RTC GROUP

RECRUITMENT & CONFERENCING

INTERIM REPORT
2011

Chairman's Statement

I am pleased to present the interim report of the Company for the six months to 30 June 2011.

Group

The period has been one of continuing recovery. Throughout the difficult trading conditions experienced in 2008 to 2010 a programme to simplify the Group and to focus on recruitment has been pursued which included the termination of our Railway Training activities. Over the same period significant changes have been made at The Derby Conference Centre which have changed the emphasis of that company towards a more satisfactory balance between long term sublets and short term conferencing and event activities.

These initiatives have served to eliminate the trading losses incurred in training and conferencing permitting the recruitment businesses, consistently profitable at trading level, to expand in both volume and operating profit levels, both in the UK and overseas.

Trading

Recruitment

As presaged in our Report and Accounts in March, trading conditions have continued to improve. We have therefore succeeded in moving forward on all fronts in recruitment but particular mention is appropriate in connection with our rapidly expanding business in India, serving a variety of locations in support of NATO activities and our contract and permanent business in the Railway and other technical Industries. Accordingly, during the first six months of 2011, gross profits in this sector have advanced at a most pleasing rate.

The Derby Conference Centre

We have concluded new arrangements with our Landlord and have secured significant sublet agreements, both commencing in the first half of this year. Normal conferencing and event business continues to be hard to achieve but we have succeeded in utilising space at similar levels to 2010. The result of both these factors has all but eliminated losses in the division which is now making a satisfactory contribution to Group results.

Central costs

In response to the changing shape of the Group's business portfolio, major efficiencies have been achieved in administration and finance. Improving cash flows both actual and in prospect are permitting a review of systems and hardware and we expect to make material updates in both over the months to come.

Non-recurring item

Towards the end of 2010, Ganymede Solutions diversified into a new area of telecommunications providing contract recruitment, to the telecoms industry, with particular emphasis on installation and test. Although the ultimate clients were of undoubted quality, the business was arranged through a third party agent. After an initial modest and successful start, demand from this agent accelerated sharply and payment of our invoices deteriorated. This has resulted in a £370,000 write off including bad debt provision and an element for potential fraud pending the outcome of documentation submitted to the authorities. Without this the Group would have posted a profit in the first half of £286,000

Capital Raising

During the period fast expansion of our trading volumes caused strains on our working capital resources. In order to deal with those and to provide further room for growth, we decided to avail ourselves of the Authority granted at the Annual General Meeting in 2010 and completed an issue of shares to raise £396,000 after costs. A material number of the shares issued were taken up by directors and management of the Group.

Dividends

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

Outlook & Strategy

Notwithstanding the unfortunate exceptional factor mentioned above, prospects for the Group are encouraging. Although progress is expected to continue in the second half, the Global economic landscape remains challenging. It continues to be my view that there is still a way to go before the present debt problems, both Sovereign and domestic, are finally solved. Although I cannot be optimistic about the Global situation I am convinced that we are servicing the less vulnerable industrial and commercial areas both in the UK and overseas which can be expected to give us strengths which others may be lacking.

WJC Douie
Chairman
8 September 2011

Consolidated Condensed Statement of Comprehensive Income

	Notes	**6 Months to 30 June 2011 (unaudited) £'000**	6 Months to 30 June 2010 (unaudited) £'000	12 Months to 31 Dec 2010 £'000
Revenue	2	**14,235**	8,541	19,959
Cost of sales		**(12,117)**	(7,416)	(17,001)
Gross Profit	2	**2,118**	1,125	2,958
Administrative expenses – normal		**(1,832)**	(1,500)	(3,448)
Operating profit/(loss) before exceptional items	2	**286**	(375)	(490)
Administrative expenses – exceptional	3	**(370)**	–	58
Operating loss after exceptional items		**(84)**	(375)	(432)
Financing expense		**(45)**	(6)	(18)
Loss on ordinary activities before taxation		**(129)**	(381)	(450)
Income tax expense	4	**–**	–	18
Net loss from continuing operations		**(129)**	(381)	(432)
Loss from discontinued operations – loss from the period	5	**–**	(526)	(526)
Loss for the period		**(129)**	(907)	(958)
Other elements of comprehensive income/expense for the period		**–**	–	–
Total comprehensive expense for the period		**(129)**	(907)	(958)
Loss per share – continuing operations (pence)	7	**(1.24)**	(4.22)	(4.79)
Loss per share – discontinued operations (pence)	7	**–**	(5.83)	(5.83)
Loss per share – continuing and discontinued operations (pence)	7	**(1.24)**	(10.05)	(10.62)

There is no dilutive impact of share options.

