RTC GROUP

RECRUITMENT, TRAINING & CONFERENCING

INTERIM REPORT
2010

Chairman's Statement

I am pleased to present the interim report of the Company for the six months to 30 June 2010.

Group

The period has been one of exceptional change. Following the difficult trading conditions experienced in 2009, markets have begun to stabilise across many areas of the economy with the exception of Rail. There has been increasing evidence, even before the election of the present Government, that many projects to renew and improve the National Railway Infrastructure have been delayed, postponed or even cancelled. Expenditure in the industry has been focused on maintenance, now largely handled by Network Rail internally. As a consequence, after a reasonable start to the year affected only by inclement weather conditions in January, during the second quarter demand for training products offered by Catalis suffered a further significant drop during the second quarter confirming our view that increases in activity from similar markets were vital to ensure continuing viability. The only possible way to achieve an adequate result in an acceptable timescale was to offer Catalis for sale to other organisations involved in similar activities to achieve rationalisation benefits and economies of scale.

Accordingly, agents were appointed to find a buyer and heads of terms were agreed for a sale. Given the severe volatility in the sector and the potential exposure to pension liability and service rights, the sale of the business was not possible.

Given these circumstances and the potential impact on the wider Group, the Board felt unable to continue to fund the Catalis operation and there was no alternative other than to appoint an Administrator.

Since the period end, the Administrator has succeeded in selling the trade and assets of Catalis to a third party who will continue the trade from all premises, including London Road Derby and Clapham, through separate long-term agreements between the buyer and the RTC Group.

Trading

General

As presaged in our Report and Accounts in March, trading conditions have remained difficult. Accordingly, as expected, losses have been incurred in the first six months of 2010. As outlined above, a significant proportion of those losses have arisen in Catalis and are treated as discontinued. Excluding those, the only remaining material negatives have occurred in The Derby Conference Centre.

Chairman's Statement
continued

Recruitment
Although the last two year period has been extremely difficult, during that time development of all sections of our recruitment business has continued steadily. In particular, our Vertical division has continued to expand and grow both sectorially and geographically, and with significant UK and overseas revenue, is set to continue in the near to medium term. Our Vertical business now forms the largest element of our recruitment portfolio. The traditional Branch business, mainly serving SMEs, has retrenched in the face of a continually subdued UK SME marketplace. Cost control and efficiency measures were implemented to limit damage to the business. The branch network has also been refined and is now well placed to serve a recovering market.

Training
The Group is no longer involved in Training.

Conferencing
The Derby Conference Centre, after a major efficiency drive, has succeeded in achieving a sound cost base from which to build and is now enjoying a steady increase in sales. Revenues from Catalis, now under new ownership, have been secured for the immediate future.

Dividends
Your directors consider that it would be inappropriate to declare an interim dividend.

Outlook & Strategy
Although there remain challenges in the SME marketplace, all of our recruitment activities are in good fettle and are making good progress towards significant recovery. We have succeeded in securing a significant contract from our recently established office in India to supply contract labour for reconstruction activities in specific countries and are hopeful that further similar contracts will enhance revenues going forward.

The discontinuation of our Training activities has removed a significant threat to our return to good profitability.

Although there are still many uncertainties in the near future, we believe that we have dealt with the major problems at the Derby Conference Centre, we are now less vulnerable to trading setbacks and we are confident that we are well placed to continue our expansion in recruitment worldwide.

WJC Douie
Chairman
28 September 2010

Consolidated Statement of Comprehensive Income

	Notes	**6 Months to 30 June 2010 (unaudited) £'000**	6 Months to 30 June 2009 (unaudited) £'000	12 Months to 31 Dec 2009 £'000
Revenue	2	**8,541**	8,316	16,479
Cost of sales		**(7,416)**	(7,500)	(14,291)
Gross profit	2	**1,125**	816	2,188
Administrative expenses – normal		**(1,500)**	(1,618)	(3,341)
Operating loss before exceptional items	2	**(375)**	(802)	(1,153)
Administrative expenses – exceptional impairment of goodwill		**–**	–	(674)
Operating loss after exceptional items		**(375)**	(802)	(1,827)
Financing income/(expense)		**(6)**	–	(5)
Loss on ordinary activities before taxation		**(381)**	(802)	(1,832)
Income tax expense	3	**–**	–	40
Net loss from continuing operations		**(381)**	(802)	(1,792)
Loss from discontinued operations – loss from the period	4	**(526)**	(394)	(553)
Other comprehensive income		**–**	–	–
Total comprehensive expense for the period		**(907)**	(1,196)	(2,345)
Loss per share – continuing operations (pence)	6	**(4.22)**	(8.89)	(19.86)
Loss per share – discontinued operations (pence)	6	**(5.83)**	(4.37)	(6.13)
Loss per share – continuing and discontinued operations (pence)	6	**(10.05)**	(13.26)	(25.99)

There is no dilutive impact of share options.

