RTC GROUP
RECRUITMENT & CONFERENCING

INTERIM REPORT
2012

Chairman's Statement

I am pleased to present the interim report of the Company for the six months ended 30 June 2012.

Group

The period has been one of continuing revenue growth in the recruitment division and consolidation at the Derby Conference Centre, with a pleasing increase in gross profits in both divisions.

Action taken to solve teething problems in the administration of rapidly increasing numbers of contractors in our international business and an improvement in group financial resources has eliminated the consequential temporary blip in indirect costs experienced mainly in the second half of 2011 but has resulted in an increased level of continuing costs resulting in broadly unchanged pre-exceptional operating profits.

There have been no exceptional items in the period.

Trading

Recruitment

As presaged in our Report and Accounts in May, trading has continued to improve. We have therefore succeeded in moving forward on all fronts in recruitment, particularly in our rapidly expanding business in India, serving NATO installations in Afghanistan. Additionally our new Indian subsidiary is trading ahead of expectations and has posted a small maiden profit. Accordingly, during the first six months of 2012, gross profits in this sector have again advanced at a most pleasing rate.

The Derby Conference Centre

Normal conferencing and event business continues to be hard to achieve but we have succeeded in utilising space at similar levels to 2011. The result of both these factors has resulted in modest profits from this division.

Central costs

We did not respond fast enough to the rapid increases in volumes in Afghanistan during H2 2011 resulting in operating inefficiencies which have since been eliminated. We have now completed the establishment of an effective, all embracing, administration department, based in Derby, capable of handling further significant increases in overseas contract business.

Chairman's Statement
continued

Management and Board
During the first half, Gary Hewett left the Group to pursue other business interests. Senior management are to be congratulated for stepping up and filling the gaps.

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

Outlook & Strategy
It is pleasing to be able to report a profit for the first half, free of any exceptional items, and to confirm that progress is continuing. Not, however, without some irritations and diversions in the shape of disruptions to the smooth running of the national economy caused by events such as the Jubilee and Olympic Games. We continue to believe that these items are, however, advantageous in the longer term and have raised the national mood during times of considerable financial turmoil both globally and in the United Kingdom. Although there seems to be no reason to expect solutions to all international problems in the near future, calmer waters will emerge and we are pursuing a strategy designed to continue our rapid growth in all areas of recruitment.

WJC Douie
Chairman
10 September 2012

Consolidated Condensed Statement of Comprehensive Income

Six months ended 30 June 2012

	Notes	**6 Months to 30 June 2012 (unaudited) £'000**	6 Months to 30 June 2011 (unaudited) £'000	12 Months to 31 Dec 2011 £'000
Revenue	2	**20,452**	14,235	29,519
Cost of sales		**(17,882)**	(12,117)	(25,517)
Gross Profit	2	**2,570**	2118	4,002
Administrative expenses		**(2,308)**	(2,202)	(4,467)
Operating profit/(loss)		**262**	(84)	(465)
Analysed as:				
Operating profit/(loss) before exceptional items	2	**262**	286	(87)
Administrative expenses – exceptional	3	**–**	(370)	(378)
Operating profit/(loss) after exceptional items		**262**	(84)	(465)
Financing expense		**(61)**	(45)	(96)
Profit/(loss) on ordinary activities before taxation		**201**	(129)	(561)
Tax	4	**–**	–	62
Net profit/(loss) from continuing operations		**201**	(129)	(499)
Loss from discontinued operations	5	**–**	–	(112)
Profit/(loss) for the period and total comprehensive income for the period attributable to equity holders of the parent		**201**	(129)	(611)
Basic:				
Earnings/(loss) per share – continuing operations (pence)	7	**1.49**	(1.24)	(4.17)
Loss per share – discontinued operations (pence)	7	**–**	–	(0.93)
Earnings/(loss) per share – continuing and discontinued operations (pence)	7	**1.49**	(1.24)	(5.10)

There is no dilutive impact of share options.