Consolidated Condensed Statement of Financial Position

	As at 30 June 2011 (unaudited) £'000	As at 30 June 2010 (unaudited) £'000	As at 31 Dec 2010 £'000
Assets			
Non-current			
Property, plant & equipment	**217**	361	279
Deferred tax asset	**70**	70	70
	287	431	349
Current			
Inventories	**8**	10	10
Trade and other receivables	**6,895**	3,312	4,787
Cash and cash equivalents	**469**	194	–
	7,372	3,516	4,797
Total assets	**7,659**	3,947	5,146
Liabilities			
Current			
Trade and other payables	**(1,788)**	(1,755)	(2,066)
Current borrowings	**(4,755)**	(1,271)	(2,231)
Tax liabilities	**–**	(13)	–
Total liabilities	**(6,543)**	(3,039)	(4,297)
Net assets	**1,116**	908	849
Equity			
Called up share capital	**135**	90	90
Share premium account	**2,468**	2,117	2,117
Capital redemption reserve	**50**	50	50
Share based payment reserve	**30**	38	30
Retained earnings	**(1,567)**	(1,387)	(1,438)
Total equity	**1,116**	908	849

Consolidated Condensed Statement of Cash Flows

	Notes	**6 Months to 30 June 2011 (unaudited) £'000**	6 Months to 30 June 2010 (unaudited) £'000	12 Months to 31 Dec 2010 £'000
Operating activities				
Operating loss		**(84)**	(375)	(432)
Employee equity settled share options		**–**	–	(8)
Depreciation of property, plant & equipment		**82**	100	153
Change in inventories		**2**	1	1
Change in trade and other receivables		**(2,108)**	(300)	(2,400)
Change in trade and other payables		**(278)**	(299)	652
Taxes received		**–**	107	97
Interest paid		**(45)**	(6)	(18)
Net cash (outflow) from operating activities		**(2,431)**	(772)	(1,955)
Investing activities				
Purchases of property, plant & equipment		**(20)**	(13)	(24)
Proceeds from sale of property, plant & equipment		**–**	–	40
Net cash used in investing activities		**(20)**	(13)	16
Cash (outflow) before financing		**(2,451)**	(785)	(1,939)
Financing activities				
Issue of ordinary share capital net of associated expenses		**396**	–	–
Net cash from/(used) from financing activities		**396**	–	–
Net (decrease)/increase in cash and cash equivalents from continuing operations		**(2,055)**	(785)	(1,939)
Cash movement from discontinued operations operating activities		**–**	(130)	(130)
Cash movement from discontinued operations investing activities		**–**	(14)	(14)
Net (decrease)/increase in cash and cash equivalents from discontinued operations		**–**	(144)	(144)
Total net (decrease)/increase in cash and cash equivalents		**(2,055)**	(929)	(2,083)
Cash and cash equivalents at the beginning of the period	8	**(2,231)**	(148)	(148)
Cash and cash equivalents at the end of the period	8	**(4,286)**	(1,077)	(2,231)

Notes to the Interim Statements

For the six months ended 30 June 2011

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.

   The Board consider the principal risks and uncertainties relating to the Group for the next six months to be the same as detailed in or last Annual Report and Accounts to 31 December 2010. The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2010.

   b) *Basis of preparation*

   The unaudited interim group financial statements of RTC Group Plc are for the six months ended 30 June 2011 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 2010, which have been prepared in accordance with IFRS's as adopted by the European Union.

   These unaudited interim group financial statements were approved for issue on 8 September 2011. No significant events, other than those disclosed in this document, have occurred between 30 June 2011 and this date.

   c) *Comparatives*

   The comparative figures for the year ended 31 December 2010 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 auditor 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 2010. There have been no significant changes in the basis upon which estimates have been determined, compared to those applied at 31 December 2010 and no change in estimate has had a material effect on the current period.

   This interim announcement has been prepared based on IFRS's which are in issue that are effective or available for early adoption at the Group's annual reporting date as at 31 December 2011.

2. Segmental analysis

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

	6 Months to 30 June 2011 (unaudited) £'000	6 Months to 30 June 2010 (unaudited) £'000	12 Months to 31 Dec 2010 £'000
Revenue			
Recruitment	**13,421**	8,108	18,664
Conferencing	**814**	433	1,295
	14,235	8,541	19,959
Gross margin			
Recruitment	**1,636**	1,015	2,395
Conferencing	**482**	110	563
	2,118	1,125	2,958
Operating profit/(loss) before exceptional items			
Recruitment	**449**	(30)	212
Conferencing	**(19)**	(207)	(277)
Group costs	**(144)**	(138)	(425)
	286	(375)	(490)

£3.7m of the revenue of the recruitment segment arose to a single customer.

