

9 August 2017

RTC Group Plc

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

Interim Results for the Six Months Ended 30 June 2017

RTC Group Plc (AIM: RTC.L), the engineering and technical recruitment company, is pleased to announce its unaudited results for the six months ended 30 June 2017.

Highlights:

- Group revenue from continuing operations: £35.1m (2016: £34.1m)
- Group profit from operations (before amortisation of intangibles): £0.7m (2016: £0.6m)
- Profit before tax increased by 32% to £0.6m: (2016: £0.4m)
- Cash inflow from operations £0.5m: (2016: £1.0m)
- Basic earnings per share 3.58p: (2016: 2.83p)

In line with the Company's progressive dividend policy, the Directors propose an interim dividend of 1.2p per share (2016: 1.1p). Subject to approval of the Directors, the interim dividend will be paid on 30 November 2017 to shareholders on the register on 10 November 2017.

Commenting on the results, Bill Douie, Chairman, said:

"I am pleased to report that the positive start to 2017, to which I alluded in my statement of 26th February, has continued throughout the remainder of the first half.

Ganymede continues to perform well and profits have grown in line with expectations. As announced on 25 July 2017, Ganymede Energy, has secured a significant contract with SSE Plc, commencing in November 2017, to source, train and provide dual fuel installers for its Smart-Meter roll-out programme.

ATA, like many companies in its sector, is experiencing tighter market conditions in permanent placements. However, it is growing its contract business ahead of expectations.

Global Staffing Solutions (GSS) continues to maintain its steady presence in Afghanistan and is enjoying promising new client opportunities both there and in other Middle East regions.

The refurbishment at the Derby Conference Centre (part of Central Services) has been completed and the Centre has returned to profitability.

The Directors are confident that trading in the second half of 2017 will be in line with expectations. The Board continues to implement ambitious growth initiatives across all group businesses and looks forward to the remainder of the year with optimism.

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

ENDS

Enquiries:

RTC Group Plc

Bill Douie, Chairman

Andy Pendlebury, Chief Executive

Tel: 0133 286 1835

SPARK Advisory Partners Limited (Nominated Adviser)

Matt Davis / Mark Brady

www.sparkadvisorypartners.com

Tel: 0203 368 3550

Whitman Howard Limited (Broker)

Nick Lovering / Francis North

www.whitman-howard.com

Tel: 020 7659 1234

About RTC

RTC has three principal trading subsidiaries engaged in recruitment 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 focused on the supply and operation of blue collar contingent labour into safety critical markets; and
- GSS predominantly provides managed service solutions for international clients.

www.rtcgroupplc.co.uk

Chairman's statement

Six months ended 30 June 2017

I am pleased to present the interim report of the Company for the six months to 30 June 2017 and to report on another successful half year for the Group.

I am pleased to report that the positive start to 2017, to which I alluded in my statement of 26th February, has continued throughout the remainder of the first half.

Ganymede continues to perform well and profits have grown in line with expectations. As announced on 25 July 2017, Ganymede Energy, has secured a significant contract with SSE Plc, commencing in November 2017, to source, train and provide dual fuel installers for its Smart-Meter roll-out programme.

ATA, like many companies in its sector, is experiencing tighter market conditions in permanent placements. However, it is growing its contract business ahead of expectations.

Global Staffing Solutions (GSS) continues to maintain its steady presence in Afghanistan and is enjoying promising new client opportunities both there and in other Middle East regions.

The refurbishment at the Derby Conference Centre (part of Central Services) has been completed and the Centre has returned to profitability.

Dividends

In line with the Company's progressive dividend policy, the Directors propose an interim dividend of 1.2p per share (2016: 1.1p). Subject to approval of the Directors, the interim dividend will be paid on the 30 November 2017 to shareholders on the register on 10 November 2017.

Outlook

The Directors are confident that trading in the second half of 2017 will be in line with market expectations. The Board continues to implement ambitious growth initiatives across all group businesses and looks forward to the remainder of the year with optimism.

W J C Douie
Chairman

9 August 2017

Finance Director's statement

Six months ended 30 June 2017

Revenue and gross margin

In the period ended 30 June 2017, Group revenue increased by to £35.1m (2016: £34.1m). Profit before tax increased by 32% to £0.6m (2016: £0.4m).

Ganymede

Profit from operations (before amortisation of intangibles on acquisition) was consistent with the prior year £1.1m (2016: £1.1m).

Revenue increased by 2.4%, as Ganymede's Rail division continued to provide Network Rail with contingent labour for maintenance at the top end of their five-year contract value. Ganymede Energy doubled the number of permanent placements made, compared to the same period in 2016 and steadily increased contractor numbers. Due to the change in mix in its Energy business, overall gross margin improved 0.4% from the same period in 2016. Considerable investment has been made in the growth strategies for Ganymede's Rail and Energy divisions.

