RTC GROUP

RECRUITMENT & CONFERENCING

ANNUAL REPORT & ACCOUNTS

2011

Contents

Chairman's Statement

Year ended 31 December 2011

I am pleased to present the final report for the year ended 31st December 2011.

Group

2011 has been the first complete year when the Group has traded in its new reorganised structure. Although the Derby Conference Centre is not an obvious core business in a recruitment company it is a sound and profitable business and serves to provide, in addition, a Head Office for the Group. All other businesses in the Group are involved in Recruitment and fall into three divisions: UK white collar recruitment, International Managed Service and UK labour supply.

Trading

ATA Recruitment Limited

UK white collar recruitment provides personnel, both permanent and contract, mainly to industrial clients in vertical markets through our premises in the Derby Conference Centre and to the SME industrial market through six UK branches. Both markets have continued to make steady progress. In the period under review, revenues were up 16% at £15.825m, generating an operating profit of £357,000 (2010: £15,000)

International Managed Service has continued to expand its operations in NATO premises in Afghanistan. Revenues in 2011 were up 221% at £7.088m but significant operating difficulties during a period of rapid turnover increases resulted in an operating loss of (£66,000) (2010: profit £169,000). All of the operational problems have now been eliminated and the business is running profitably.

Ganymede Solutions Limited had another good year in its traditional markets of Rail, Infrastructure, Trades and labour. An initial entry into the Telecoms sector was not successful and resulted in a material non-recurring loss of £378,000 in the first half of the year. Revenues were up 74% at £4.843m and operating profit, before exceptional items, of £194,000 (2010: £26,000).

The Derby Conference Centre continued to make steady improvements in performance in a difficult market environment. Revenues were up 36% in the period under review at £1.763m, generating an operating profit of £35,000 (2010: loss £277,000).

Non-recurring item. As announced in our interim statement, our entry into the Telecoms industry, whilst providing contractors to high quality end-user clients, was serviced through a third party agent who proved to be of inferior quality, resulting in an exceptional loss of £378,000. This business area has been discontinued and investigations by the relevant authorities into potential fraud by the third party are ongoing. As a direct consequence, Group liquidity was adversely affected and movements between dollar, euro and sterling accounts, which would not normally have taken place, led to exchange losses and costs of £274,000.

Overall Group trading performance, built on three growing recruitment businesses, improved at the operating profit level, but the final outcome was materially adversely affected by both the growing pains in the Managed Services division and our unsuccessful entry into Telecoms contract recruitment.

Capital Investment

During the year, although capital investment was limited by the need to divert the majority of incoming cash flow into working capital to finance growth in trading volumes, it was possible to continue the upgrade of the Derby Conference Centre premises as further space was brought back into use.

Dividends

Your directors believe that it would not be prudent to use financial resources to declare a final dividend at this time.

Chairman's Statement
Year ended 31 December 2011

Management
During the year, development of our management structure at all levels continued apace and following the year end a re-structure has taken place following the creation of two operating divisions, each with its own management team reporting direct to the CEO and three Operations Directors have been appointed. These moves, in addition to reflecting the qualities of the affected individuals and the growth of the underlying businesses are also necessary to provide an appropriate level of management to ensure the capture of growth opportunities which have been identified in our strategic plan.

The Group Board
During the year we appointed our two key senior managers and a Non – Executive Director, John T White, to the Group Board, who were all confirmed at the Annual General Meeting on 22nd June 2011. Since the year end Gary Hewett, Executive Director, has left the Group.

Issue of New Equity
Under the authority granted at the Annual General Meeting in 2010, we announced on 3 May 2011, a subscription of new shares in the Company, by certain directors and senior management, raising £396,000 net of expenses.

Balance Sheet
As at 31 December 2011 the Group had net assets of £637,000 (2010: 849,000). Group borrowings at the end of the year stood at £3,149,000 (2010: £2,231,000) leaving £2,051,000 undrawn of the Group's £5.2m invoice discounting facility.

Corporate Governance
RTC Group takes very seriously its corporate governance obligations. Whilst we recognise the potential input of an appropriate number of Non-Executive Directors we presently feel that the appointment of one is adequate at this stage in the Group growth profile. We are indebted to John White for his help and guidance in 2011.

Outlook
The Group has now completed a major and essential re-organisation and is entirely focused on recruitment services with the addition of conferencing activities at our Head Office premises. Major inroads have been made in international markets led by our contract to serve NATO establishments in Afghanistan and the establishment, post year end, of our new 90% owned company in India. Operating difficulties in the International Division have also been eliminated. Our strategic plan has identified significant opportunities to build on our expertise in managed service operations globally, in development of our presence in India, in the services to SME industrial clients through our branch network in England and in labour supply in the UK. Implementation of the Management development and re-structuring programme has given us a team capable of pursuing those opportunities.

We look forward to further growth of revenues and a material improvement in underlying profitability in 2012.

Staff
We continue to enjoy the benefits of a growing team of loyal and conscientious management and staff. They have my admiration and thanks and I feel privileged to work with them.

W J C Douie
Chairman

17 May 2012

Chief Executive's Statement
Year ended 31 December 2011

2011 was a year of contrast for RTC Group. We achieved significant growth in both sales volume and gross margin across all areas of trading in what was another highly competitive and challenging environment across the sectors we support. However, for reasons outlined in the Chairman's statement we were unable to capitalise on this success and capture the net value of this growth due to the impact of a range of issues which affected the Groups trading position.

Our core recruitment businesses of ATA and Ganymede continued to increase market share within our domestic marketplace and our International operation comprising our managed service contract supporting NATO operations in Afghanistan and our recently formed Indian subsidiary based in Bangalore has enjoyed growth well in excess of expectations.

In 2011 the Derby Conference Centre continued to recapture clients lost during the 2010 recession and this coupled with an agreement to sublet a large part of the premises in Derby for five years has enabled the business to deliver a positive operating profit for the first time.

All trading businesses are now delivering a positive contribution and this substantial progress will help increase Group competitiveness and profitability as we pursue our medium to long term strategic goals.

As mentioned previously and outlined in the Chairman's statement a number of issues significantly impacted Group profitability. This resulted as a consequence of the significant broadening of the Group's activities and the rapid growth in the International business in such a short timeframe which exposed a number of gaps in both our operational and central function organisational structures. Given the disappointing effect this had on the Group profitability, actions have been taken to invest in new IT/systems infrastructure, the strengthening of the financial management team and through the appointment of additional operational support staff.

These changes will ensure that the damaging impact of the issues are isolated to 2011 trading and the newly formed structures and accompanying systems and procedures will provide a more robust and solid foundation to accommodate the ambitious growth plans the Group has for both our international business and the anticipated growth in our traditional branch network as the United Kingdom economy rebounds from its prolonged period of difficulty.

I am pleased to report that during 2011 we acquired the contracts of Cordoba resourcing, a provider of white collar permanent and temporary recruitment services to Network Rail. Having integrated this into our ATA Rail Division we now have, along with Ganymede Solutions, a long term opportunity to support Network Rail across a wide range skill sets and we are confident given our track record in this sector that the acquisition will prove a significant opportunity for the Group.

Finally, on behalf of the Board of Directors I would like to sincerely thank all our stakeholders for their continuing support. The last few years have seen many casualties in the recruitment sector and the continuing support of our employees, clients and shareholders has been both welcomed and appreciated. We have both the confidence and belief that the Group can and will survive and prosper ahead of our mainstream competition to the benefit of all concerned.

A M Pendlebury
Group Chief Executive

17 May 2012

Finance Director's Statement

GROUP TRADING SUMMARY 2011

Group revenue from continuing operations increased by 50% compared with 2010, with revenue growth across both divisions. Overall gross profit increased by 35% to £4.0m. This improvement over 2010 reflects the development of new and existing business. The operating loss before exceptional items and discontinued activities for the year was £87,000 compared with £490,000 in 2010.

	2011 £'000	2010 £'000
Revenue		
Recruitment	**27,756**	18,344
Conferencing	**1,763**	1,295
	29,519	19,639
Gross Margin		
Recruitment	**2,964**	2,356
Conferencing	**1,038**	563
	4,002	2,919
Operating profit/(loss) from continuing operations before exceptional items and financing expense		
Recruitment	**211**	210
Conferencing	**35**	(277)
Group Costs	**(333)**	(425)
	(87)	(492)

Recruitment

The Recruitment Division consists of two trading entities. ATA Recruitment Limited, which serves the UK SME engineering market through its network of regional offices and a number of vertical markets through ATA Rail, ATA Energy and ATA Managed Services which serves the International market; Ganymede Solutions Limited supplies blue collar labour into rail, trades and labour and other markets.

Recruitment Net Fee Income, representing total fees earned net of contractor wages, increased by 37% to £6.53m (2010: £4.75m).

