

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

Interim Results for the Six Months Ended 30 June 2016

RTC Group Plc is pleased to announce its interim results for the six months ended 30 June 2016.

Highlights:

- Group revenue from continuing operations £34.1m (2015: £29.5m) up 16%
- Group profit from operations (before amortisation of intangibles) £0.6m (2015: £0.5m)
- Cash inflow from operations £1m (2015: £0.8m outflow)
- Basic earnings per share 2.83p (2015: 2.47p)

The Directors propose an interim dividend of 1.1p per share (2015: 1.0p). The Company has a progressive dividend policy. Subject to approval of the Directors, the interim dividend will be paid on the 30 November 2016 to shareholders on the register on 4 November 2016.

Commenting on the results Bill Douie, Chairman, said:

"I am pleased to be able to present another successful half year for the Group.

During the second half of the year we expect Ganymede to perform in a consistent manner to the first half and whilst unsettled political and economic conditions may impact on certain sectors of the recruitment industry, we remain optimistic of the long-term opportunities in the infrastructure sectors we support."

The interim report is available on the Company's website www.rtcgroupplc.co.uk.

ENDS

Enquiries:

RTC Group plc

Bill Douie, Executive Chairman
Andy Pendlebury, CEO
Sarah Dye, Group Finance Director

Tel: 01332 861 844

WH Ireland (Nominated Adviser and Broker)

Katy Mitchell / Liam Gribben

Tel: 0113 394 6600

About RTC

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

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

Global Staffing Solutions (GSS) predominantly provides managed service solutions for international clients.

RTC also has a hotel and conference centre, the Derby Conference Centre, that also houses the Group's headquarters.

Chairman's statement

Six months ended 30 June 2016

I am pleased to present the interim report of the Company for the six months to 30 June 2016 and to report on another successful half year for the Group.

Ganymede has continued to capture solid growth through its five year Network Rail contract which commenced in May 2015. ATA has successfully navigated through the period of market anxiety leading up to the EU referendum. Our international activities through GSS in Afghanistan continue to trade as expected and the bulk of the project to revitalise the Derby Conference Centre (DCC) and our head office has been completed.

Dividends

The Directors propose an interim dividend of 1.1p per share (2015: 1.0p). The Company has a progressive dividend policy. Subject to approval of the Directors, the interim dividend will be paid on the 30 November 2016 to shareholders on the register on 4 November 2016.

Outlook

During the second half of the year we expect Ganymede to perform in a consistent manner to the first half and whilst unsettled political and economic conditions may impact on certain sectors of the recruitment industry, we remain optimistic of the long-term opportunities in the infrastructure sectors we support.

W J C Douie
Chairman

10 August 2016

Finance Director's statement

Six months ended 30 June 2016

Revenue and gross margin

In the period ended 30 June 2016, Group revenue increased by 16% to £34.1m (2015: £29.5m). Gross profits delivered were similar to the same period in 2015 with a gross margin of 18% (2015: 21%), reflecting more emphasis on contract than permanent recruitment in ATA and price pressure from our main client in GSS as NATO require elements of our contract with KBR in Afghanistan to be rebid.

Ganymede

Profit from operations were £1.1m (2015: £0.6m) reflecting a full half year of the five year contract to supply Network Rail with contingent labour for maintenance. The gross margin has been maintained at 16% (2015: 16%) even with ongoing increased investment in areas such as training and health and safety required under the contract. Ganymede Energy also continues to perform at expected levels.

ATA

Profit from operations were £0.6m (2015: £0.7m). A change of mix between contract and permanent recruitment has led to a reduction in gross profit and net margin compared to 2015 with contract representing 44% of gross profit in 2016 versus 40% in 2015. ATA is intent on building its contract business and this strategy is on track with contract gross profit increasing year on year. A slow down in permanent recruitment is predominantly driving the absolute reduction in gross profit compared to 2015 and this reflects market conditions and lower than anticipated headcount in the first half of 2016.