ATA

Profit from operations was slightly behind the prior year £0.5m (2016: £0.6m).

Revenue has increased by 6.5% as ATA's strategy to build a much more substantial contract base really starts to deliver results. However, the slow-down in permanent recruitment in UK based engineering that has been seen in other recruitment businesses recent announcements and that was referred to in our 2016 annual report is still hampering absolute growth in permanent performance in ATA. The resulting change in mix between contract and permanent recruitment has led to a slight dip in gross profit for the period. Administrative expenses have been held at 2016 levels.

GSS

Profit from operations was slightly behind the same period prior year £0.2m (2016: £0.3m).

Revenue decreased by 6.1% as anticipated, with the tightened pricing effective from October 2016 when GSS' key contract in Afghanistan was successfully rebid. Contractors numbers have largely been maintained at 2016 levels and overheads carefully managed. Investment in pursuing new opportunities has been rewarded with a new contract secured to supply candidates for roles in Afghanistan similar to those currently provided.

Central Services

Following the refurbishment of the Derby site in 2016, revenue from the site has increased by 28.2% on the same period last year and administrative costs have been reduced.

Taxation

The total tax charge for the period is estimated at £93,000 (2016: £60,000). This is lower than would be expected if the standard tax rate was applied to the profits for the period, as explained in note 3.

Finance Director's statement

Six months ended 30 June 2017

Earnings per share

The basic earnings per share figure is 3.58p (2016: 2.83p). The diluted earnings per share 3.39p (2016: 2.71p).

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 £1.8m (2016: £1.4m). The ratio of current assets to current liabilities was maintained at 1.2x (2016: 1.2x) and the gearing ratio reduced to 1.0 times (2016: 1.2 times). The gearing ratio in 2016 largely reflected 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 16.9 times (2016: 8.6 times)

Cash flow

Profit from operations of £0.6m was nearly all converted to a cash inflow from operations of £0.5m, which represented good cash generation. The higher cash inflow in the first half of 2016 of £1.0m was largely a result of the marked improvement in debtors during that period.

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.

S L Dye
Group Finance Director

9 August 2017

Consolidated statement of comprehensive income

Six months ended 30 June 2017

		Six month period ended 30 June 2017	Six month period ended 30 June 2016	Year ended 31 December 2016
	Notes	Unaudited £'000	Unaudited £'000	Audited £'000
Revenue	2	35,127	34,062	67,900
Cost of sales	2	(29,126)	(28,082)	(55,794)
Gross profit	2	6,001	5,980	12,106
Administrative expenses		(5,374)	(5,474)	(10,929)
Profit from operations		627	506	1,177
Financing expense		(37)	(59)	(104)
Profit before tax		590	447	1,073
Tax expense	3	(93)	(60)	(273)
Net profit and total comprehensive income for the period		497	387	800
Earnings per ordinary share	5			
Basic		3.58p	2.83p	5.80p
Diluted		3.39p	2.71p	5.44p

Consolidated statement of changes in equity

Six months ended 30 June 2017

Six months ended 30 June 2017:

	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 2017 (audited)	145	96	(473)	50	95	3,455	3,368
Profit and total comprehensive income for the period	-	-	-	-	-	497	497
Share options exercised	-	-	-	-	-	-	-
Share based payment reserve	-	-	-	-	58	-	58
At 30 June 2017 (unaudited)	145	96	(473)	50	153	3,952	3,923

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 2017

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

Consolidated statement of changes in equity

Six months ended 30 June 2017

Year ended 31 December 2016:

	Share capital	Share premium	Own shares held	Capital redemption reserve	Share based payment reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2016	143	66	(473)	50	54	3,080	2,920
Total comprehensive income for the year	-	-	-	-	-	800	800
Dividends	-	-	-	-	-	(430)	(430)
Share options exercised	2	30	-	-	(5)	5	32
Share based payment charge	-	-	-	-	46	-	46
At 31 December 2016	145	96	(473)	50	95	3,455	3,368