Permanent placements made in the year increased by 14%, with revenue per placement increasing by 4%. The number of permanent placements made is a key measure of performance of the business and is measured on the basis of the vacancies filled per individual consultant. In 2011 the average placements per permanent consultant fell by 4% from 2010, reflecting a 20% increase in consultant numbers and the learning curve to full productivity experienced by newly recruited consultants.

White collar contract revenue increased by 52% compared with 2010, with the closing number of heads out increasing by 38%.

Blue collar labour, supplied through Ganymede Solutions Limited, increased the number of hours worked by 84%. This revenue growth has been achieved by increased volumes with existing customers and the development of new customer business and markets.

Finance Director's Statement

GROUP TRADING SUMMARY 2011

Conferencing

The Conferencing Division consists of The Derby Conference Centre Limited. Its revenue was 36% higher than 2010, largely as a result of improvement in income from the subletting of facilities to third party organisations.

Administrative Expenses

Group administrative overheads before exceptional items increased 20% to £4,089,000 (2010: £3,411,000), reflecting exchange losses and the increased cost of processing and supporting the growth in revenues.

Finance Costs

Finance costs of £96,000 (2010: £18,000) reflect the Group's increased use of its invoice discounting facility during the year.

Cash flow and funding

Net cash used during the year was £918,000 (2010: £2,083,000) leaving the Group with net borrowings of £3,149,000 (2010: £2,231,000).

The Group is funded through a bank overdraft and an invoice discounting facility with Lloyds TSB.

Principal Risks and Uncertainties

The ongoing impact on the Group's operations of the current economic climate continues to be the principal risk and uncertainty to the Group.

A Bailey
Group Finance Director

17 May 2012

Directors' Biographies

William Douie (72) Group Executive Chairman

After two years in export sales, commencing in 1962, with British Oxygen, he moved into banking with Midland Bank and qualified as an associate of the Institute of Bankers. In 1969 he moved into Merchant Banking, joining Keyser Ullmann Limited and spent six years in Investment Management before joining the Bank Board in 1975. In 1981, following the merger of Keyser Ullmann and Charterhouse Japhet, he left to buy out, and become Chairman of, the Group's Instalment Credit subsidiary, Broadcastle Plc, and to become Chairman of British Benzol Limited, a fully listed company in the solid fuel industry. Following the acquisition by Broadcastle of Harton Securities Limited, he oversaw the merger of Broadcastle Plc and ATA Selection Plc, a USM listed recruitment company, before becoming Chairman of the Group in 1990. He joined with Clive Chapman in 1992 to purchase the ailing ATA Recruitment business from the group, and remains Executive Chairman.

Andy Pendlebury (51) Group Chief Executive Officer

Andy held a number of senior management positions during his long career with British Aerospace Plc. In 1992 he joined the Board of Wynnwith Engineering and was appointed Managing Director in 1995 establishing the business as one of the United Kingdom's fastest growing recruitment businesses. In 2002 Andy joined GKN Plc as interim Managing Director of the company's in-house recruitment business Engage and guided it through the Board's divestment strategy. From 2004 to 2007, as Chief Executive, he engineered a trading turnaround and subsequent sale to the Morson Group of White & Nunn Holdings. He joined the board of RTC Group Plc as a non-executive in July 2007, becoming Group Chief Executive in October 2007.

Andrew Bailey (55) Group Finance Director

Andrew spent five years with a provincial accounting practice, qualifying as a Chartered Accountant in June 1982, when he moved to KPMG. Having progressed to departmental manager within a general department, working on audit, accounting, tax, reporting and investigation work, Andrew left in 1987 to join Eagle Trust plc as a divisional financial controller. In 1990 he joined Sanderson CFL Ltd, a computer software and services business, as Finance Director. Andrew was appointed Managing Director of Sanderson CFL Ltd in 1993 and also held a number of non-executive roles within the Sanderson Group. On 24 April 2003, Andrew was appointed to the Board as Commercial Director of RTC Group Plc and became Group Managing Director in January 2006 and Group Chief Operating Officer in October 2007. In June 2009 Andrew left the board to take on the role of Training Division Managing Director. He rejoined the board as Group Finance Director in May 2011.

John White (62) Non-Executive Director

John trained as a Mechanical Design Engineer at EMI Ltd then went into Contract Engineering being engaged by various engineering companies to work on specific projects. In 1975 became a Recruitment Contracts Manager in the sales and placement of Contract Engineers. In 1977 John joined Shorterm Engineers Ltd (SEL) as a Director and became a junior equity partner. With backing from Midland Montague Ventures Ltd, he led a Management Buyout taking individual overall control. Shorterm Group Ltd (SGL) continued its expansion programme organically and by acquisition whilst building up a management structure to become one of the largest technical employment agencies in the South of England. In 1999 SGL was sold to Venture Capital Company 3i, who supported a new Management Buy-in. He joined the board of RTC Group Plc as a non-executive in May 2011.

Directors and Advisors

Directors:

WJC Douie
AM Pendlebury
G Hewett (Appointed 18 May 2011,
Resigned 4 April 2012)
A Bailey (Appointed 18 May 2011)
JT White (Appointed 18 May 2011)

Registered Office:

The Derby Conference Centre
London Road
DE24 8UX

Company Secretary:

A Bailey

Registered Number:

2558971

Nominated Advisor and Broker:

Allenby Capital Limited
Claridge House
32 Davies Street
Mayfair
London W1K 4ND

Solicitors:

Lawrence Graham LLP
4 More London Riverside
London
SE1 2AU

Auditor:

PKF (UK) LLP
Century House
St. James Court
Friar Gate
Derby
DE1 1BT

Registrars:

Computershare Services Plc
P O Box 82
The Pavilions
Bristol BS99 7NH

Bankers:

Lloyds TSB
Butt Dyke House
33 Park Row
Nottingham
NG1 6GY

Directors' Report
Year ended 31 December 2011

The directors submit their report and the audited financial statements of the Company and of the Group for the year ended 31 December 2011.

Principal Activity
The Group's principal activities are the provision of recruitment and conference services. The Company's principal activity is that of a holding company.

Results and Review of the Business
The Group recorded a loss before taxation on continuing operations for the year of £561,000 on revenue of £29.5m (2010 loss before tax on continuing operations of £452,000 on revenue of £19.6m.)

A review of the business including relevant key performance indicators, and comments on the principal risks and uncertainties and future prospects is contained in the Chairman's and Chief Executive's Statements and Finance Director's Statement on pages 2 to 6.

Share Capital
On 6 May 2011 the company issued 4,489,062 shares at 9p per share raising a total of £404,015 before costs.

Details of share capital are shown in note 17 on page 36.

Directors
The directors who served during the year and up to the date of this report were as follows: -

W J C Douie
A M Pendlebury
G Hewett (Appointed 18 May 2011, Resigned 4 April 2012)
A Bailey (Appointed 18 May 2011)
J T White (Appointed 18 May 2011)

Directors' interests in the 1p ordinary shares of the Company and their share options are shown below and in the Remuneration Report on page 14. A M Pendlebury retires by rotation and offers himself for re-election.

Significant Shareholders
As at 31 December 2011, the following significant shareholdings have been notified to the Company: –

	Number of shares	% of issued share capital
W J C Douie	2,074,698	15.36
J T White	2,057,142	15.23
Alison Chapman	1,520,340	11.25
A M Pendlebury	1,115,175	8.25
Chase Nominees Limited	763,735	5.65
Giltspur Nominees Limited	724,880	5.37
A Bailey	589,388	4.36
BNY (OCS) Nominees Limited	537,500	3.98
G Hewett	533,130	3.95
Graham J Chivers	503,809	3.73
HSBC Global Custody Nominee (UK) Limited	470,000	3.48

Other than the interests noted above, the directors are not aware that any other person has an interest in more than 3% of the issued share capital.

Employees' Shareholdings
The directors consider that it is in the interest of the Group and its shareholders that employees should have the opportunity to acquire shares in the Company, thus benefiting from the Group's future progress. To achieve this objective an Executive Share Option Scheme and an Enterprise Management Incentive Scheme, which have both received formal Inland Revenue approval, are in operation. In addition unapproved share options have been issued where EMI thresholds have been exceeded.

Employees
The Group has continued to give full and fair consideration to all applications made by disabled persons, having regard to their respective aptitudes and abilities, and to ensure that they benefit from training and career development programmes, in common with all employees. The Group has continued its policy of employee involvement by making information available to employees through periodic staff meetings and presentations, together with personal appraisals and feedback sessions.

Creditor Payment Policy
It is the Group's payment policy for the year ending 31 December 2011, in respect of suppliers, to settle agreed outstanding accounts in accordance with the terms and conditions agreed with suppliers when placing orders. The Group will abide by these terms of payment. Group creditors at the year-end represented 5 days purchases (2010: 3 days).

Directors' Indemnities
The Company has qualifying third party indemnity provisions for the benefit of its Directors which remains in force at the date of this report.

Dividends
No dividends (2010: Nil) were paid during the year and no final dividend is proposed.