The exceptional administrative item in the current period relates to the recruitment segment. In the year to 31 December 2010 the exceptional administrative items relate to the conferencing division.

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

3. Exceptional administrative expense/(income)

	6 Months to 30 June 2011 (unaudited) £'000	6 Months to 30 June 2010 (unaudited) £'000	12 Months to 31 Dec 2010 £'000
Provision for doubtful debt	**370**	–	–
Profit on disposal of fixed assets	**–**	–	(121)
Restructuring costs	**–**	–	63
	370	–	(58)

As further explained in the Chairman's statement during the period the Group has experienced a probable bad debt of £370,000 from an isolated customer. This has been provided in full in the interim results and is subject to tax relief.

4. Income tax expense

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.

5. 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 2011 (unaudited) £'000	6 Months to 30 June 2010 (unaudited) £'000	12 Months to 31 Dec 2010 £'000
Revenue	**–**	1,138	1,138
Cost of sales	**–**	(763)	(763)
Gross profit	**–**	375	375
Administrative expenses – normal	**–**	(657)	(657)
Operating loss	**–**	(282)	(282)
Financing income/(expense)	**–**	–	–
Loss on ordinary activities before taxation	**–**	(282)	(282)
Attributable income tax expense	**–**	–	–
Loss on disposal of discontinued operations	**–**	(244)	(244)
Net loss attributable to discontinued operations	**–**	(526)	(526)

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 2011 (unaudited) £'000	6 Months to 30 June 2010 (unaudited) £'000	12 Months to 31 Dec 2010 £'000
Non-current assets			
Property plant and equipment	**–**	202	202
Current assets	**–**	321	321
Current liabilities	**–**	(279)	(279)
Net assets disposed of	**–**	244	244
Consideration	**–**	–	–
Loss on disposal	**–**	(244)	(244)

Notes to the Interim Statements

For the six months ended 30 June 2011

6. **Dividends**

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

7. **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 2011 (unaudited)	6 Months to 30 June 2010 (unaudited)	12 Months to 31 Dec 2010
Weighted average number of shares	**10,411,444**	9,022,564	9,022,564
Loss from continuing operations (£'000)	**(129)**	(381)	(432)
Loss per share from continuing operations (pence)	**(1.24)**	(4.22)	(4.79)
Loss from discontinued operations (£'000)	**–**	(526)	(526)
Loss per share from discontinued operations (pence)	**–**	(5.83)	(5.83)
Loss from continuing and discontinued operations (£'000)	**(129)**	(907)	(958)
Loss per share from continuing and discontinued operations (pence)	**(1.24)**	(10.05)	(10.62)

8. Analysis of changes in net debt

	At 1 Jan 2011 £'000	Cash Flows £'000	Other Movements £'000	**At 30 June 2011 £'000**
Cash at bank and in hand	–	469	–	**469**
Bank overdraft	(2,231)	(2,524)	–	**(4,755)**
Finance leases	–	–	–	**–**
Net debt	(2,231)	(2,055)	–	**(4,286)**

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 £5.2m and an overdraft facility of £50,000.

9. Reconciliation of consolidated equity

	As at 30 June 2011 (unaudited) £'000	As at 30 June 2010 (unaudited) £'000	As at 31 Dec 2010 £'000
Opening total equity	**849**	1,815	1,815
Total comprehensive expense for the period	**(129)**	(907)	(958)
Dividends	**–**	–	–
Issue of shares	**396**	–	–
Share based payment	**–**	–	(8)
Closing total equity	**1,116**	908	849

On 6 May 2011 the Group issued 4,489,062 shares at 9p per share under the authorisation granted in Resolution 7 of the AGM dated 22 June 2010. The issue raised £396,215 net of costs.

10. Contingent liabilities

Included in current borrowings are bank overdrafts and an invoice discounting facility. During the year the Group has used its bank overdraft and invoice discounting facility, which is secured by a cross guarantee and debenture over the Group companies. There have been no defaults or breaches of interest payable during the current or prior period.

11. Related party transactions

RTC Group Plc is the parent Company of the Group that includes the following entities that have been consolidated which are related parties:

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

The Group's related parties also include key management personnel who are the Executive directors and Non-Executive director.

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