GSS

Profit from operations of £0.3m (2015: £0.3m) reflects the fact that contractor numbers are being maintained at similar levels as last year with overheads carefully managed to offset the tightening of gross margins resulting from rebidding elements of our contract in Afghanistan (an ongoing process).

DCC

The results of the first half of 2016 were hit heavily as a result of a major tenant leaving the site. Following refurbishment, involving capital expenditure of £1m, RTC Group has now occupied the main building that was vacated. New tenants have been secured for other buildings on the Derby site and the Business Lounge at the DCC has been opened.

Taxation

The total tax charge for the period is estimated at £60k (2015: £75k). This is lower than would be expected if the standard tax rate was applied to the profits for the period and the reasons for this are explained in note 3.

Finance Director's statement

Six months ended 30 June 2016

Earnings per share

The basic earnings per share figure is 2.83p (2015: 2.47p). The diluted earnings per share 2.71p (2015: 2.35p). Profit before tax is £447k (2015: £398k), an increase of 12% on 2015.

Dividends

The Directors propose an interim dividend of 1.1p per share (2015: 1.0p). The Company has a progressive dividend policy. Subject to approval of the Directors, the interim dividend will be paid on the 30 November 2016 to shareholders on the register on 3 November 2016 (ex Div.).

Statement of financial position

The Group statement of financial position has further strengthened compared to the same point last year with net working capital increasing to £1.4m (2015: £1.1m). The ratio of current assets to current liabilities has improved slightly at 1.2 (2015: 1.1) and the gearing ratio reduced to 1.2 times (2015: 2.1 times). The gearing ratio in 2015 largely reflecting the timing of £2.2m of customer receipts relating to three key clients that were overdue at the end of June but received in July. Interest cover is 8.6 times (2015: 10.3 times)

Cash flow

There was a cash inflow from operations of £1m (2015: £0.8m outflow) which has been applied to investment in the Derby site.

Financing

The Group's current bank facilities include an overdraft of £50,000 and a confidential invoice discounting facility of up to £9.0m 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 statement of financial position to support the growth of the business.

Sarah Dye
Group Finance Director

10 August 2016

Consolidated statement of comprehensive income

Six months ended 30 June 2016

		Six month period ended 30 June 2016	Six month period ended 30 June 2015	Year ended 31 December 2015
	Notes	Unaudited £'000	Unaudited £'000	Audited £'000
Revenue	2	34,062	29,475	64,899
Cost of sales	2	(28,082)	(23,442)	(52,198)
Gross profit	2	5,980	6,033	12,701
Administrative expenses		(5,474)	(5,592)	(11,321)
Profit from operations		506	441	1,380
Financing expense		(59)	(43)	(98)
Profit before tax		447	398	1,282
Tax expense	3	(60)	(75)	(172)
Net profit and total comprehensive income for the year		387	323	1,110
Earnings per ordinary share	5			
Basic		2.83p	2.47p	7.85p
Diluted		2.71p	2.35p	7.49p

Consolidated statement of changes in equity

Six months ended 30 June 2016

Six months ended 30 June 2016

	Share capital	Share premium	Own shares held	Capital redemption reserve	Share based payment reserve	Profit and loss	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2016 (audited)	143	66	(473)	50	54	3,080	2,920
Profit and total comprehensive income for the period	-	-	-	-	-	387	387
Share options exercised	2	31	-	-	(4)	4	33
Share based payment reserve	-	-	-	-	15	-	15
At 30 June 2016 (unaudited)	145	97	(473)	50	65	3,471	3,355

The following describes the nature and purpose of each reserve within equity:

Reserve description and purpose

Share capital

Nominal value of share capital subscribed for.

Share premium account

Amount subscribed for share capital in excess of nominal value.

Capital Redemption Reserve

An amount of money that a company in the UK must keep when it buys back shares, and which it cannot pay to shareholders as dividends.

Own shares held

Cost of company's own shares purchased through the EBT Trust shown as a deduction from equity.

Share based payment reserve

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.