Provision of Information to Auditor
Each of the persons who are a director at the date when this report was approved has confirmed:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that they have taken all the steps they had ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Going Concern
After making enquiries, the directors believe that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Corporate Governance
As the Group grows it intends, as far as it is practicable for a Group of its size, increasingly to observe the principles of good governance as set out in The UK Corporate Governance Code as annexed to the Listing Rules of the UK Listing Authority. The Board believes that the cost of full compliance with The Combined Code would not be justified at this stage of its development however, it is committed to complying with all areas of Section 1 of the Combined Code, where appropriate.

Board
The Company is controlled by the Board of Directors, which included two executive directors up to 18 May 2011. On 18 May 2011, two additional executive directors and a non executive were appointed.

On 4 April 2012 one executive director resigned from the board.

Directors' Report
Year ended 31 December 2011

The Board of Directors has a schedule of matters specifically reserved for its decision. The Board meets regularly and is responsible for formulating the Group's corporate strategy, monitoring financial performance, acquisitions, approval of major capital expenditure, treasury and risk management policies. Board papers are sent out to all directors in advance of each Board meeting including management accounts and accompanying reports from the executive directors. Annual budgets are approved by the full Board. Operational control is delegated by the Board to the executive directors. All directors have access to the advice of the Company Secretary and can take independent advice, if necessary, at the Company's expense.

Board Committees
The Board has established a remuneration committee and an audit committee.

Remuneration Committee
The remuneration committee is responsible for determining the contract terms, remuneration and other benefits for executive directors, including performance-related bonus schemes. The committee comprises W J C Douie and J T White. It is chaired by W J C Douie. However, W J C Douie is not involved in determining his own remuneration.

The Remuneration Report, which includes details of directors' remuneration and directors' interests in share options together with information on service contracts, is set out on page 14.

Audit Committee
The audit committee comprises W J C Douie and A M Pendlebury, and is chaired by W J C Douie. The committee meets as necessary to monitor the Group's internal control systems and major accounting and audit related issues.

Internal Control
Internal control systems are designed to meet the particular needs of the Group and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss. The key procedures which the directors have established with a view to providing effective internal financial control are as follows: -

- **Management structure**
  The Board has overall responsibility for the Group and there is a schedule of matters specifically reserved for decision by the Board.
- **Quality and integrity of personnel**
  The integrity and competence of personnel are ensured through high recruitment standards and subsequent training courses. High quality personnel are seen as an essential part of the control environment.
- **Identification of business risks**
  The Board is responsible for identifying the major business risks faced by the Group and for determining the appropriate courses of action to manage those risks.
- **Budgetary process**
  Each year the Board approves the annual budget. Key risk areas will be identified. Performance is monitored and relevant action taken throughout the year through the monthly reporting to the Board of variances from the budget and preparation of updated forecasts for the year together with information on the key risk areas.
- **Authorisation procedures**
  Capital and revenue expenditure is regulated by a budgetary process and authorisation levels. For expenditure beyond specified levels, detailed written proposals are submitted to and approved by the Board. Once authorised, expenditure is reviewed and monitored by the Board.

Board of Directors
The Board meets formally no less than six times per year and receives a defined supply of information.

Authorities to Allot Shares
It is proposed to renew the authorities to allot shares at the forthcoming Annual General Meeting.

Resolution 5 will be proposed as an ordinary resolution to renew the general authority of the directors to allot ordinary shares up to an aggregate nominal amount of £40,535, (representing approximately 30% of the ordinary share capital of the Company in issue), such authority to expire 15 months after the passing of the resolution or at the conclusion of next year's Annual General Meeting (whichever is the earlier). The directors have no present intention of allotting ordinary shares pursuant to this authority.

Resolution 6 will be proposed as a special resolution to authorise the directors to allot equity securities for cash (otherwise than pro rata to existing shareholders), in connection with a rights issue which is made not strictly in accordance with Section 551 of the Companies Act 2006 or otherwise up to a maximum aggregate nominal value of £40,535 representing approximately 30% of the current issued share capital. Such authority is to expire 15 months after the passing of the resolution or at the conclusion of next year's Annual General Meeting (whichever is the earlier).

Purchase of Own Shares
It is proposed to seek authority for the Company to purchase up to 1,351,163 ordinary shares (equivalent to approximately 10% of the current issued share capital) at a maximum price, excluding expenses, of an amount equal to 105% of the average of the middle market quotations for the 5 business days immediately preceding the date of purchase and a minimum price, excluding expenses, of the nominal value of the shares. The authority shall expire 15 months after the passing of the resolution or at the conclusion of next year's Annual General Meeting (whichever is the earlier).

Resolution 7 will be proposed as a special resolution to approve such market purchases. The directors believe such authority is beneficial and provides flexibility in the management of the Group's capital resources. Purchases would only be made if the directors were satisfied that such purchases were in the best interests of the Company and of the Group, and would result in an increase in expected earnings per share. There is no immediate intention of using such authority. Purchases pursuant to the authority would be financed from distributable reserves.

Risk Management
Treasury activities take place under procedures and policies approved and monitored by the Board. They are designed to minimise the financial risks faced by the Group, which arise primarily from interest rate and liquidity risk. The Group's policy throughout the period has been to ensure the continuity of funding by the use of an overdraft facility as required.

The Company does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures.

The Group's approach to financial risks is set out in note 21.

Auditor
A resolution for the reappointment of PKF (UK) LLP as auditor to the Company and to authorise the directors to agree their remuneration will be proposed at the forthcoming Annual General Meeting.

By Order of the Board

A Bailey
Secretary

17 May 2012

Directors’ Responsibilities Statement

Year ended 31 December 2011

The directors are responsible for preparing the directors’ report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have, as required by the AIM Rules of the London Stock Exchange, elected to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether the group financial statements have been prepared in accordance with IFRSs as adopted by the European Union;
- state, with regard to the parent company financial statements, whether UK applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company’s transactions, to disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company’s website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Remuneration Report

Year ended 31 December 2011

The remuneration committee comprises W J C Douie and J T White. It is chaired by W J C Douie. The committee determines an overall remuneration package for executive directors in order to attract and retain high quality executives capable of achieving the Group's objectives. The package consists of basic salary, benefits, performance related bonuses and pensions. The remuneration committee continues to give full consideration to provisions set out in section D (remuneration) of The UK Corporate Governance Code in determining remuneration packages.

The individual components of the remuneration package are discussed below.

Basic salary and benefits

Salary and benefits are reviewed annually. Benefits comprise private healthcare.

Share options

The Group has formulated a policy for the granting of share options to directors and full-time employees.

Performance related bonuses

For the year under review no bonuses have been awarded.

Pensions

The Company contributes an amount equal to 15% of A Pendlebury's, 10% of A Bailey's and 10% of G Hewett's basic salaries (excluding cash for car alternatives) to money purchase pension schemes.

Directors' interests

The interests of the directors in the ordinary shares of the Company at the start and end of the year were as follows: -

	31 December 2011	31 December 2010
W J C Douie	**2,074,698**	1,385,606
A M Pendlebury	**1,115,175**	615,175
G Hewett	**533,130**	164,800
A Bailey	**589,388**	256,058
J T White	**2,057,142**	–

Details of the options of directors who served during the year are as follows:

	Number of options	**Exercise price**	**Exercisable to**
Approved EMI scheme			
W J C Douie	50,000	55.5p	4 June 2016
A M Pendlebury	194,175	51.5p	1 October 2017
	51,282	39.0p	7 May 2018
Unapproved scheme			
A M Pendlebury	133,825	51.5p	1 October 2017
	67,022	39.0p	7 May 2018

The market price of the Company's shares on 31 December 2011 was 8.75p and the highest and the lowest share prices during the year were 10.0p and 5.0p respectively.

No directors' share options were exercised during the year.

Remuneration Report

Year ended 31 December 2011

Directors' remuneration

	Fees £'000	Salary £'000	Bonus £'000	Benefits in kind £'000	Pension contributions £'000	Total 2011 £'000	Total 2010 £'000
Executive Directors							
W J C Douie	–	30	–	5	–	35	91
A M Pendlebury	–	150	–	2	35	187	186
G Hewett (Appointed 18 May 2011, Resigned 4 April 2012)	–	61	–	1	8	70	–
A Bailey (Appointed 18 May 2011)	–	54	–	2	5	61	–
J M Kendall	–	–	–	–	–	–	34
Non-Executive Directors							
J T White (Appointed 18 May 2011)	8	–	–	–	–	8	–
	8	295	–	10	48	361	311

Service contracts

A M Pendlebury has a service agreement with the Company, which is terminable upon 12 months notice in writing by either party. W J C Douie and A Bailey have service agreements which are terminable upon 6 months notice in writing by either party.

