

RTC Group Plc ("RTC", "the Company" or "the Group")

Interim results for the six months ended 30 June 2014

RTC Group Plc, the business services organisation focussing on white and blue collar recruitment providing temporary, permanent and contingent staff to a broad range of industries and clients in both domestic and international markets, is pleased to announce its interim results for the six months ended 30 June 2014.

Highlights

- Group revenue from continuing operations £25.3m (2013: £23.4m)
- Group operating profit £467k (2013: £66k)
- Significantly improved cash flow from operations of £1.3m (2013: outflow £1.3m)
- Basic earnings per share of 2.32p (2013: 0.04p)

The directors propose an interim dividend of 0.5p per share (2013: nil). The Company has a progressive dividend policy. Subject to approval of the Directors, the interim dividend will be paid on the 1 October 2014 to shareholders on the register on 5 September 2014.

Commenting on the results Bill Douie, Chairman, said:

"The staffing and structural changes in ATA Recruitment have settled in well and are continuing to deliver value to the Group. This coupled with the solid first half performance of all our core businesses give the Directors confidence that the year as a whole will meet market expectations."

Copies of the interim report will be available on the Company's website, www.rtcgroupplc.co.uk.

Enquiries:

RTC Group Plc

Bill Douie, Chairman

Andy Pendlebury, Chief Executive

Sarah Dye, Group Finance Director

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Jeremy Porter, Corporate Finance

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About RTC

RTC has three principal trading subsidiaries engaged in the recruitment of human capital resources and the provision of managed services.

ATA Recruitment is one of the UK's leading engineering and technical recruitment consultancies, supplying white and blue collar engineering and technical staff to a broad range of SME clients and vertical markets.

Ganymede Solutions is focussed on the supply and operation of blue collar contingent labour into safety critical markets.

Global Staffing Solutions predominantly provides managed service solutions.



RTC Group PLC

INTERIM REPORT
2014



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Chairman's statement

Six months ended 30 June 2014

I am pleased to present the interim report of the Company for the six months to 30 June 2014.

Trading in the first six months of 2014 has exceeded expectations with pleasing results in all operational areas.

All of our core businesses have at least performed in line with expectations with Ganymede Solutions continuing to achieve accelerated growth. During the first half of 2013, we invested heavily in ATA Recruitment both in consultant headcount and the management team. The rewards from that investment began to emerge during the second half of 2013 and I am delighted to report that this has continued into 2014. Global Staffing Solutions has begun managing the gradual decline of contractors deployed in Afghanistan as NATO involvement in the region comes to a close. Whilst we anticipate some level of activity during 2015, precise numbers are not yet clear. However the business is continuing to secure other international opportunities to mitigate the anticipated reduction.

Given the solid performance in the first half we are now confident that the year as a whole will meet market expectations.

Management and Board

During the first half, our Non-Executive Director, John White, decided he had achieved the objectives he established when making a substantial and welcome investment in our Group. Accordingly, he sold his shares and resigned his position. We are happy to have secured, as a replacement Non-Executive Director, Tim Jackson, previously Finance Director at Staffline Plc. Tim brings a wealth of wisdom and experience in our industry which will provide a vital input to the overall effectiveness of the Group Board team at this strategically important time.

Dividends

The directors propose an interim dividend of 0.5p per share (2013: nil). The Company has a progressive dividend policy. Subject to approval of the Directors, the interim dividend will be paid on the 1 October 2014 to shareholders on the register on 5 September 2014.

Outlook & Strategy

All of our core businesses support sectors and industries are showing signs of long term sustainable growth. The United Kingdom's domestic manufacturing and construction sectors which fuel ATA Recruitment's branch network growth remain extremely buoyant and we will therefore continue throughout the year to invest in headcount and infrastructure to capitalise on the opportunities this optimism brings. The rail industry is set for another long term investment programme driven by the Government's continued commitment to invest in the sector. Both ATA Recruitment and Ganymede Solutions are becoming increasingly well placed to capture further growth with their respective clients as this spend emerges. The international landscape is also promising and whilst contracts are more difficult to secure and have longer lead times, the volumes and margins offer significant rewards where successful.

W J C Douie
Chairman

24 July 2014

Finance Director's statement

Six months ended 30 June 2014

Revenue

In the period ended 30 June 2014, Group revenue increased to £25.3m (2013:£23.4m) reflecting a solid performance across all Group companies. Overall gross margin is up slightly to 20% (2013: 19%).