Consolidated statement of financial position

As at 30 June 2017

	Six month period ended 30 June 2017 Unaudited	Six month period ended 30 June 2016 Unaudited	Year ended 31 December 2016 Audited
	£'000	£'000	£'000
Assets			
Non-current			
Goodwill	132	132	132
Other intangible assets	576	670	642
Property, plant and equipment	1,418	1,274	1,260
Deferred tax asset	59	16	33
	2,185	2,092	2,067
Current			
Cash and cash equivalents	-	-	60
Inventories	12	11	12
Trade and other receivables	10,606	10,217	11,183
Total current assets	10,618	10,228	11,255
Total assets	12,803	12,320	13,322
Liabilities			
Current			
Trade and other payables	(4,631)	(4,758)	(5,429)
Corporation tax	(141)	(180)	(132)
Current borrowings	(4,051)	(3,931)	(4,289)
Total current liabilities	(8,823)	(8,869)	(9,850)
Non-current liabilities			
Deferred tax liabilities	(57)	(96)	(104)
Net assets	3,923	3,355	3,368
Equity			
Share capital	145	145	145
Share premium	96	97	96
Capital redemption reserve	50	50	50
Own shares held	(473)	(473)	(473)
Share based payment reserve	153	65	95
Profit and loss account	3,952	3,471	3,455
Total equity	3,923	3,355	3,368

Consolidated statement of cash flows

Six months ended 30 June 2017

	Notes	Six month period ended 30 June 2017 Unaudited £'000	Six month period ended 30 June 2016 Unaudited £'000	Year ended 31 December 2016 Audited £'000
Cash flows from operating activities				
Profit from operations	2	627	506	1,177
Adjustments for:				
Depreciation and amortisation		199	150	382
Loss on disposal		-	-	5
Employee equity settled share options charge		58	15	46
Change in inventories		-	2	1
Change in trade and other receivables		577	1,510	560
Change in trade and other payables		(955)	(1,151)	(483)
Cash inflow from operations		506	1,032	1,688
Income tax paid		-	-	(270)
Net cash inflow from operating activities		506	1,032	1,418
Cash flows from investing activities				
Purchases of property, plant and equipment		(291)	(1,013)	(1,129)
Purchase of intangible assets		-	-	(79)
Net cash used in investing activities		(291)	(1,013)	(1,208)
Cash flows from financing activities				
Interest payments		(37)	(59)	(104)
Lease purchase payments		-	-	(11)
Dividends paid		-	-	(430)
Proceeds from exercise of share options		-	33	30
Net cash outflow from financing activities		(37)	(26)	(515)
Net increase / (decrease) in cash and cash equivalents from operations		178	(7)	(305)
Total net increase / (decrease) in cash and cash equivalents				
		178	(7)	(305)
Cash and cash equivalents at beginning of period		(4,229)	(3,924)	(3,924)
Cash and cash equivalents at end of period	6	(4,051)	(3,931)	(4,229)

Notes to the interim statement

Six months ended 30 June 2017

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 2016. 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 2016.

b) *Basis of preparation*

The unaudited interim group financial information of RTC Group PLC is for the six months ended 30 June 2017 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 2016, 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 18 August 2017. No significant events, other than those disclosed in this document, have occurred between 30 June 2017 and this date.

c) *Comparatives*

The comparative figures for the year ended 31 December 2016 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 2016. A full description of our accounting policies is contained with our 2016 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 2017.

Notes to the interim statement

Six months ended 30 June 2017

2. Segment analysis

The Group is a provider of recruitment services that has its headquarters at the Derby Conference Centre which is contained within the Central Services segment. The recruitment business comprises three distinct business units – ATA predominantly servicing the UK engineering market; GSS servicing the international market and Ganymede supplying labour into safety critical environments.

Segment information is provided below in respect of ATA, Ganymede, GSS and Central Services which, as well as being the head office and providing all central services for the Group, generates income from excess space at the Derby site including rental 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.

All revenues have been invoiced to external customers. During the first half of 2016, one customer in GSS contributed 10% or more of that segment's revenues being £4.8m (2016: £5.1m) and one customer in Ganymede also contributed 10% or more of that segment's revenues being £11.7m (2016: £10.3m).

Notes to the interim statement

Six months ended 30 June 2017

The segment information for the reporting period is as follows:

Six months ended 30 June 2017:

Unaudited	ATA	Recruitment		Ganymede	Central Services	Total Group
		£'000	£'000			
External sales revenue	13,674	4,832	15,862	759	35,127	
Cost of sales	(11,126)	(4,319)	(13,327)	(354)	(29,126)	
Gross profit	2,548	513	2,535	405	6,001	
Administrative expenses*	(1,973)	(305)	(1,427)	(1,470)	(5,175)	
Amortisation of intangibles*	(24)	-	(66)	-	(90)	
Depreciation*	(16)	-	(15)	(78)	(109)	
Profit / (loss) from operations	535	208	1,027	(1,143)	627	
Finance expense					(37)	
Profit before tax					590	
Tax expense					93	

*combine to represent administrative expenses of £5,374,000 in the consolidated statement of comprehensive income.