On behalf of the Board

W J C Douie

17 May 2012

Independent Auditor's Report to the Members of RTC Group Plc

Year ended 31 December 2011

We have audited the financial statements of RTC Group Plc for the year ended 31 December 2011 which comprise the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of financial position, the consolidated statement of cash flows, the company balance sheet and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2011 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor’s Report to the Members of RTC Group Plc

Year ended 31 December 2011

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors’ remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Gareth Singleton *(Senior statutory auditor)*
for and on behalf of PKF (UK) LLP, Statutory auditor
Derby, UK

17 May 2012

Consolidated Statement of Comprehensive Income

Year ended 31 December 2011

	Notes	2011 £'000	2010 £'000
Revenue	1/2/3	**29,519**	19,639
Cost of sales		**(25,517)**	(16,720)
Gross Profit		**4,002**	2,919
Administrative expenses		**(4,467)**	(3,353)
Operating Loss		**(465)**	(434)
Analysed as:			
Operating Loss before exceptional items	2/4	**(87)**	(492)
Administrative (expenses) / income – exceptional	8	**(378)**	58
Operating Loss after exceptional items		**(465)**	(434)
Financing expense	9	**(96)**	(18)
Loss before tax		**(561)**	(452)
Income tax	10	**62**	18
Net Loss from continuing operations		**(499)**	(434)
Loss from discontinued operations	5	**(112)**	(524)
Loss for the year and total comprehensive income for the year attributable to equity holders of the parent		**(611)**	(958)
Basic and diluted:			
Loss per share – continuing operations (pence)	11	**(4.17)**	(4.81)
Loss per share – discontinued operations (pence)	11	**(0.93)**	(5.81)
Loss per share – continuing and discontinued operations (pence)	11	**(5.10)**	(10.62)

There is no dilutive effect of share options

Consolidated Statement of Changes in Equity

Year ended 31 December 2011

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Share based payment reserve £'000	Accumulated losses £'000	Total equity £'000
At 1 January 2011	**90**	**2,117**	**50**	**30**	**(1,438)**	**849**
Loss and total comprehensive income for the year	**–**	**–**	**–**	**–**	**(611)**	**(611)**
Share issue (net of expenses)	**45**	**351**	**–**	**–**	**–**	**396**
Share based payment reserve	**–**	**–**	**–**	**3**	**–**	**3**
At 31 December 2011	**135**	**2,468**	**50**	**33**	**(2,049)**	**637**

Year ended 31 December 2010

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Share based payment reserve £'000	Accumulated losses £'000	Total equity £'000
At 1 January 2010	90	2,117	50	38	(480)	1,815
Loss and total comprehensive income for the year	–	–	–	–	(958)	(958)
Share based payment reserve	–	–	–	(8)	–	(8)
At 31 December 2010	90	2,117	50	30	(1,438)	849

The Share based payment reserve comprises of the cumulative share option charge under IFRS 2 less the value of any share options that have been exercised or have lapsed.

Consolidated Statement of Financial Position

As at 31 December 2011 Registered Number: 2558971

	Notes	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Assets					
Non current assets					
Property, plant and equipment	12	**292**		279	
Deferred tax asset	13	**132**		70	
		424		349	
Current assets					
Inventories	14	**14**		10	
Trade and other receivables	15	**6,444**		4,787	
			6,458		4,797
Total assets			**6,882**		5,146
Liabilities					
Current liabilities					
Trade and other payables	16	**(3,096)**		(2,066)	
Current borrowings	16	**(3,149)**		(2,231)	
Total current liabilities			**(6,245)**		(4,297)
Net assets	2		**637**		849
Equity attributable to equity holders of the parent					
Share capital	17		**135**		90
Share premium			**2,468**		2,117
Capital redemption reserve			**50**		50
Share based payment reserve			**33**		30
Accumulated losses			**(2,049)**		(1,438)
Total equity			**637**		849

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 17 May 2012 by:

A Bailey *Director*

A M Pendlebury *Director*

Consolidated Statement of Cash Flows

Year ended 31 December 2011

	Notes	2011 £'000	2010 £'000
Cash flows from operating activities			
Operating result from continuing operations		**(465)**	(432)
Adjustments for:			
Employee equity settled share options		**3**	(8)
Depreciation		**156**	153
Loss on sale of property, plant and equipment		**5**	–
Change in inventories		**(4)**	1
Change in trade and other receivables		**(1,657)**	(2,400)
Change in trade and other payables		**1,030**	652
Cash generated from operations		**(932)**	(2,034)
Interest paid		**(96)**	(18)
Income tax received		**–**	97
Net cash from/(used in) operating activities		**(1,028)**	(1,955)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(174)**	(24)
Proceeds from sale of property, plant and equipment		**–**	40
Net cash from/(used in) investing activities		**(174)**	16
Cash flows from financing activities			
Proceeds from issue of share capital		**396**	–
Net cash inflow from financing activities		**396**	–
Net (decrease)/increase in cash and cash equivalents from continuing operation		**(806)**	(1,939)
Cash movement from discontinued operations			
Operating Activities		**(112)**	(130)
Cash movements from discontinued operations investing activities		**–**	(14)
Net (decrease) in cash and cash equivalents from discontinued operations		**(112)**	(144)
Total net (decrease) in cash and cash equivalents	20	**(918)**	(2,083)
Cash and cash equivalents at the beginning of the year		**(2,231)**	(148)
Cash and cash equivalents at the end of the year		**(3,149)**	(2,231)

1. Statement of Accounting Policies

The principal accounting policies applied in the preparation of the Group financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

a) *Basis of Preparation*

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRC Interpretations as adopted by the European Union issued and effective at 1 January 2011 and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The accounting policies which follow set out those policies which apply in preparing financial statements for the Group and the Company.

The preparation of financial statements in conformity with IFRS requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements relate to the following:

- Deferred tax asset – a prudent estimate is made as to the extent that it is possible that future taxable profits will be available to be utilised against unused tax losses; and
- Depreciation of property, plant and equipment – the depreciation policy is calculated by reference to managements estimates of the useful economic life of the property plant and equipment.

The financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

The Group has made a pre-tax loss of £561,000 from continuing operations and the directors have taken this into account when assessing the going concern basis of preparation. The directors are satisfied that taking account of the Group's net assets of £637,000, its bank facilities which have been agreed until March 2013 and the Group's trading and cash forecasts for the next 12 months, that the going concern basis of preparation is appropriate.

Adoption of standards

I. The following standards, amendments and interpretations were mandatory for the Group's accounting period, but are not relevant to the operations of the Group or did not have a material impact on the financial statements:

- IFRS 1 – First time adoption of IFRS
- IAS 32 (Amendment) – Financial instruments presentation
- IFRIC 14 - Prepayments of a minimum funding arrangement
- IFRIC 19 – Extinguishing financial liabilities with equity instruments

II. The following amendment were adopted by the group from January 2011

- IAS 24 (Amendment) – Provides a revised definition of a related party

Other standards, amendments and interpretation that have been issued but that are not yet effective are not expected to have a material impact on the financial statements.

1. Statement of Accounting Policies (continued)

b) Basis of Consolidation

The Group financial statements consolidate the financial statements of RTC Group plc and subsidiaries drawn up to 31 December each year.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies so as to obtain benefit from their activities. Subsidiaries are fully consolidated from the date on which control is transferred until the date that the control ceases. The financial statements of subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting year as the parent company and are based on consistent accounting policies.

The purchase method of accounting is used to account for acquisition of companies by the Group.

The Group has not recorded any non controlling interests in respect of Ganymede Solutions Limited (10%) or Global Choice Limited (25%) as these are not considered material.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.

c) Revenue

Recruitment

Revenue represents fee income derived from permanent and temporary to permanent contract candidate placements made during the year, together with the full value of contract labour supplied excluding value added tax.

Conferencing

Revenue represents

- the sales value of conferencing provided that has occurred during the year, excluding value added tax, and;
- the sales value of rental income received from subletting areas of the conferencing site, excluding VAT.

Consideration received is recognised to the extent that the Group has performed its contractual obligations. Rental income received is recognised on a straight line basis over the lease term.

d) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on a straight line basis in order to write off the cost, less residual value of each asset over its estimated useful life as follows: –

Short term lease improvements	33.3%	per annum or the lease term
Fixtures and office equipment	25.0%	– 33.3% per annum
Motor vehicles	25.0%	– 33.3% per annum

Residual values and remaining useful economic lives are reviewed annually and adjusted if appropriate. Gains and losses on disposal are included in the statement of comprehensive income.