Gross profit

Following a review by the directors of the group's policy for presenting costs arising within the recruitment segments against companies within the same industry the group has restated the prior year consolidated statement of comprehensive income in order to re-allocate certain expenses within cost of sales to administrative expenses in order to enhance comparability with those companies (refer note 1 d).

Profit from operations

Overall group profit from operations was £467k (2013: £66k).

ATA Recruitment

In 2013 the Group invested in staffing and structural changes in ATA Recruitment. Profit from operations of £502k (2013: £385k) is testament to the success of those changes. Gross margin is also showing improvement at 22% (2013: 20%).

Ganymede Solutions

Profit from operations has improved by in excess of 80% at £510k (2013:£274k), reflecting a continuation of the increased levels of activity with existing customers that we saw in the second half of 2013. Gross margin is also showing improvement at 17% (2013: 16%).

Global Staffing Solutions

Increased profit from operations of £463k (2013:364k) reflects continuing efficiencies in managing the contract in Afghanistan offsetting a slight decline in number of contractors as the contract begins to draw down, coupled with an increase in income from other sources. Those efficiencies reflected in gross margin of 16% (2013:14%).

Taxation

The total tax charge for the period is estimated at £92k (2013: nil).

Earnings per share

The basic earnings per share figure has increased significantly to 2.32p (2013: 0.04p). The diluted earnings per share also increased significantly to 2.14p (2013: 0.04p). Profit before tax is £405k (2013: £5k).

Dividends

The directors propose an interim dividend of 0.5p per share (2013: nil). The Company has a progressive dividend policy. Subject to approval of the Directors, the interim dividend will be paid on the 1 October 2014 to shareholders on the register on 5 September 2014.

Finance Director's statement

For the year ended 31 December 2014

Statement of financial position

We have worked very closely with key customers during the period to improve processes and speed up payment and I am very pleased to report a decrease in trade receivables since 31 December 2013 of £0.9m against a backdrop of increasing turnover.

As a direct consequence, the Group balance sheet strengthened significantly compared to the same period last year, with net working capital increasing by £1.0m to £1.6m (2013: £0.6m) and an increased ratio of current assets to current liabilities of 1.24 (2013: 1.07).

The Group's gearing ratio has fallen to 1.2 times (2013: 4.1 times). Interest cover has increased to 7.5 times (2013: 6.5 times) further evidence of improvement in the Group's financial position.

Cash flow

Cash generation over the period has improved significantly as a result of our work with customers and our pro-active approach to debtor management. We are now reporting positive cash flows from operations of £1.3m versus a net outflow of £1.3m in the corresponding period in 2013.

Financing

The Group's current bank facilities include an overdraft of £50,000 and a confidential invoice discounting facility of up to £7.0m with HSBC. The Group is currently operating well within its facility cap.

The Board closely monitors the level of facility utilisation and availability to ensure that there is sufficient headroom to manage current operations and support the growth of the business.

The Group continues to be focussed on cash generation and building a robust balance sheet to support the growth of the business.

Sarah Dye
Group Finance Director

24 July 2014

Consolidated statement of comprehensive income

Six months ended 30 June 2014

		Six month period ended 30 June 2014	Six month period ended 30 June 2013	Year ended 31 December 2013
		Unaudited	Unaudited Restated	Audited Restated
	Notes		£'000	£'000
Revenue	2	25,268	23,386	48,817
Cost of sales	2	(20,225)	(19,013)	(39,552)
Gross profit	2	5,043	4,373	9,265
Administrative expenses		(4,576)	(4,307)	(8,394)
Profit from operations		467	66	871
Financing expense		(62)	(61)	(135)
Profit before tax		405	5	736
Tax expense	3	(92)	-	(224)
Net profit and total comprehensive income for the year		313	5	512
Earnings per ordinary share	6			
Basic		2.32p	0.04p	3.79p
Diluted		2.14p	0.04p	3.69p

Consolidated statement of changes in equity

Six months ended 30 June 2014

Six months ended 30 June 2014

	Share capital	Share premium	Capital redemption reserve	Share based payment reserve	Accumulated losses	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2014 (audited)	135	2,468	50	18	(970)	1,701
Profit and total comprehensive income for the period	-	-	-	-	313	313
Share based payment reserve	-	-	-	8	-	8
At 30 June 2014 (unaudited)	135	2,468	50	26	(657)	2,022