Consolidated Statement of Changes in Equity

Six months ended 30 June 2012

	Share capital £'000	Share premium account £'000	Capital redemp-tion reserve £'000	Share based payment reserve £'000	Accu-mulated losses £'000	Total equity £'000
At 1 January 2012	**135**	**2,468**	**50**	**33**	**(2,049)**	**637**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**–**	**201**	**201**
Share options cancelled	**–**	**–**	**–**	**(33)**	**33**	**–**
Share based payment reserve	**–**	**–**	**–**	**10**	**–**	**10**
At 30 June 2012	**135**	**2,468**	**50**	**10**	**(1,815)**	**848**

Six months ended 30 June 2011

	Share capital £'000	Share premium account £'000	Capital redemp-tion reserve £'000	Share based payment reserve £'000	Accu-mulated 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	–	–	–	–	(129)	(129)
Share issue (net of expenses)	45	351	–	–	–	396
Share based payment reserve	–	–	–	–	–	–
At 30 June 2011	135	2,468	50	30	(1,567)	1,116

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

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 Condensed Statement of Financial Position

As at 30 June 2012

	As at 30 June 2012 (unaudited) £'000	As at 30 June 2011 (unaudited) £'000	As at 31 Dec 2011 £'000
Assets			
Non current			
Property, plant & equipment	**271**	217	292
Deferred tax asset	**132**	70	132
	403	287	424
Current			
Inventories	**11**	8	14
Trade and other receivables	**6,471**	6,895	6,444
	6,482	6,903	6,458
Total assets	**6,885**	7,190	6,882
Liabilities			
Current			
Trade and other payables	**(3,150)**	(1,788)	(3,096)
Current borrowings	**(2,887)**	(4,286)	(3,149)
Total Liabilities	**(6,037)**	(6,074)	(6,245)
Net Assets	**848**	1,116	637
Equity			
Called up share capital	**135**	135	135
Share premium account	**2,468**	2,468	2,468
Capital redemption reserve	**50**	50	50
Share based payment reserve	**10**	30	33
Retained earnings	**(1,815)**	(1,567)	(2,049)
Total equity	**848**	1,116	637

Consolidated Condensed Statement of Cash Flows

Six months ended 30 June 2012

	Notes	**6 Months to 30 June 2012 (unaudited) £'000**	6 Months to 30 June 2011 (unaudited) £'000	12 Months to 31 Dec 2011 £'000
Cash flows from operating activities				
Operating profit/(loss) from continuing operations		**262**	(84)	(465)
Employee equity settled share options		**10**	–	3
Depreciation of property, plant & equipment		**72**	82	156
Loss on sale of property, plant & equipment		**–**	–	5
Change in inventories		**3**	2	(4)
Change in trade and other receivables		**(27)**	(2,108)	(1,657)
Change in trade and other payables		**54**	(278)	1,030
Net cash inflow/(outflow) from operations		**374**	(2,386)	(932)
Interest paid		**(61)**	(45)	(96)
Net cash from/(used in) operating activities		**313**	(2,431)	(1,028)
Cash flows from investing activities				
Purchases of property, plant & equipment		**(51)**	(20)	(174)
Proceeds from sale of property, plant & equipment		**–**	–	–
Net cash used in investing activities		**(51)**	(20)	(174)
Cash inflow/(outflow) before financing		**262**	(2,451)	(1,202)
Financing activities				
Issue of ordinary share capital net of associated expenses		**–**	396	396
Net cash from financing activities		**–**	396	396
Net increase/(decrease) in cash and cash equivalents from continuing operations		**262**	(2,055)	(806)
Net increase/(decrease) in cash and cash equivalents from discontinued operations		**–**	–	(112)
Total net increase/(decrease) in cash and cash equivalents		**262**	(2,055)	(918)
Cash and cash equivalents at the beginning of the period	8	**(3,149)**	(2,231)	(2,231)
Cash and cash equivalents at the end of the period	8	**(2,887)**	(4,286)	(3,149)

Notes to the Interim Statements

Six months ended 30 June 2012

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 2011. 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 2011.

b) Basis of preparation

The unaudited interim group financial statements of RTC Group Plc are for the six months ended 30 June 2012 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 2011, 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 10th September 2012. No significant events, other than those disclosed in this document, have occurred between 30 June 2012 and this date.

c) Comparatives

The comparative figures for the year ended 31 December 2011 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

The accounting policies adopted are consistent with those described in the annual financial statements for the year ended 31 December 2011. There have been no significant changes in the basis upon which estimates have been determined, compared to those applied at 31 December 2011 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 2012.