1. Statement of Accounting Policies (continued)

e) *Impairment of assets*

The Group assesses at each statement of financial position date whether there is any indication that any of its assets have been impaired. If any indication exists, the asset's recoverable amount is estimated and compared to its carrying values.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

f) *Inventories*

Inventories are stated at the lower of cost and net realisable value on a first-in-first-out basis. Cost comprises purchase cost of goods, direct labour and those overheads related to manufacture and distribution based on normal activity levels.

g) *Leasing and Hire Purchase Commitments*

Rentals payable under operating leases charged to the statement of comprehensive income on a straight-line basis over the term of the lease. Operating lease incentives are credited to the statement of comprehensive income over the lease term.

h) *Income Taxes*

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that have been enacted or substantively enacted by the statement of financial position date. Income tax is charged or credited directly to equity if it related to items that are credited or charged to equity; otherwise income tax is recognised in the statement of comprehensive income.

i) *Deferred Taxation*

Deferred taxation is provided in full using the statement of financial position liability method. Deferred tax is the future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities shown on the statement of financial position. Deferred tax assets and liabilities are not recognised if they arise in the following situations; the initial recognition of goodwill; or the initial recognition of assets and liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of recovery or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the statement of financial position date.

The Group does not recognise deferred tax liabilities, or deferred tax assets, on temporary differences associated with investments in subsidiaries as it is not considered probable that the temporary differences will reverse in the foreseeable future. It is the Group's policy to reinvest undistributable profits arising in Group companies.

A deferred tax assets is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amount of the deferred tax assets are reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

1. Statement of Accounting Policies (continued)

j) Retirement Benefit

Contributions to money purchase pension schemes are charged to the statement of comprehensive income as they become payable in accordance with the rules of the scheme.

k) Financial Instruments

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

l) Share Based Payments

The Group issues equity settled share based payments to certain employees. Equity settled share based payments are measured at fair value (excluding the effect of non market based vesting conditions) at the date of grant. The fair value determined at the date of the grant of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the Group's estimates of shares that will eventually vest and adjusted for the effect of non market based vesting conditions. The effect of this is shown in note 18.

Fair value is measured by use of a Black-Scholes model.

m) Trade Payables

Trade payables are stated at their original invoiced value. They are recognised on the trade date of the related transaction.

b) Trade Receivables

Trade receivables are stated at their original invoiced value reduced by appropriate allowances for estimated irrecoverable amounts. They are recognised on the trade date of the related transactions. Balances are written off when the probability of recovery is assessed as being remote.

o) Cash and Cash Equivalents

Cash in the statement of financial position comprises cash at bank.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash, net of outstanding overdrafts and amounts due under invoice discounting arrangements.

The overdrafts and invoice discounting arrangements are an integral part of the Group's cash management and are therefore included as cash and cash equivalents.

p) Borrowings

Interest-bearing borrowings are stated at amortised cost.

1. Statement of Accounting Policies (continued)

q) *Foreign Currencies*

Transactions in foreign currencies are recorded in sterling using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into sterling using the rate of exchange ruling at the balance sheet date and any gains or losses on translation are included in the profit and loss account.

r) *Exceptional items*

Exceptional items comprise of amounts that by their nature are non recurring income or expenses of the group.

2. Segmental Analysis

The Group is a provider of Recruitment and Conferencing Services and operates a division for each, made up from a number of legal entities. Segmental information is provided below in respect of Recruitment and Conferencing operations. The Group manages its divisions, the trading performance and working capital by monitoring operating profit before exceptional items and centrally manages Group taxation, capital structure and spend, including net equity and net debt.

The Conferencing division services are wholly provided in the UK. A growing proportion of the Recruitment division revenues now derive from overseas activities (see note 3).

Revenues are generated from permanent and temporary recruitment in the Recruitment division and from the provision of a conferencing and hotel facility in Derby for the Conferencing division.

All revenues have been invoiced to external customers. Revenues of £7.1m (2010: £2.2m) in the recruitment division were derived from a single external customer.

The segmental analysis of revenue, gross margin, operating profit before exceptional goodwill write off and net assets is as follows: -

	2011	2010
	£'000	£'000
Revenue		
Recruitment	**27,756**	18,344
Conferencing	**1,763**	1,295
	29,519	19,639
Gross Margin		
Recruitment	**2,964**	2,356
Conferencing	**1,038**	563
	4,002	2,919
Operating profit/(loss) from continuing operations before exceptional items		
Recruitment	**211**	210
Conferencing	**35**	(277)
Group costs	**(333)**	(425)
	(87)	(492)

2. Segmental Analysis (continued)

	2011 £'000	2010 £'000
Other information		
Depreciation:		
Recruitment	**68**	86
Conferencing	**88**	122
	156	208
Capital expenditure:		
Recruitment	**106**	24
Conferencing	**68**	14
	174	38

	2011 £'000 Assets	2011 £'000 Liabilities	2011 £'000 Net	2010 £'000 Assets	2010 £'000 Liabilities	2010 £'000 Net
Recruitment	**5,828**	**(5,555)**	**273**	4,548	(3,977)	571
Conferencing	**604**	**(305)**	**299**	403	(212)	191
Non-trading/Group	**449**	**(385)**	**64**	195	(108)	87
Continuing	**6,881**	**(6,245)**	**636**	5,146	(4,297)	849
Discontinued						
Recruitment	**1**	**–**	**1**	–	–	–
Training	**–**	**–**	**–**	–	–	–
Total	**6,882**	**(6,245)**	**637**	5,146	(4,297)	849

3. Revenue

	2011 £'000	2010 £'000
The geographical analysis of revenue is as follows:		
United Kingdom	**22,431**	17,205
Rest of the world	**7,088**	2,434
	29,519	19,639

4. Loss on Group Operations before Exceptional Items

	2011 £'000	2010 £'000
Profit on Group operations before exceptional items for the year is stated after charging:-		
Depreciation of owned tangible fixed assets	**156**	208
Fees payable to the company's auditor for the audit of the company's annual accounts	**14**	12
Fees payable to the company's auditor for other services:-		
– the audit of the company's subsidiaries pursuant to legislation	**29**	31
– other services relating to taxation	**6**	5
– corporate finance services	**5**	5
Operating lease expense in respect of:-		
– land and buildings	**288**	417
Exchange losses	**274**	–

5. Loss from Discontinued Operations

In August 2011, the Board decided to discontinue the activity of Global Choice Recruitment Ltd. (2010: on 25 June 2010, the Board decided to discontinue funding the Group's Training Division and hence the Board of Catalis Limited put this company into administration). The loss for the discontinued operations is stated after charging:

	2011 £'000	2010 £'000
Revenue	**76**	1,458
Cost of sales	**(109)**	(1,044)
Gross Profit/(loss)	**(33)**	414
Administrative expenses – normal	**(79)**	(694)
Operating loss	**(112)**	(280)
Financing income/(expense)	**–**	–
Loss on ordinary activities before taxation	**(112)**	(280)
Attributable income tax expense	**–**	–
Loss on disposal of discontinued operations	**–**	(244)
Net loss attributable to discontinued operations	**(112)**	(524)

5. Loss from Discontinued Operations (continued)

Details of net assets disposed as a result of the administration of Catalis Limited and the associated loss for the period resulting from this are as follows:

	2011 £'000	2010 £'000
Non current assets		
Property plant and equipment	–	202
Current assets	–	321
Current liabilities	–	(279)
Net assets disposed of	–	244
Consideration	–	–
Loss on disposal	–	(244)

6. Directors' Emoluments

	2011 £'000	2010 £'000
Total emoluments (excluding pension contributions)	313	277
Pension contributions	48	34

	Salary and taxable benefits 2011 £'000	Pension contributions 2011 £'000	Total 2011 £'000	Salary and taxable benefits 2010 £'000	Pension contributions 2010 £'000	Total 2010 £'000
A M Pendlebury	152	35	187	155	31	186
W J C Douie	35	–	35	91	–	91
G Hewett	62	8	70	–	–	–
A Bailey	56	5	61	–	–	–
J T White	8	–	8	–	–	–
JM Kendall	–	–	–	31	3	34
	313	48	361	277	34	311

The interests of the directors, who served during the year, in the ordinary shares of the Company at the start and end of the year were as follows: –

	2011	2010
W J C Douie	2,074,698	1,385,606
A M Pendlebury	1,115,175	615,175
G Hewett	533,130	164,800
A Bailey	589,388	256,058
J T White	2,057,142	–

6. Directors' Emoluments (continued)

Details of the options of directors who served during the year are as follows:

	Number of options	Exercise price	Exercisable to
Approved EMI scheme			
W J C Douie	50,000	55.5p	4 June 2016
A M Pendlebury	194,175	51.5p	1 October 2017
	51,282	39.0p	7 May 2018
Unapproved scheme			
A M Pendlebury	133,825	51.5p	1 October 2017
	67,022	39.0p	7 May 2018

The market price of the Company's shares on 31 December 2011 was 8.75p and the highest and the lowest share prices during the year were 10.0p and 5.0p respectively.

No directors' share options were exercised during the year.

7. Staff Numbers and Costs

	2011 Number	2010 Number
The number of employees can be categorised as follows:–		
Sales and marketing	**63**	66
Administration	**29**	34
Direct labour	**81**	55
	173	155
	£'000	£'000
Staff costs comprise:–		
Wages and salaries	**4,514**	4,240
Social security costs	**438**	429
Share based payments	**3**	(8)
Other pension costs	**85**	76
	5,040	4,737

8. Exceptional Administrative Costs

	2011 £'000	2010 £'000
Profit on disposal of property plant and equipment	–	121
Reorganisation costs	–	(63)
Provision for bad debt	(378)	–
	(378)	58

As further explained in the Chairman's statement, during the year the Group has experienced a non recurring bad debt of £378,000, including legal fees to date, from an isolated customer.