Six months ended 30 June 2013

	Share capital	Share premium	Capital redemption reserve	Share based payment reserve	Accumulated losses	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2013 (audited)	135	2,468	50	-	(1,482)	1,171
Profit and total comprehensive income for the period	-	-	-	-	5	5
Share based payment reserve	-	-	-	15	-	15
At 30 June 2013 (unaudited)	135	2,468	50	15	(1,477)	1,191

Consolidated statement of changes in equity

Six months ended 30 June 2014

Year ended 31 December 2013

	Share capital	Share premium	Capital redemption reserve	Share based payment reserve	Accumulated losses	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2013 (audited)	135	2,468	50	-	(1,482)	1,171
Profit and total comprehensive income for the year	-	-	-	-	512	512
Share based payment reserve	-	-	-	18	-	18
At 31 December 2013 (audited)	135	2,468	50	18	(970)	1,701

The share based payment reserve comprises 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 30 June 2014

		Six month period ended 30 June 2014 Unaudited	Six month period ended 30 June 2013 Unaudited	Year ended 31 December 2013 Audited
	Note	£'000	£'000	£'000
Assets				
Non-current				
Property, plant and equipment		389	378	431
Deferred tax asset	4	70	238	110
		459	616	541
Current				
Cash and cash equivalents		69		232
Inventories		12	10	15
Trade and other receivables		8,193	9,092	9,127
		8,274	9,102	9,374
Total assets		8,733	9,718	9,915
Liabilities				
Current				
Trade and other payables		(4,141)	(3,642)	(4,230)
Corporation tax		(147)	-	(95)
Current borrowings		(2,406)	(4,885)	(3,867)
Total liabilities		(6,694)	(8,527)	(8,192)
Non-current liabilities				
Creditors falling due after one year - finance leases		(17)	-	(22)
Net assets		2,022	1,191	1,701
Equity				
Share capital		135	135	135
Share premium		2,468	2,468	2,468
Capital redemption reserve		50	50	50
Share based payment reserve		26	15	18
Accumulated losses		(657)	(1,477)	(970)
Total equity		2,022	1,191	1,701

Consolidated statement of cash flows

Six months ended 30 June 2014

	Six month period ended 30 June 2014 Unaudited £'000	Six month period ended 30 June 2013 Unaudited £'000	Year ended 31 December 2013 Audited £'000
Cash flows from operating activities			
Profit before tax	405	5	736
Adjustments for:			
Depreciation, loss on disposal and amortisation	107	94	181
Profit on sale of property, plant and equipment	-	1	3
Employee equity settled share options	8	15	18
Change in inventories	3	3	(2)
Change in trade and other receivables	934	(1,036)	(1,068)
Change in trade and other payables	(94)	(382)	245
Cash generated from operations	1,363	(1,300)	113
Net cash from/(used) in operating activities	1,363	(1,300)	113
Cash flows from investing activities			
Purchases of property, plant and equipment	(65)	(76)	(212)
Purchases of shares in subsidiary companies	-	-	-
Net cash used in investing activities	(65)	(76)	(212)
Cash flows from financing activities			
Net cash inflow/(outflow) from financing activities	-	-	(27)
Net increase/(decrease) in cash and cash equivalents from operations	1,298	(1,376)	(126)
Total net (decrease) in cash and cash equivalents	1,298	(1,376)	(126)
Cash and cash equivalents at beginning of period	(3,635)	(3,509)	(3,509)
Cash and cash equivalents at end of period	(2,337)	(4,885)	(3,635)

Notes to the interim statement

Six months ended 30 June 2014

1. Accounting policies

a) General information

RTC Group PLC 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 our last Annual Report and Accounts to 31 December 2013. 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 2013.

b) Basis of preparation

The unaudited interim group financial statements of RTC Group PLC are for the six months ended 30 June 2014 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 2013, 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 24 July 2014. No significant events, other than those disclosed in this document, have occurred between 30 June 2014 and this date.

c) Comparatives

The comparative figures for the year ended 31 December 2013 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 auditor 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

Other than the reallocation of certain expenses from cost of sales to administrative expenses, as explained below, the accounting policies adopted are consistent with those described in the annual financial statements for the year ended 31 December 2013. There have been no significant changes in the basis upon which estimates have been determined, compared to those applied at 31 December 2013 and no change in estimate has had a material effect on the current period. Other than the restatement of gross profit as explained below.