Retained earnings

All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Consolidated statement of changes in equity

Six months ended 30 June 2016

Six months ended 30 June 2015

	Share capital	Share premium	Own shares held	Capital redemption reserve	Share based payment reserve	Profit and loss	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2015 (audited)	135	-	-	50	26	2,230	2,441
Profit and total comprehensive income for the period	-	-	-	-	-	323	323
Dividends	-	-	-	-	-	(135)	(135)
Own shares purchased in EBT	-	-	(473)	-	-	-	(473)
Share options exercised	8	66	-	-	-	-	74
Share based payment reserve	-	-	-	-	-	-	-
At 30 June 2015 (unaudited)	143	66	(473)	50	26	2,418	2,230

Consolidated statement of changes in equity

Six months ended 30 June 2016

Year ended 31 December 2015

	Share capital	Share premium	Own shares held	Capital redemption reserve	Share based payment reserve	Profit and loss	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2015	135	-	-	50	26	2,230	2,441
Profit and total comprehensive income for the period	-	-	-	-	-	1,110	1,110
Dividends	-	-	-	-	-	(272)	(272)
Own shares purchased	-	-	(473)	-	-	-	(473)
Share options exercised	8	66	-	-	(12)	12	74
Share based payment reserve	-	-	-	-	40	-	40
At 31 December 2015	143	66	(473)	50	54	3,080	2,920

Consolidated statement of financial position

As at 30 June 2016

	Six month period ended 30 June 2016 Unaudited	Six month period ended 30 June 2015 Unaudited	Year ended 31 December 2015 Audited
	£'000	£'000	£'000
Assets			
Non-current			
Goodwill	132	132	132
Other intangible assets	670	596	736
Property, plant and equipment	1,274	459	345
Deferred tax asset	16	40	40
	2,092	1,227	1,253
Current			
Cash and cash equivalents	-	158	58
Inventories	11	14	13
Trade and other receivables	10,217	11,212	11,743
Total current assets	10,228	11,384	11,814
Total assets	12,320	12,611	13,067
Liabilities			
Current			
Trade and other payables	(4,758)	(5,263)	(5,925)
Corporation tax	(180)	(251)	(132)
Current borrowings	(3,931)	(4,742)	(3,982)
Total current liabilities	(8,869)	(10,256)	(10,039)
Non-current liabilities			
Creditors falling due after one year - finance leases	-	(5)	-
Deferred tax liabilities	(96)	(120)	(108)
Net assets	3,355	2,230	2,920
Equity			
Share capital	145	143	143
Share premium	97	66	66
Capital redemption reserve	50	50	50
Own shares held	(473)	(473)	(473)
Share based payment reserve	65	26	54
Profit and loss account	3,471	2,418	3,080
Total equity	3,355	2,230	2,920

Consolidated statement of cash flows
Six months ended 30 June 2016

	Six month period ended 30 June 2016 Unaudited £'000	Six month period ended 30 June 2015 Unaudited £'000	Year ended 31 December 2015 Audited £'000
Cash flows from operating activities			
Profit from operations	506	441	1,380
Adjustments for:			
Depreciation, loss on disposal and amortisation	150	150	305
Employee equity settled share options	15	-	40
Change in inventories	2	4	6
Change in trade and other receivables	1,510	(1,944)	(2,476)
Change in trade and other payables	(1,151)	550	1,212
Cash inflow/(outflow) from operations	1,032	(799)	467
Income tax paid	-	-	(226)
Net cash inflow/(outflow) from operating activities	1,032	(799)	241
Cash flows from investing activities			
Purchases of property, plant and equipment	(1,013)	(77)	(260)
Net cash used in investing activities	(1,013)	(77)	(260)
Cash flows from financing activities			
Interest payments	(59)	(43)	(98)
Lease purchase payments	-	(6)	(11)
Dividends paid	-	(135)	(272)
Proceeds from exercise of share options	33	74	74
Purchase of own shares	-	(473)	(473)
Net cash outflow from financing activities	(26)	(583)	(780)
Net (decrease) in cash and cash equivalents from operations	(7)	(1,459)	(799)
Total net (decrease) in cash and cash equivalents	(7)	(1,459)	(799)
Cash and cash equivalents at beginning of period	(3,924)	(3,125)	(3,125)
Cash and cash equivalents at end of period	(3,931)	(4,584)	(3,924)