Consolidated Statement of Financial Position

	As at 30 June 2010 (unaudited) £'000	As at 30 June 2009 (unaudited) £'000	As at 31 Dec 2009 £'000
Assets			
Non-current			
Goodwill	**–**	674	–
Property, plant and equipment	**361**	748	691
Deferred tax asset	**70**	73	55
	431	1,495	746
Current			
Inventories	**10**	12	9
Trade and other receivables	**3,312**	3,011	2,919
Cash and cash equivalents	**194**	1	505
	3,516	3,024	3,433
Total assets	**3,947**	4,519	4,179
Liabilities			
Current			
Trade and other payables	**(1,755)**	(1,558)	(1,711)
Current borrowings	**(1,271)**	–	(653)
Tax liabilities	**(13)**	(2)	–
Total liabilities	**(3,039)**	(1,560)	(2,364)
Net assets	**908**	2,959	1,815
Equity			
Called up share capital	**90**	90	90
Share premium account	**2,117**	2,117	2,117
Capital redemption reserve	**50**	50	50
Share-based payment reserve	**38**	33	38
Retained earnings	**(1,387)**	669	(480)
Total equity	**908**	2,959	1,815

Consolidated Statement of Cash Flows

	Notes	**6 Months to 30 June 2010 (unaudited) £'000**	6 Months to 30 June 2009 (unaudited) £'000	12 Months to 31 Dec 2009 £'000
Operating activities				
Operating loss		**(375)**	(802)	(1,827)
Employee equity settled share options		**–**	–	5
Depreciation of property, plant and equipment		**100**	94	203
Profit/(loss) on sale of property, plant and equipment		**–**	–	4
Impairment of goodwill		**–**	–	674
Change in inventories		**1**	(4)	1
Change in trade and other receivables		**(300)**	2,125	2,266
Change in trade and other payables		**(299)**	(1,202)	(941)
Taxes received/(paid)		**107**	(73)	(109)
Interest paid		**(6)**	–	(5)
Net cash inflow from operating activities		**(772)**	138	271
Investing activities				
Purchases of property, plant and equipment		**(13)**	(127)	(226)
Proceeds from sale of property, plant and equipment		**–**	–	4
Net cash used in investing activities		**(13)**	(127)	(222)
Cash (outflow)/inflow before financing		**(785)**	11	49
Financing activities				
Capital element of finance lease rental payments		**–**	–	–
Issue of ordinary share capital including premium		**–**	–	–
Equity dividends paid		**–**	–	–
Net cash from/(used) from financing activities		**–**	–	–
Net (decrease)/increase in cash and cash equivalents from continuing operations		**(785)**	11	49
Cash movement from discontinued operations operating activities		**(130)**	(106)	(277)
Cash movement from discontinued operations investing activities		**(14)**	(12)	(28)
Net (decrease)/increase in cash and cash equivalents from discontinued operations		**(144)**	(118)	(305)
Total net (decrease)/increase in cash and cash equivalents		**(929)**	(107)	(256)
Cash and cash equivalents at the beginning of the period	7	**(148)**	108	108
Cash and cash equivalents at the end of the period	7	**(1,077)**	1	(148)

Notes to the Interim Statements

For the six months ended 30 June 2010

1. Accounting policies

a) *General information*

RTC Group Plc is a public limited company incorporated and domiciled in England whose shares are publicly traded on AIM. The registered office address is The Derby Conference Centre, London Road, Derby, DE24 8UX. The Company's registered number is 02558971. The principal activities of the Group are described in note 2.

b) *Basis of preparation*

The unaudited interim group financial statements of RTC Group Plc are for the six months ended 30 June 2010 and do not comprise statutory accounts within the meaning of S.435 of the Companies Act 2006. The unaudited interim group financial statements have been prepared in accordance with the AIM rules. This report should be read in conjunction with the Group's Annual Report and Accounts for the year ended 31 December 2009, which have been prepared in accordance with IFRSs as adopted by the European Union.

These unaudited interim group financial statements were approved for issue on 28 September 2010. No significant events, other than those disclosed in this document, have occurred between 30 June 2010 and this date.

c) *Comparatives*

The comparative figures for the year ended 31 December 2009 do not constitute statutory accounts within the meaning of S.435 of the Companies Act 2006, but they have been derived from the audited financial statements for that year, which have been filed with the Registrar of Companies. The report of the auditors was unqualified and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006 nor a reference to any matters which the auditors drew attention by way of emphasis of matter without qualifying their report.

d) *Accounting policies*

The accounting policies adopted are consistent with those described in the annual financial statements for the year ended 31 December 2009. There have been no significant changes in the basis upon which estimates have been determined, compared to those applied at 31 December 2009 and no change in estimate has had a material effect on the current period.

This interim announcement has been prepared based on IFRSs which are in issue that are effective or available for early adoption at the Group's annual reporting date as at 31 December 2010.

2. Segmental analysis

The Group's continuing activities relate to Recruitment and Conferencing business activities. Segmental analysis of business activity is shown below.