Notes to the interim statement

Six months ended 30 June 2014

Restatement of gross profit

Following a review by the directors of the group's policy for presenting costs arising within the recruitment segments against companies within the same industry the group has restated the prior year consolidated statement of comprehensive income in order to re-allocate certain expenses within cost of sales to administrative expenses in order to enhance comparability with those companies. The expenses reallocated to administrative expenses are those not directly attributable to contractors. The effect of the re-allocation was to increase administrative expenses for the year ended 31 December 2013 by £3.7m and reduce cost of sales by £3.7m and increasing gross profit by £3.7m. There was no change to reported revenue or profit from operations. Segment reporting in note 2 has been restated to reflect the change in basis of allocation.

The following enhancements to the accounting policy on revenue have also been made and will be reflected in the annual financial statements for the year ended 31 December 2014:

Cost of sales

Cost of sales consists of the salary cost of temporary staff, direct costs associated with temporary staff including equipment and work wear, travel and training costs and direct costs associated with conferencing revenue.

Gross profit

Gross profit represents revenue less cost of sales and consists of the total placement fees of permanent candidates, the margin earned on the placement of temporary candidates and the margin on conferencing revenue.

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 2014.

Notes to the interim statement

Six months ended 30 June 2014

2. Segment analysis

The Group is a provider of recruitment services that is based at the Derby Conference Centre. The recruitment business comprises three distinct business units – ATA Recruitment servicing the UK SME engineering market and a number of vertical markets; Global Staffing Solutions predominantly providing managed service solutions and Ganymede Solutions predominantly supplying blue collar labour into rail.

Segment information is provided below in respect of ATA Recruitment, Global Staffing Solutions, Ganymede Solutions and Derby Conference Centre which houses the Group's head office and also provides hotel and conferencing facilities.

The Group manages the trading performance of each segment by monitoring operating contribution and centrally manages working capital, borrowings and equity.

Revenues are generated from permanent and temporary recruitment in the Recruitment division. Revenue is analysed by origin of customer/point of invoicing and as such all recruitment division revenues are supplied in the United Kingdom. Hotel and conferencing services are wholly provided in the United Kingdom at the Derby Conference Centre.

All revenues have been invoiced to external customers. During 2014, one customer in the ATA Global Staffing Solutions segment contributed 10% or more of that segment's revenues being £6.9m (2013: £7.3m).

The segmental information for the reporting period is as follows:

Six months ended 30 June 2014

	<----- ATA Recruitment	Recruitment Global Staffing Solutions	-----> Ganymede Solutions Limited	Conferencing Derby Conference Centre	Total Group
	Unaudited £'000	Unaudited £'000	Unaudited £'000	Unaudited £'000	Unaudited £'000
External sales revenue	11,139	7,040	6,291	798	25,268
Cost of sales	(8,683)	(5,937)	(5,252)	(353)	(20,225)
Segment gross profit	2,456	1,103	1,039	445	5,043
Administrative expenses	(1,928)	(639)	(524)	(416)	(3,507)
Depreciation	(26)	(1)	(5)	(39)	(71)
Segment operating profit	502	463	510	(10)	1,465
Group costs					(998)
Operating profit per statement of comprehensive income					467

Notes to the interim statement

Six months ended 30 June 2014

Six months ended 30 June 2013

	<----- ATA Recruitment	Recruitment Global Staffing Solutions	-----> Ganymede Solutions Limited	Conferencing Derby Conference Centre	Total Group
	Unaudited Restated £'000	Unaudited Restated £'000	Unaudited Restated £'000	Unaudited Restated £'000	Unaudited Restated £'000
External sales revenue	10,973	7,377	4,257	779	23,386
Cost of sales	(8,735)	(6,359)	(3,575)	(344)	(19,013)
Segment gross profit	2,238	1,018	682	435	4,373
Administrative expenses	(1,820)	(646)	(394)	(380)	(3,240)
Depreciation	(33)	(8)	(14)	(39)	(94)
Segment operating profit	385	364	274	16	1,039
Group costs					(973)
Operating profit per statement of comprehensive income					66