9. Finance Cost

	2011 £'000	2010 £'000
Interest charge on invoice discounting arrangements and overdrafts	96	18
	96	18

10. Income Tax

	2011 £'000	2010 £'000
Continuing operations		
Analysis of tax :–		
Current Tax		
UK corporation tax	–	–
Adjustment in respect of previous periods	–	(3)
	–	(3)
Deferred Tax		
Origination and reversal of temporary differences	(62)	–
Adjustment in respect of previous periods	–	(15)
Tax	(62)	(18)

10. Income Tax (continued)

Factors affecting the tax expense:

The tax assessed for the year is greater than would be expected by multiplying profit on ordinary activities by the standard rate of corporation tax in the UK of 26.5 % (2010: 28%). The differences are explained below:-

	2011 £'000	2010 £'000
(Loss)/profit on ordinary activities before tax	**(561)**	(452)
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26.5% (2010: 28%)	**(149)**	(126)
Non deductible expenses	**21**	46
Losses carried forward	**66**	80
Adjustment in respect of previous periods	**–**	(18)
Income Tax credit for the year	**(62)**	(18)

Factors that may affect future tax charges

Estimated losses available to offset against future taxable profits on continuing operations in the UK amount to approximately £1,329,000 (2010: £1,066,000). The Chancellor of the Exchequer has announced that the rate of corporation tax will be reduced each year until 2014 when it will remain at 22%. In accordance with relevant accounting standards, calculation of the deferred tax asset is based on a tax rate of 25%, being the rate which was enacted at the year end date.

11. Basic and Diluted Loss Per Share

The calculation of basic and diluted loss per share from continuing operations is based on the after tax loss of £499,000 (2010: £434,000) and a weighted average of 11,974,276 (2010: 9,022,564) shares in issue.

The calculation of basic and diluted loss per share from discontinued operations is based on a loss after tax expense of £112,000 (2010: loss £524,000) and a weighted average of 11,974,276 (2010: 9,022,564) shares in issue.

The calculation of basic and diluted loss per share is based on the after tax loss of £611,000 (2010: £958,000) and a weighted average of 11,974,276 (2010: 9,022,564) shares in issue.

Details of share options in place can be found in note 18. The outstanding share options were not considered to be dilutive in 2011 or 2010.

12. Property Plant & Equipment

Year ended 31 December 2011

	Short leasehold improvements £'000	Fixtures and equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 January 2011	418	1,326	40	1,784
Additions	–	174	–	174
Disposals	–	(5)	–	(5)
At 31 December 2011	418	1,495	40	1,953
Accumulated depreciation				
At 1 January 2011	372	1,105	28	1,505
Depreciation	10	143	3	156
Disposals	–	–	–	–
At 31 December 2011	382	1,248	31	1,661
Carrying value				
At 31 December 2011	36	247	9	292
At 1 January 2011	46	221	12	279

	Short leasehold improvements £'000	Fixtures and equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 January 2010	442	5,207	92	5,741
Additions	8	25	5	38
Disposals	(32)	(3,906)	(57)	(3,995)
At 31 December 2010	418	1,326	40	1,784
Accumulated depreciation				
At 1 January 2010	410	4,563	77	5,050
Depreciation	12	193	3	208
Disposals	(50)	(3,651)	(52)	(3,753)
At 31 December 2010	372	1,105	28	1,505
Carrying value				
At 31 December 2010	46	221	12	279
At 1 January 2010	32	644	15	691

There is a charge over Group's fixed assets in respect of the Group's overdraft and invoice discounting facilities.

There were no contractual commitments for the acquisition of property, plant and equipment at the year end date (2010 Nil).

13. Deferred Tax Asset

	2011 £'000	2010 £'000
At 1 January 2011	**70**	55
Credit to the statement of comprehensive income for the year	**62**	15
At 31 December 2011	**132**	70

The deferred tax asset is analysed as:

	2011 £'000	2010 £'000
Recognised		
Accelerated capital allowances	**142**	57
Short-term temporary differences	**(10)**	13
	132	70

	2011 £'000	2010 £'000
Unrecognised		
Tax losses carried forward	**332**	288

Tax losses carried forward have not been recognised due to uncertainty over the availability of future taxable income in the related trading subsidiary against which the asset can be utilised.

14. Inventories

	2011 £'000	2010 £'000
Food, drink and goods for resale	**14**	10
	14	10

15. Trade and Other Receivables

	2011 £'000	2010 £'000
Amounts falling due within one year		
Gross trade receivables	**5,656**	4,191
Provisions	**(62)**	(3)
Net trade receivables	**5,594**	4,188
Corporation tax	**–**	–
Other receivables and prepayments	**850**	599
	6,444	4,787

Allowances for credit losses on trade receivables (provision for doubtful debt)

	2011 £'000	2010 £'000
Allowances as at 1 January	**3**	44
Additions – charged to statement of comprehensive income	**81**	46
Allowances used	**(19)**	(34)
Allowances reversed	**(3)**	(53)
Allowances as at 31 December	**62**	3

An analysis of aged debtors past due but not provided is shown below

	Total £'000	Current £'000	Past due by 30 days or less £'000	Past due between 31 to 60 days £'000	Past due over 61 days £'000
2011 Trade receivables	**5,594**	**3,492**	**1,077**	**421**	**604**
2010 Trade receivables	4,188	2,790	1,098	240	60

The Company does not hold any collateral in respect of the above balances.

16. Liabilities

	2011 **£'000**	2010 £'000
Trade and other payables		
Trade payables	**388**	161
Other taxes and social security costs	**1,191**	803
Other payables and accruals	**1,517**	1,102
	3,096	2,066

	2011 **£'000**	2010 £'000
Borrowings:		
Bank overdrafts and invoice discounting arrangements	**3,149**	2,231
	3,149	2,231

Maturity of trade payables is between one and three months.

During the year the Group has used its bank overdraft and invoice discount facility, which is secured by a cross guarantee and debenture over all companies. There have been no defaults or breaches of interest payable during the current or prior year.

17. Share Capital

	2011 **£'000**	2010 £'000
Allotted, issued and fully paid – ordinary shares of 1p each:		
As at 1 January 2011 9,022,564 shares (2010: 9,022,564 shares)	**90**	90
Issued during the year 4,489,062 shares (2010: Nil shares)	**45**	–
As at 31 December 2011 13,511,626 shares (2010: 9,022,564 shares)	**135**	90

On 6 May 2011 1p shares were issued for total consideration net of expenses of £396,000. This resulted in a premium of £351,000 being recognised in the share premium account.

In accordance with its articles of association RTC Group Plc has no limit on its authorised share capital.

18. Share Options

The share options under each of the schemes remaining are as follows: -

Year	As at 1 January 2011	No of Options Granted in 2011	Lapsed in 2011	As at 31 December 2011	Option Price	Exercise Period
Approved EMI						
2002	10,000	–	–	10,000	96.1p	July 2005 to July 2012
2003	1000	–	–	1,000	91.0p	May 2006 to May 2013
2007	10,000	–	10,000	–	53.0p	May 2010 to May 2017
2007	55,000	–	5,000	50,000	55.5p	June 2010 to June 2017
2007	194,175	–	–	194,175	51.5p	October 2010 to October 2017
2008	51,282	–	–	51,282	39.0p	May 2011 to May 2018
Unapproved						
2007	133,825	–	–	138,825	51.5p	October 2010 to October 2017
2008	67,022	–	–	67,022	39.0p	May 2011 to May 2018

Share options outstanding at 31 December 2011 had a weighted average exercise price of 49,9p, and a weighted average remaining contractual life of 7 years.