All assets and liabilities are held in the United Kingdom.

Six months ended 30 June 2016:

Unaudited	ATA	Recruitment		Central Services	Total Group
		GSS	Ganymede (Restated**)		
	£'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)	(1,556)	(5,324)
Amortisation of intangibles*	-	-	(66)	-	(66)
Depreciation*	(36)	-	(2)	(46)	(84)
Profit / (loss) from operations	616	250	1,005	(1,365)	506
Finance expense					(59)
Profit before tax					447
Tax expense					60

*combine to represent administrative expenses of £5,474,000 in the consolidated statement of comprehensive income.

** Restatement to reflect presentation as at 31 December 2016. Ganymede to include amortisation of intangibles and Derby Conference Centre included as part of Central Services.

All assets and liabilities are held in the United Kingdom.

Notes to the interim statement

Six months ended 30 June 2017

Year ended 31 December 2016:

Audited	Recruitment			Central Services £'000	Total Group £'000
	ATA £'000	GSS £'000	Ganymede £'000		
External sales revenue	25,692	9,575	31,345	1,288	67,900
Cost of sales	(20,469)	(8,409)	(26,190)	(726)	(55,794)
Gross profit	5,223	1,166	5,155	562	12,106
Administrative expenses*	(3,854)	(787)	(2,795)	(3,105)	(10,541)
Amortisation of intangibles*	(41)	-	(132)	-	(173)
Depreciation*	(87)	(1)	(28)	(99)	(215)
Profit / (loss) from operations	1,241	378	2,200	(2,642)	1,177
Finance expense					(104)
Profit before tax					1,073
Tax expense					(273)

*combine to represent administrative expenses of £10,929,000 in the consolidated statement of comprehensive income.

All assets and liabilities are held in the United Kingdom.

Notes to the interim statement

Six months ended 30 June 2017

3. Income tax

	Six month period ended 30 June 2017 Unaudited	Six month period ended 30 June 2016 Unaudited	Year ended 31 December 2016 Audited
	£'000	£'000	£'000
Continuing operations			
Analysis of tax:			
Current tax			
UK corporation tax	141	73	235
Adjustment in respect of previous period	-	-	35
	141	73	270
Deferred tax	(29)	(13)	3
Adjustment in respect of previous period	(19)		
Tax	93	60	273

Factors affecting the tax expense

The tax assessed for the six-month period ended 30 June 2017 is lower than would be expected by multiplying profit on ordinary activities by the standard rate of corporation tax in the UK of 19.25% (2016:20%). The differences are explained below:

	Six month period ended 30 June 2017 Unaudited	Six month period ended 30 June 2016 Unaudited	Year ended 31 December 2016 Audited
	£'000	£'000	£'000
Factors affecting tax expense			
Result for the period before tax	590	447	1,073
Profit multiplied by standard rate of tax of 19.25% (2016: 20%)	114	89	215
Non-deductible expenses	(1)	4	45
Tax credit on exercise of options	-	(23)	(22)
Corporation tax rate change	(1)	(10)	-
Adjustment in respect of previous period	(19)	-	35
Tax charge for the period	93	60	273

Notes to the interim statement

Six months ended 30 June 2017

4. Dividends

During the period, the company made no dividend payments (2016: Nil) to its equity shareholders. This represents a payment of 0.0p (2016: 0.0p) per share.

The Directors propose an interim dividend of 1.2p per share (2016: 1.1p). Subject to approval of the Directors, the interim dividend will be paid on 30 November 2017 to shareholders on the register on 10 November 2017.

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 Six month period ended 30 June 2017	Six-month period ended 30 June 2016	Diluted Six-month period ended 30 June 2017	Six month period ended 30 June 2016
	Unaudited	Unaudited	Unaudited	Unaudited
Earnings £'000	497	387	497	387
Basic weighted average number of shares	13,868,126	13,679,975	13,868,126	13,679,975
Dilutive effect of share options	-	-	792,794	582,545
Fully diluted weighted average number of shares	-	-	14,660,920	14,262,920
Earnings per share (pence)	3.58p	2.83p	3.39p	2.71p

The basic earnings per share at 31 December 2016 was 5.80p and diluted earnings per share was 5.44p.

Notes to the interim statement

Six months ended 30 June 2017

6. Reconciliation of cash and cash equivalents in cash flow to cash balances in statement of financial position

	At 1 January 2017 Audited £'000	Cash and cash equivalents £'000	At 30 June 2017 Unaudited £'000
Overdraft and invoice discounting arrangements	(4,289)	238	(4,051)
Cash	60	(60)	-
Cash and cash equivalents	(4,229)	178	(4,051)

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. Borrowings

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 all 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.