Year ended 31 December 2013

	<----- ATA Recruitment	Recruitment Global Staffing Solutions	-----> Ganymede Solutions Limited	Conferencing Derby Conference Centre	Total Group
	Audited Restated £'000	Audited Restated £'000	Audited Restated £'000	Audited Restated £'000	Audited Restated £'000
External sales revenue	22,500	14,840	9,938	1,539	48,817
Cost of sales	(17,875)	(12,645)	(8,309)	(723)	(39,552)
Segment gross profit	4,625	2,195	1,629	816	9,265
Administrative expenses	(3,624)	(1,270)	(839)	(678)	(6,411)
Depreciation	(27)	-	(8)	(78)	(113)
Segment contribution	974	925	782	60	2,741
Group costs					(1,870)
Operating profit per statement of comprehensive income					871

All assets and liabilities are held in the United Kingdom.

Notes to the interim statement

Six months ended 30 June 2014

3. Income tax

	Six month period ended 30 June 2014 Unaudited	Six month period ended 30 June 2013 Unaudited	Year ended 31 December 2013 Audited
	£'000	£'000	£'000
Continuing operations			
Analysis of tax:-			
Current tax			
UK corporation tax	52	-	95
	52	-	95
Deferred tax			
Origination and reversal of temporary differences	40	-	129
Tax	92	-	224

Factors affecting the tax expense

The tax assessed for the six month period ended 30 June 2014 is less than would be expected by multiplying profit on ordinary activities by the standard rate of corporation tax in the UK of 21.5% (2013:23.5%). The differences are explained below:

	Six month period ended 30 June 2014 Unaudited	Six month period ended 30 June 2013 Unaudited	Year ended 31 December 2013 Audited
	£'000	£'000	£'000
Factors affecting tax expense			
Result for the year before tax	405	-	736
Profit multiplied by standard rate of tax of 21.5% (2013: 23.5%)	87	-	173
Non-deductible expenses	5	-	17
Utilisation of losses	-	-	34
Tax charge/ (credit) for the year	92	-	224

Notes to the interim statement

Six months ended 30 June 2014

4. Deferred tax

	Six month period ended 30 June 2014 Unaudited £'000	Six month period ended 30 June 2013 Unaudited £'000	Year ended 31 December 2013 Audited £'000
At 1 January 2014	110	-	239
(Charge)/ credit to the profit or loss for the year	(40)	-	(129)
At 30 June 2014	70	-	110

The deferred tax asset is analysed as:

Depreciation in excess of capital allowances	64	-	98
Tax losses carried forward	6	-	11
	70	-	109
Unrecognised			
Tax losses carried forward	83	-	83

5. Dividends

The directors propose an interim dividend of 0.5p per share (2013: nil). The Company has a progressive dividend policy. Subject to approval of the Directors, the interim dividend will be paid on 1 October 2014 to shareholders on the register on 5 September 2014.



Notes to the interim statement

Six months ended 30 June 2014

6. Earnings per share

The calculation of basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year.

The calculation of diluted earnings per share is based on the basic earnings per share adjusted to allow for all dilutive potential ordinary shares.

	<----->	Basic	----->	<----->	Diluted	----->
	Six month period ended 30 June 2014	Six month period ended 30 June 2013	Total group year ended 31 December 2013	Six month period ended 30 June 2014	Six month period ended 30 June 2013	Total group year ended 31 December 2013
	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited
	£'000	£'000	£'000	£'000	£'000	£'000
Earnings £'000	313	5	512	313	5	512
Weighted average number of shares	13,511,626	13,511,626	13,511,626	14,633,961	13,906,286	13,889,918
Earnings per share (pence)	2.32p	0.04p	3.79p	2.14p	0.04p	3.69p

7. Analysis of changes in net debt

	At 1 January 2014 (Audited) £'000	Cash Flows £'000	Other non- cash movements £'000	At 30 June 2014 (Unaudited) £'000
Cash in hand net of bank overdraft and invoice discounting arrangements	(3,635)	1,298	-	(2,337)
Net debt	(3,635)	1,298	-	(2,337)

The Group has a working capital facility with HSBC PLC that allows it to borrow up to 90% of the invoiced trade debtors of ATA Recruitment Limited, Ganymede Solutions Limited and Global Staffing Solutions Limited up to £7.0m and an overdraft facility of £50,000.

Notes to the interim statement

Six months ended 30 June 2014

8. 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.

Directors and advisers

Directors

W J C Douie
A M Pendlebury
T Jackson
S Dye

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S Dye

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