The share options remaining at 31 December 2010 under each of the schemes were as follows:-

Year	As at 1 January 2011	No of Options Granted in 2011	Lapsed in 2011	As at 31 December 2011	Option Price	Exercise Period
Approved EMI						
2000	4,348	–	4,348	–	69.0p	May 2003 to May 2010
2001	5,000	–	5,000	–	57.5p	September 2004 to September 2011
2002	25,000	–	15,000	10,000	96.1p	July 2005 to July 2012
2003	58,000	–	57,000	1,000	91.0p	May 2006 to May 2013
2004	4,000	–	4,000	–	114.5p	May 2007 to May 2014
2005	10,000	–	10,000	–	97.5p	June 2008 to June 2015
2007	20,000	–	10,000	10,000	53.0p	May 2010 to May 2017
2007	108,652	–	53,652	55,000	55.5p	June 2010 to June 2017
2007	246,117	–	51,942	194,175	51.5p	October 2010 to October 2017
2008	67,734	–	16,452	51,282	39.0p	May 2011 to May 2018
Unapproved						
2007	145,883	–	12,058	133,825	51.5p	October 2010 to October 2017
2008	67,022	–	–	67,022	39.0p	May 2011 to May 2018

	2011 £'000	2010 £'000
Total expense/(income) recognised in the statement of comprehensive income in respect of share based payment	**3**	(8)

19. Reconciliation of Net Cash flow to Movements in Net Funds

	2011 £'000	2010 £'000
(Decrease) in cash in the year	**(918)**	(2,083)
Cash outflow from changes in debt and lease financing	**–**	–
Movement in net funds in the year	**(918)**	(2,083)
Net (debt) at 1 January 2011	**(2,231)**	(148)
Net debt at 31 December 2011	**(3,149)**	(2,231)

20. Analysis of Net Debt

	At 1 January 2011 £'000	Cash Flows £'000	Other non cash movements £'000	At 31 December 2011 £'000
Cash at bank and in hand	–	–	–	–
Bank overdraft and proceeds of factored debts	(2,231)	(918)		(3,149)
Net debt	(2,231)	(918)	–	(3,149)

21. Financial Instruments

Treasury activities take place under procedures and policies approved by and monitored by the Board. They are designed to minimise the financial risks faced by the Group.

Interest rate risk

The Group has financed its operations through a mixture of retained profits and bank borrowings and has sourced its main borrowings through a variable rate overdraft facility and an invoice discounting facility. The group manages its exposure to interest rate risk by the use of interest rate hedging instruments if the exposure is considered significant. Given the level of net debt during the year, the impact of a 2% increase or decrease in the rate of interest rates is not considered material and as such hedging instruments have not been used.

Liquidity risk

The Group seeks to mitigate liquidity risk by effective cash management. The Group's policy throughout the year has been to ensure the continuity of funding by the use of an overdraft facility and an invoicing discount facility as required.

Credit risk

The Group extends credit to recognised creditworthy third parties. Trade receivable balances are monitored to minimise the Group's exposure to bad debts. Individual credit limits are set based on internal or external ratings in accordance with limits set by the board. Independent credit ratings are used if available to set suitable credit limits. If there is no independent rating, the board assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. At the year end none of the trade receivable balances that were not past due or specifically provided against exceed set credit limits and management does not expect any losses from non-performance by these counterparties. Credit risk also arises from cash and cash equivalents deposited with financial institutions. The Group deposits its surplus funds with only high quality banks and financial institutions with a minimum independent credit rating of A1. Such deposits have a maturity of no more than one month. The maximum exposure to credit risks is the total of the financial assets set out below.

21. Financial Instruments (continued)

Foreign currency risk

The Group incurs costs and generates revenues denominated in currencies other than sterling. As a result the value of the Group's non sterling revenues, costs, financial assets and cash flows can be affected by movements in exchange rates, in particular the dollar and euro exchange rates. The Group's objective in managing the currency exposure is to match revenues and expenses at similar exchange rates.

Borrowing facilities

The Group has an invoice discounting facility of £5.2m (2010: £4.2m) and an overdraft facility of £50,000 (2010: £50,000).

There have been no changes in the financial risks from the previous year.

The Group has the following financial assets:

- Trade receivables (see note 15)
- Other debtors excluding prepayments of £656,000 (2010: £386,000)

Each of the financial assets would be classified as loans and receivables under the relevant IAS 39 category.

The Group's financial liabilities consist of Trade and other payables and would be classified as financial liabilities at amortised cost under the relevant IAS 39 category.

There is no difference between the fair value and carrying value of financial instruments.

22. Contingent Liability

The Company has entered into a cross guarantee and debenture charge with the Group's bankers in respect of net £50,000 (2010: £50,000) overdraft facilities extended to certain of the Company's subsidiaries.

23. Operating Lease Commitments

As a lessee the future minimum lease payments under non-cancellable operating leases on land and buildings expiring:–

	2011 £'000	2010 £'000
Within one year	**297**	162
Between one and two years	**213**	179
Between two and five years	**233**	260
After five years	**1,600**	1,794
	2,343	2,395

The leasing arrangements are for office space for the Group Head Office in Derby and a network of regional offices.

Total future sublease receivables relating to the above operating leases amount to £1.48m (2010: £1.85m).

24. Retirement Benefit Obligations

The Group operates money purchase pension schemes for eligible employees. The total pension cost for the Group for the year ended 31 December 2011 for the schemes was £81,000 (2010: £55,000) and as at 31 December 2011 there were contributions of £14,000 (2010: £23,000) outstanding.

25. Related Party Transactions

RTC Group Plc is the parent company of the Group that includes the following trading entities that have been consolidated:

ATA Management Services Limited
ATA Recruitment Limited
The Derby Conference Centre Limited
Ganymede Solutions Limited
Global Choice Recruitment Limited

The Group, as permitted by the scope paragraph of IAS 24, Related Party Disclosures, has not disclosed transactions with other group companies that are eliminated on consolidation in the Group financial statements.

The directors consider that the key management personal are the group directors as listed in note 6.

Key management costs to the group for the year comprise:

Salary and benefits £340,000 (2010: £309,000)
Pension costs £48,000 (2010: £34,000)

26. Capital Management

The Group's objectives when managing capital are:

- To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders, and
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk

The Group uses its overdraft and invoice discounting facilities to manage its short term working capital requirements and has a policy of not having a long use of finance leases.

The Group manages the capital structure and ratio of debt to equity and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group return capital to shareholders, issue new shares, or sell assets to reduce debt.

Company Balance Sheet

As at 31 December 2011

Registered Number: 2558971

	Notes	2011 £'000	2010 £'000
Assets			
Fixed assets			
Investments	C	**7**	25
Current assets			
Debtors	D	**1,504**	1,222
Cash and cash equivalents			
		1,504	1,222
Creditors			
Amounts falling due within one year	E	**(226)**	(111)
Net current assets		**1,278**	1,111
Net assets		**1,285**	1,136
Equity attributable to equity holders of the parent			
Share capital	H	**135**	90
Share premium	F	**2,468**	2,117
Capital redemption reserve		**50**	50
Share based payment reserve	F	**30**	28
Profit and loss account	F	**(1,398)**	(1,149)
Total equity	G	**1,285**	1,136

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 17 May 2012 by:

A Bailey *Director*

A M Pendlebury *Director*

A. Accounting Policies

RTC Group plc ("the Company") was incorporated and is domiciled in the United Kingdom. Its registered office and principal place of business is The Derby Conference Centre, London Road, Derby, DE24 8UX and its registered number 2558971.

(a) Accounting Convention

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom Generally Accepted Accounting Practice ('United Kingdom Accounting Standards and applicable law').

The Company has taken advantage of the exceptions in FRS 8 and has not disclosed related party transactions with Group companies that are wholly owned.

(b) Investments

Shares in subsidiary companies are stated at cost less provision for any impairment in value.

(c) Deferred Taxation

As required by Financial Reporting Standard 19 'Deferred Tax', full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation, except for those timing differences in respect of which the standard specifies that deferred tax should not be recognised. Deferred tax assets are recognised to the extent that there are more likely than not anticipated to be sufficient profits against which the asset can be relieved. Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse. Deferred tax is not discounted.

(d) Pension Costs

Contributions to money purchase pension schemes are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

(e) Financial Instruments

The only financial instruments held by the Company are Sterling financial assets and liabilities. They have been included in the financial statements at their undiscounted respective asset or liability values.

(f) Shared Based Payments

The Company has applied the requirements of Financial Reporting Standard 20 Share Based Payments – as detailed in note 18 of the consolidated accounts.

The Company issues equity settled share based payments to certain employees. Equity settled share based payments are measured at fair value (excluding the effect of non market based vesting conditions) at the date of grant. The fair value determined at the date of the grant of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimates of shares that will eventually vest and adjusted for the effect of non market based vesting conditions. The effect of this is shown in note 18.

Fair value is measured by use of a Black-Scholes model.

B. Company Profit and Loss Account

The Company has not presented its own profit and loss account as permitted by Section 408 of the Companies Act 2006. The Company's loss after taxation for the year amounted to £249,000 (2010: loss of £501,000).

C. Investments

	2011 £'000	2010 £'000
Shares in subsidiary undertakings – Company		
Cost at 1 January	**1,553**	1,553
Investment in subsidiary company	**–**	
Cost at 31 December	**1,553**	1,553
Provision for impairment at 1 January	**1,528**	1,528
Charge in the Year	**18**	–
Provision for impairment at 31 December	**1,546**	1,528
Net Book Value at 31 December	**7**	25

With the exception of the Ganymede Solutions Limited (90% owned) and Global Choice Recruitment Limited (80% owned), at 31 December 2011 the Company held the entire share capital of the following subsidiary undertakings, which are incorporated in England and Wales and operate in the United Kingdom.