Notes to the interim statement

Six months ended 30 June 2016

1. Accounting policies

a) *General information*

RTC Group PLC is incorporated and domiciled in England and its 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 2015. 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 2015.

b) *Basis of preparation*

The unaudited interim group financial information of RTC Group PLC is for the six months ended 30 June 2016 and does 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 and have not been reviewed by the Group's auditors. This report should be read in conjunction with the Group's Annual Report and Accounts for the year ended 31 December 2015, 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 10 August 2016. No significant events, other than those disclosed in this document, have occurred between 30 June 2016 and this date.

c) *Comparatives*

The comparative figures for the year ended 31 December 2015 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*

There have been no significant changes in the basis upon which policies and estimates have been applied, compared to those applied at 31 December 2015. A full description of our accounting policies are contained with our 2015 Annual Report available on our website.

This interim announcement has been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards issued by the International Accounting Standards Board, as adopted by the European Union as effective for periods beginning on or after 1 January 2016.

Notes to the interim statement

Six months ended 30 June 2016

EBT

During the year the company set up an EBT. The EBT is considered an extension of the company's activities and therefore assets (except investments in the company's shares) and liabilities which are the subject of the trust are included in the consolidated accounts on a line-by-line basis. The cost of shares held by the EBT is presented as a separate debit reserve within equity entitled 'own shares held'.

2. Segment analysis

The Group is a provider of recruitment services and conferencing services that is based at the DCC. The recruitment business comprises three distinct business units – ATA predominantly servicing the UK SME engineering market and a number of vertical markets; GSS servicing the international market and Ganymede supplying labour into safety critical environments, mainly rail.

Segment information is provided below in respect of ATA, GSS, Ganymede and the DCC which, as well as being the head office for the Group, 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 UK at the DCC.

All revenues have been invoiced to external customers. During 2015, one customer in GSS contributed 10% or more of that segment's revenues being £5.1m (2015: £5.0m) and one customer in Ganymede also contributed 10% or more of that segment's revenues being £10.3m (2015: £5.4m).

Notes to the interim statement

Six months ended 30 June 2016

The segment information for the reporting period is as follows:

Six months ended 30 June 2016:

	ATA	Recruitment GSS	Ganymede	Conferencing DCC	Total Group
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	£'000	£'000	£'000	£'000	£'000
External sales revenue	12,837	5,147	15,486	592	34,062
Cost of sales	(10,206)	(4,458)	(13,063)	(355)	(28,082)
Gross profit	2,631	689	2,423	237	5,980
Administrative expenses	(1,979)	(439)	(1,350)	(408)	(4,176)
Depreciation	(36)	-	(2)	(28)	(66)
Segment profit from operations	616	250	1,071	(199)	1,738
Amortisation of intangibles					(66)
Central support and Group costs					(1,166)
Profit from operations per statement of comprehensive income					506

All assets and liabilities are held in the United Kingdom.

Notes to the interim statement

Six months ended 30 June 2016

Six months ended 30 June 2015:

	ATA	Recruitment GSS	Ganymede	Conferencing DCC	Total Group
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	£'000	£'000	£'000	£'000	£'000
External sales revenue	12,625	5,079	10,982	789	29,475
Cost of sales	(9,606)	(4,244)	(9,223)	(369)	(23,442)
Gross profit	3,019	835	1,759	420	6,033
Administrative expenses	(2,258)	(560)	(1,116)	(412)	(4,346)
Depreciation	(27)	-	(4)	(24)	(55)
Segment profit from operations	734	275	639	(16)	1,632
Amortisation of intangibles					(66)
Central support and Group costs					(1,125)
Profit from operations per statement of comprehensive income					441

Year ended 31 December 2015:

	ATA	Recruitment GSS	Ganymede	Conferencing DCC	Total Group
	Audited	Audited	Audited	Audited	Audited
	£'000	£'000	£'000	£'000	£'000
External sales revenue	26,676	9,693	26,682	1,848	64,899
Cost of sales	(20,591)	(8,205)	(22,621)	(781)	(52,198)
Gross profit	6,085	1,488	4,061	1,067	12,701
Administrative expenses	(4,446)	(1,016)	(2,448)	(826)	(8,736)
Depreciation	(113)	(1)	(8)	(52)	(174)
Segment profit from operations	1,526	471	1,605	189	3,791
Amortisation of intangibles					(132)
Central support and Group costs					(2,279)
Profit from operations per statement of comprehensive income					1,380

All assets and liabilities are held in the United Kingdom.

Notes to the interim statement
Six months ended 30 June 2016

3. Income tax

	Six month period ended 30 June 2016 Unaudited	Six month period ended 30 June 2015 Unaudited	Year ended 31 December 2015 Audited
	£'000	£'000	£'000
Continuing operations			
Analysis of tax:-			
Current tax			
UK corporation tax	73	81	172
Adjustment in respect of previous period	-	(16)	2
	73	65	174
Deferred tax	(13)	10	(2)
Tax	60	75	172

Factors affecting the tax expense

The tax assessed for the six-month period ended 30 June 2016 is less than would be expected by multiplying profit on ordinary activities by the standard rate of corporation tax in the UK of 20% (2015:20.5%). The differences are explained below:

	Six month period ended 30 June 2016 Unaudited	Six month period ended 30 June 2015 Unaudited	Year ended 31 December 2015 Audited
	£'000	£'000	£'000
Factors affecting tax expense			
Result for the year before tax	447	398	1,282
Profit multiplied by standard rate of tax of 20% (2015: 20.5%)	89	82	260
Non-deductible expenses	4	9	11
Tax credit on exercise of options	(23)	-	(101)
Corporation tax rate change	(10)	-	-
Adjustment in respect of previous period	-	(16)	2
Tax charge for the year	60	75	172

Notes to the interim statement

Six months ended 30 June 2016

4. Dividends

During the period the company made no dividend payments (2015: £67,558) to its equity shareholders. This represents a payment of 0.0p (2015: 1.0p) per share.

The Directors propose an interim dividend of 1.1p per share (2015: 1.0p). Subject to approval of the Directors, the interim dividend will be paid on 30 November 2016 to shareholders on the register on 4 November 2016.

5. 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 2016	Six month period ended 30 June 2015	Six month period ended 30 June 2016	Six month period ended 30 June 2015
	Unaudited	Unaudited	Unaudited	Unaudited
Earnings £'000	387	323	387	323
Basic weighted average number of shares	13,679,975	13,053,231	13,679,975	13,053,231
Dilutive effect of share options			582,545	665,203
Fully diluted weighted average number of shares			14,262,920	13,718,434
Earnings per share (pence)	2.83p	2.47p	2.71p	2.35p

The basic earnings per share at 31 December 2015 was 7.85p and diluted earnings per share was 7.49p.

Notes to the interim statement
Six months ended 30 June 2016

6. Analysis of changes in net debt

	At 1 January 2016 Audited £'000	Cash Flows £'000	Other non- cash movements £'000	At 30 June 2016 Unaudited £'000
Overdraft and invoice discounting arrangements	(3,982)	51	-	(3,931)
Cash	58	(58)	-	-
Net debt	(3,924)	(7)	-	(3,931)

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, GSS and Ganymede up to £9.0m and an overdraft facility of £50,000.

7. 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.

8. Related party transactions

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

ATA Recruitment Limited
The Derby Conference Centre Limited
Ganymede Solutions Limited
ATA Global Staffing Solutions 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.

Transactions with related parties not consolidated

The accounts of Accurate Recruitment and Training Services PBT Limited (ATA India), a 90% owned subsidiary of the Group, have not been consolidated as the Directors consider the amounts involved are not material.