2. Segmental analysis

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

	6 months to 30 June 2012 (unaudited) £'000	6 months to 30 June 2011 (unaudited) £'000	12 months to 31 Dec 2011 £'000
Revenue			
Recruitment	**19,618**	13,421	27,756
Conferencing	**834**	814	1,763
	20,452	14,235	29,519
Gross margin			
Recruitment	**2,067**	1,636	2,964
Conferencing	**503**	482	1,038
	2,570	2,118	4,002
Operating profit/(loss) before exceptional items			
Recruitment	**1,042**	935	974
Conferencing	**72**	85	243
Group costs	**(852)**	(734)	(1,304)
	262	286	(87)

£6.5m (June 2011: £3.7m) of the revenue of the recruitment segment arose to a single customer.

The exceptional administrative item in the periods 30 June 2011 to 31 December 2011 relate to the recruitment segment.

It is the view of the directors that there is no seasonal aspect to the performance of the business.

The basis of apportioning group costs has been reviewed in the period and prior period results have been restated on a comparable basis.

3. Exceptional administrative expense

	6 months to 30 June 2012 (unaudited) £'000	6 months to 30 June 2011 (unaudited) £'000	12 months to 31 Dec 2011 £'000
Provision for doubtful debt	**–**	(370)	(378)
	–	(370)	(378)

As stated in the annual report for the year ending 31 December 2011, the Group experienced a bad debt of £378,000 from an isolated customer. This was provided for within the 2011 results and was subject to tax relief.

4. Income tax expense

No provision has been made for tax in the period as a result of losses brought forward from previous periods.

Deferred tax movements are not considered to be material as to the extent that the deferred tax asset has been charged to the statement of comprehensive income, there has been a compensation credit arising as a result of the recognition of a deferred tax asset arising from previously unrecognised tax losses brought forward.

5. Discontinued operations

No activities were discontinued during the 6 months to 30th June 2012. (2011: In August 2011, the Board decided to discontinue the activity of Global Choice Recruitment Ltd.).

	6 months to 30 June 2012 (unaudited) £'000	6 months to 30 June 2011 (unaudited) £'000	12 months to 31 Dec 2011 £'000
Revenue	**–**	–	76
Cost of sales	**–**	–	(109)
Gross Loss	**–**	–	(33)
Administrative expenses – normal	**–**	–	(79)
Operating loss	**–**	–	(112)
Financing expense	**–**	–	–
Loss on ordinary activities before taxation	**–**	–	(112)
Attributable income tax expense	**–**	–	–
Loss on disposal of discontinued operations	**–**	–	–
Net loss attributable to discontinued operations	**–**	–	(112)

6. Dividends

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

7. Earnings per share

The earnings 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 2012 (unaudited) £'000	6 months to 30 June 2011 (unaudited) £'000	12 months to 31 Dec 2011 £'000
Weighted average number of shares	**13,511,626**	10,411,444	11,974,276
Profit/(Loss) from continuing operations (£'000)	**201**	(129)	(499)
Profit/(Loss) per share from continuing operations (pence)	**1.49**	(1.24)	(4.17)
Loss from discontinued operations (£'000)	**–**	–	(112)
Loss per share from discontinued operations (pence)	**–**	–	(0.93)
Loss from continuing and discontinued operations (£'000)	**201**	(129)	(611)
Profit/(Loss) per share from continuing and discontinued operations (pence)	**1.49**	(1.24)	(5.10)

8. Analysis of changes in net debt

	At 1 Jan 2012 £'000	Cash flows £'000	Other movements £'000	**At 30 June 2012 £'000**
Bank overdraft	(3,149)	262	–	**(2,887)**

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. 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.

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