	Business activities
ATA Management Services Limited	Management Services
ATA Recruitment Limited	Recruitment
The Derby Conference Centre Limited	Conferencing Services
Ganymede Solutions Limited	Labour supply
Global Choice Recruitment Limited	Recruitment

Subsidiary undertakings that are dormant have not been included in the above list.

D. Debtors

	2011 £'000	2010 £'000
Amounts falling due within one year		
Amounts owed by group undertakings	**1,476**	1,196
Deferred tax asset	**3**	3
Other debtors and prepayments	**25**	23
	1,504	1,222

There is an unrecognised deferred tax assets in relation to tax losses carried forward of £87,000 (2010: £84,000). The amount has not been recognised due to uncertainty over the availability of future taxable income against which these can be utilised.

E. Creditors – Amounts Falling Due Within One Year

	2011 £'000	2010 £'000
Trade and other payables		
Bank loans and overdraft	175	85
Amounts owed to group undertakings	–	2
Other taxes and social security costs	18	5
Other creditors and accruals	33	19
	226	111

Details of the security provided in respect of the bank loans and overdrafts is provided in note 16.

F. Reserves Reconciliation

	Share premium £'000	Share based payment reserve £'000	Profit and loss account £'000
At 1 January 2011	2,117	28	(1,149)
Shares issued in year (net of expenses)	351	–	–
(Loss) for the year	–	–	(249)
Share based payment reserve	–	2	–
At 31 December 2011	2,468	30	(1,398)

G. Shareholders' Funds

	2011 £'000	2010 £'000
Shareholders' deficit at 1 January 2011	1,136	1640
Issue of shares	396	–
(Loss) for the year	(249)	(501)
Share based payment	2	(3)
Shareholders' deficit at 31 December 2011	1,285	1,136

H. Share Capital

	2011 £'000	2010 £'000
Allotted, issued and fully paid – ordinary shares of 1p each:		
As at 1 January 2011, 9,022,564 shares (2010: 9,022,564 shares)	90	90
Issued during the year 4,489,062 shares (2010: Nil Shares)	45	–
As at 31 December 2011 13,511,626 shares (2010: 9,022,564 shares)	135	90

I. Financial Instruments

Treasury activities take place under procedures and policies approved by and monitored by the Board. They are designed to minimise the financial risks faced by the Company, which arise primarily from interest rate and liquidity risk which are consistent with the group exposures as disclosed in note 21.

Appendix 1 — Five-Year Record

	2007 £'000	2008 £'000	2009 £'000	2010 £'000	**2011** **£'000**
Revenue	23,615	25,848	16,380	19,639	**29,519**
Cost of Sales	(18,379)	(20,664)	(14,210)	(16,720)	**(25,517)**
Gross Profit	5,236	5,184	2,170	2,919	**4,002**
Administrative expenses – normal	(4,489)	(4,651)	(3,320)	(3,411)	**(4,089)**
Operating profit/(loss) before exceptional items	747	533	(1,150)	(492)	**(87)**
Administrative income/(expense) – exceptional	–	(250)	(674)	58	**(378)**
Financial income/(expense)	(1)	12	(5)	(18)	**(96)**
Profit/(loss) before tax	746	295	(1,829)	(452)	**(561)**
Income tax (expense)/credit	(248)	(157)	40	18	**62**
Net profit/(loss) from continuing operations	498	138	(1,789)	(434)	**(499)**
Loss from discontinued operations	–	–	(556)	(524)	**(112)**
Total comprehensive expense for the period	498	138	(2,345)	(958)	**(611)**
Earnings/(loss) per share – continuing and discontinued operations (in pence)	6.07	1.58	(25.99)	(10.62)	**(5.10)**

This summary does not form part of the audited accounts.

Figures for 2007 and 2008 include the discontinued activity of Catalis Limited which is shown as discontinued operations in 2009, 2010 and 2011. Global Choice Recruitment Limited is shown as discounted in 2009, 2010 and 2011.

Appendix 2 — Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of RTC Group Plc will be held at the offices of Lawrence Graham LLP, 4 More London Riverside, London, SE1 2AU on 27 June 2012 at 12.00 noon for the following purpose: -

To consider, and if thought fit, pass the following resolutions which will be proposed as to resolutions 1 to 5 as ordinary resolutions and as to resolutions 6 and 7 as special resolutions:

1. To receive and adopt the Directors' and Auditors' Report and the Financial Statements for the year ended 31 December 2011.

2. To receive and approve the Remuneration Report for the year ended 31 December 2011.

3. To re-elect AM Pendlebury, a director of the company, who retires by rotation, as a director of the Company.

4. To re-appoint PKF (UK) LLP as auditors to the Company until the conclusion of the next Annual General Meeting, and to authorise the Directors to fix their remuneration.

5. THAT in substitution of all previous authorities to the extent unused, the Directors be and are hereby generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 ('the Act'), to exercise all the powers of the Company to allot shares in the Company and grant rights to subscribe for or to convert any securities into shares in the Company up to an aggregate nominal amount (within the meaning of sections 551(3) and (6) of the Act) of £40,535, this authority to expire 15 months after the passing of this resolution or the conclusion of the Annual General Meeting to be held in 2012 (whichever is earlier) unless previously renewed, varied or revoked by the Company in general meeting, save that the Company may before such expiry make an offer or agreement which would or might require shares in the Company to be allotted or rights to subscribe for or to convert any securities into shares in the Company to be granted after such expiry and the directors may allot shares in the Company or grant rights to subscribe for or to convert any securities into shares in the Company in pursuance of any such offer or agreement as if the authority conferred hereby had not expired.

6. THAT, subject to the passing of Resolution 5 above, the Directors be and are hereby generally and unconditionally empowered pursuant to sections 570 and 573 of the Act to allot equity securities (within the meaning of section 560 of the Act) wholly for cash pursuant to the authority conferred by Resolution 5 above as if section 561 of the said Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

   (a) in connection with a rights issue, open offer or any other pre-emptive offer in favour of ordinary shareholders (excluding any shareholder holding shares as treasury shares) but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements, record dates, legal or practical problems arising in, or pursuant to, the laws of any overseas territory, the requirements of any regulatory body or stock exchange or any other matter whatsoever; and

   (b) otherwise than pursuant to paragraph 6 (a) above, up to an aggregate nominal amount of £40,534,88, provided that this power shall expire 15 months after the passing of this resolution or the conclusion of the Annual General Meeting of the Company to be held in 2013, (whichever is earlier) unless previously renewed, varied or revoked by the Company in general meeting, save that the Company may before such expiry make any offer or agreement which would or might require equity securities to be allotted after such expiry and notwithstanding such expiry and the directors may allot equity securities, in pursuance of such offer or agreement as if this power had not expired.

Appendix 2 — Notice of Annual General Meeting

7. THAT the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Act to make market purchases (as defined in section 693(4) of the Act) of ordinary shares of 1p each in the capital of the Company provided that:

   (a) the maximum number of ordinary shares 1p each in the capital of the Company hereby authorised to be acquired is 1,351,163;

   (b) the minimum price (exclusive of all expenses) which may be paid for such shares is 1p per share;

   (c) the maximum price which may be paid for such shares is, in respect of a share contracted to be purchased on any day, an amount equal to 105 per cent of the average of the middle-market prices shown in the quotations for ordinary shares of the Company in the Daily Official List of the London Stock Exchange on the five business days immediately preceding the day on which the share is contracted to be purchased;

   (d) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting following the date upon which this resolution was passed or 15 months following the date upon which this resolution was passed (whichever is earlier); and

   (e) the Company may contract to purchase its own shares under the authority hereby conferred prior to the expiry of such authority, which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own shares in pursuant of any such contract.

By Order of the Board

17 May 2012
Registered Office:
The Derby Conference Centre
London Road
Derby
DE24 8UX

NOTES:

1. Only those members registered on the Company's register of members at
   - 12 noon on 25 June 2012; or
   - if this meeting is adjourned, two days prior to the adjourned meeting;

   shall be entitled to attend and vote at the Meeting
2. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and, on a poll, vote in his/her stead. A proxy need not be a member of the Company. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A member of the Company may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member is not entitled to appoint more than one proxy to exercise rights attached to any one share. Please contact the Company's Registrar if you wish to appoint more than one proxy.
4. A proxy form for use in connection with the meeting accompanies this report and accounts. Additional copies may be obtained from the registered office. The proxy form and any power of attorney under which it is signed must be lodged at the address printed on the proxy form not less than 48 hours before the time appointed for holding the meeting. The fact that members may have completed forms of proxy will not prevent them from attending and voting in person should they afterwards decide to do so.
5. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).
6. Copies of the Directors' service contracts, copies of letters of appointment between the Company and the Non-Executive Director and a copy of the existing Memorandum and Articles may be inspected during usual business hours on any weekday (public holidays excepted) at the registered office from the date of this Notice of Annual General Meeting until the date of the Meeting and at the place of the Meeting from 11.45 a.m. until the Meeting's conclusion.

Shareholder Notes

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