfied in the period January 2013 to March 2016.

The maximum total consideration payable is £7.5m.

The provisional carrying amount of each class of International Graduate Insight Group Limited's assets before combination is set out below:

	Book value £'000	Provisional fair value adjustments £'000	Acquisition adjustments £'000	Provisional fair value £'000
Intangible assets	–	1,339	–	1,339
Tangible assets	151	–	(46)	105
Trade and other receivables	457	–	(68)	389
Cash and cash equivalents	929	–	–	929
Trade and other payables	(1,151)	–	57	(1,094)
Deferred tax liabilities	(22)	(287)	17	(292)
Net assets/(liabilities) acquired	364	1,052	(40)	1,376
Goodwill arising on acquisition				4,934
Consideration				6,310
Satisfied by:				
Initial cash consideration				3,450
Deferred performance related consideration				2,860
				6,310

The cash consideration paid by Tribal to date of £3.5m was satisfied out of the cash reserves of the Group. The net cash out flow from the acquisition, after taking account of the cash acquired was £2.5m.

The goodwill arising on the acquisition is attributable to the anticipated profitability of the distribution of the Group's products and services in new markets. None of the goodwill is expected to be deductible for income tax purposes.

Intangible assets arising on acquisition are in respect of the contract pipeline, £0.1m, and customer relationships, £1.2m.

International Graduate Insight Group Limited contributed £1.1m revenue and a loss of £25,000 to the Group's operating profit for the period between the date of acquisition and the balance sheet date.

Acquisition related costs amounted to £0.1m.

Notes to the condensed consolidated financial information continued

20. Note to the cash flow statement

Reconciliation of operating profit to operating cash flows

	Six months ended 30 June 2013 £'000	Six months ended 30 June 2012 £'000	Year ended 31 December 2012 £'000
Operating profit from continuing operations	5,294	4,574	13,599
Operating loss from closed businesses	(65)	(1,262)	(2,130)
	5,229	3,312	11,469
Operating profit from discontinued operations	358	13	802
Depreciation of property, plant and equipment	882	787	1,625
Amortisation of other intangible assets	1,277	777	1,648
Net pension charge	-	-	15
Share-based payments	641	453	366
Release of deferred consideration	-	-	50
Operating cash flows before movements in working capital	8,387	5,342	15,975
Increase in inventories	(94)	(785)	(1,400)
Decrease/(increase) in receivables	1,048	(5,610)	(6,049)
(Decrease)/increase in payables and provisions	(1,274)	6,970	8,229
Net cash from operating activities before tax	8,067	5,917	16,755
Tax paid	(664)	(308)	(1,692)
Net cash from operating activities	7,403	5,609	15,063
Net cash from operating activities before tax can be analysed as follows:			
Continuing operations (excluding restricted cash)	7,808	6,527	17,083
Increase/(decrease) in restricted cash	165	(179)	885
	7,973	6,348	17,968
Discontinued operations	94	(431)	(1,213)
	8,067	5,917	16,755

21. Analysis of net debt

	30 June 2013 £'000	30 June 2012 £'000	31 December 2012 £'000
Non restricted cash	7,120	6,009	7,615
Restricted cash	974	288	809
Gross cash	8,094	6,297	8,424
Syndicated bank facility (net of bank arrangement fees)	(17,432)	(19,526)	(18,274)
Net debt	(9,338)	(13,229)	(9,850)

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

At December 2012 £0.6m of the gross cash balance related to funds held by solicitors on behalf of the Group in escrow accounts. There was no such arrangement at June 2013 or June 2012.

22. 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 2012: £0.5m, 31 December 2012: £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 totalling £10.3m (June 2012: £5.4m, December 2012: £6.9m). These are not expected to result in any material financial loss.

23. 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. See note 18 for details of amounts paid to the Group's pension schemes in the period.

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 2013 £'000	Six months ended 30 June 2012 £'000	Year ended 31 December 2012 £'000
Short-term employee benefits	469	480	1,108
Share-based payments	388	311	261
	857	791	1,369

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

12 August 2013

Company information

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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 <https://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 extras. Lines are open from 8.30am to 5.30pm) or +44 (0)20 8639 3399 for overseas callers, and ask for your accounts to be amalgamated.

Financial calendar

Ex-dividend date	18 September 2013
Record date	20 September 2013
Final dividend payment date	18 October 2013

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 2013, which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and related notes 1 to 23. 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 Conduct 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 2013 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 Conduct Authority.



Deloitte LLP

Chartered Accountants and Statutory Auditor
Bristol, United Kingdom

12 August 2013

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