	6 Months to 30 June 2010 (unaudited) £'000	6 Months to 30 June 2009 (unaudited) £'000	12 Months to 31 Dec 2009 £'000
Revenue			
Recruitment	**8,108**	7,782	15,343
Conferencing	**433**	534	1,136
	8,541	8,316	16,479
Gross margin			
Recruitment	**1,015**	624	1,713
Conferencing	**110**	192	475
	1,125	816	2,188
Operating (loss)/profit			
Recruitment	**(30)**	(446)	(460)
Conferencing	**(207)**	(152)	(372)
Group costs	**(138)**	(204)	(321)
	(375)	(802)	(1,153)

In the view of the directors, there is not a seasonal aspect to the performance of the business.

3. Tax on profit on ordinary activities

No provision has been made for tax in the period, as a result of the losses incurred. Tax charges in the previous periods were estimated at the anticipated effective rate.

Notes to the Interim Statements

For the six months ended 30 June 2010

4. Discontinued operations

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 operation is stated after charging:

	6 Months to 30 June 2010 (unaudited) £'000	6 Months to 30 June 2009 (unaudited) £'000	12 Months to 31 Dec 2009 £'000
Revenue	**1,138**	1,450	2,694
Cost of sales	**(763)**	(1,040)	(1,881)
Gross profit	**375**	410	813
Administrative expenses – normal	**(657)**	(804)	(1,400)
Operating loss	**(282)**	(394)	(587)
Financing income/(expense)	**–**	–	–
Loss on ordinary activities before taxation	**(282)**	(394)	(587)
Attributable income tax expense	**–**	–	34
Loss on disposal of discontinued operations	**(244)**	–	–
Net loss attributable to discontinued operations	**(526)**	(394)	(553)

4. 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:

	6 Months to 30 June 2010 (unaudited) £'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)**

Notes to the Interim Statements

For the six months ended 30 June 2010

5. Dividends

The Board does not propose the payment of an interim dividend.

6. Loss per share

The losses per share have been calculated on both continuing and discontinued operations after taxation, based on the weighted average number of shares in issue during the period. The outstanding share options are not considered to be dilutive in either the current or comparative periods.

	6 Months to 30 June 2010 (unaudited)	6 Months to 30 June 2009 (unaudited)	12 Months to 31 Dec 2009
Weighted average number of shares	**9,022,564**	9,022,564	9,022,564
Loss from continuing operations (£'000)	**(381)**	(802)	(1,792)
Loss per share from continuing operations (pence)	**(4.22)**	(8.89)	(19.86)
Loss from discontinued operations (£'000)	**(526)**	(394)	(553)
Loss per share from discontinued operations (pence)	**(5.83)**	(4.37)	(6.13)
Loss from continuing and discontinued operations (£'000)	**(907)**	(1,196)	(2,345)
Loss per share from continuing and discontinued operations (pence)	**(10.05)**	(13.26)	(25.99)

7. Analysis of changes in net debt

	At 1 Jan 2010 £'000	Cash Flows £'000	Other Movements £'000	**At 30 June 2010 £'000**
Cash at bank and in hand	505	(311)	–	**194**
Bank overdraft	(653)	(618)	–	**(1,271)**
Finance leases	–	–	–	**–**
Net debt	(148)	(929)	–	**(1,077)**

The Group has a working capital facility with Lloyds TSB plc that allows it to borrow up to 90% of the invoiced trade debtors of ATA Recruitment Limited and Ganymede Solutions Limited up to £4.0m.

8. Reconciliation of consolidated equity

	As at 30 June 2010 (unaudited) £'000	As at 30 June 2009 (unaudited) £'000	As at 31 Dec 2009 £'000
Opening total equity	**1,815**	4,155	4,155
Total comprehensive (expense)/income for the period	**(907)**	(1,196)	(2,345)
Dividends	**–**	–	–
Issue of shares	**–**	–	–
Share-based payment	**–**	–	5
Closing total equity	**908**	2,959	1,815

Notes to the Interim Statements

For the six months ended 30 June 2010

9. Contingent liabilities

The bank facility is subject to unlimited cross guarantees between Group companies secured by mortgage debentures.

10. Related party transactions

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

- ATA Management Services Limited
- ATA Recruitment Limited
- Catalis Limited (in Administration – note 4)
- The Derby Conference Centre Limited
- Ganymede Solutions Limited
- Global Choice Recruitment Limited

The Group has taken advantage of the exemption permitted by relevant accounting standards and has not disclosed transactions with other Group companies that are eliminated on consolidation.

RTC Group Plc
Registered Office:
The Derby Conference Centre
London Road
Derby
DE24 8UX

RTC Group Plc
The Derby Conference Centre
London Road
Derby
DE24 8UX

T: 0845 880 8102
F: 0870 890 1880
E: info@rtcgroupplc.co.uk
www.rtcgroupplc.co.uk