

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

## Audited results for the year ended 31 December 2013

RTC Group Plc, a support services group which predominantly provides recruitment services, is pleased to announce its audited results for the year ended 31 December 2013.

### Highlights

- Group revenue up 14% to £49m (2012: £43.0m)
- Group operating profit £871,000 (2012: £592,000)
- Profit before tax up 55% to £736,000 (2012: £474,000)
- Profit for the year attributable to equity holders of £512,000 (2012: £575,000)
- Basic earnings per share of 3.79p (2012: 4.26p)

The Board is not able to recommend any dividends for 2013 (2012: nil).

Pre-tax profits have increased by £262,000, however, there is a decrease in earnings per share reflecting a tax charge of £224,000 (2012: credit £101,000 relating to deferred tax).

Commenting on the results Bill Douie, Chairman, said:

*"Our subsidiary companies have all made positive contributions and established solid competitive positions in their respective markets, marking another year of growth across all our recruitment markets.*

*Contributing to our success is undoubtedly the growth in Ganymede and our increasing international capability. Although there is still work to be done in the regional branch network in ATA Recruitment in the UK to re-establish our stronghold in the SME market, we expect to complete that in 2014 and to drive for further growth in all three core businesses. We have also undertaken and expect to complete our major information technology and systems infrastructure upgrade in the first half of 2014. Both globally and in our own Group there are important challenges but also many exciting opportunities. We look forward to the future with confidence".*

### Enquiries:

#### **RTC Group Plc**

Bill Douie, Chairman

Andy Pendlebury, Chief Executive

**01332 861 835**

#### **Allenby Capital Limited – Nominated Adviser & Broker**

Jeremy Porter, Corporate Finance

Mark Connelly, Corporate Finance

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## Chairman's statement

For the year ended 31 December 2013

I am pleased to present the final report for the year to 31 December 2013.

### Group

2013 has been a year of continuing growth both in turnover and operating profit. As a result we have achieved a pleasing improvement in Group operating profits to £871,000 to post a group pre-tax profit of £736,000.

A major step forward is that we have done better than forecast and we believe this has resulted in enhanced confidence in our future from both customers and investors. As we demonstrate continuing momentum this year, we believe that it will become ever more evident that the underlying trend is up rather than just short term recovery.

The restructuring of the Group undoubtedly contributed to our success. This included the strategic withdrawal from training and the consequential focus on Ganymede Solutions and ATA Global Staffing Solutions.

Following another year of growth in ATA Recruitment in the UK, in one aspect, local branches, we still have work to do in rebuilding the national coverage, but we now have contract and permanent in all locations including our major vertical markets branch in Derby. The drive is for growth across the board.

Ganymede Solutions has turned in a remarkable performance in 2013 and is now a serious operator in railway and other infrastructure maintenance. Further enhancement of management and the recent recruitment of a rail biased Managing Director positions us well when tendering to enlarge our railway footprint for the next five years.

ATA Global Staffing Solutions is making good progress in diversifying away from reliance on our successful contract in Afghanistan to encompass broader coverage of the Middle East and Africa.

Our objective is to deliver continuing profitable growth in the above areas. To provide opportunities for acceleration and a fast-track to the delivery of economies of scale, carefully selected acquisitions clearly can assist to enhance the relationship between volume growth and earnings per share growth and to achieve significant Group advantages operationally.

### Capital investment

Our enhanced trading performance has enabled us to continue carefully focused increases in capital expenditure after providing for working capital to service increased turnover.

### Dividends

Your directors are not able to recommend any dividends for 2013. Our objective is to return to payment of dividends as soon as our continued balance sheet enhancement and profits growth permit and to clear the way to that we are seeking authority from shareholders at the upcoming Annual General Meeting (AGM) to transfer share premium account to distributable reserves if that is considered to be appropriate.



## Chairman's statement

For the year ended 31 December 2013

### The Group Board

There have been no changes to the Group Board since the last AGM. We are giving consideration to appointing a second non-executive director in the near future.

### Outlook

Our journey from the depths of recession has produced steady progress and we fully expect that to continue. Although there is still work to be done in the regional branch network in ATA Recruitment in the UK to re-establish our stronghold in the SME market, we expect to complete that in 2014 and to drive for further growth in all three core businesses. We have also undertaken and expect to complete our major information technology and systems upgrade in the first half of 2014. Both globally and in our own Group there are important challenges but also many exciting opportunities. We look forward to the future with confidence.

### Staff

I should like to thank our staff at all levels for their loyalty, hard work and enthusiasm.

**W J C Douie**  
Chairman

**18 March 2013**



## Chief executive's strategic review

For the year ended 31 December 2013

I am pleased to report that 2013 was another year of significant progress for RTC Group.

Each of our subsidiary businesses made a positive contribution to the Group and established solid competitive positions in their respective markets. Our business mix continues to dilute exposure to any one particular sector or geographical region and our strong discipline to both pricing and cost control has enabled us to maintain and in certain areas increase our profit margins. All of this translates into significantly increased profitability, a continued improvement in cash flow, and a stronger and healthier balance sheet for the shareholders of our Group.

In terms of individual subsidiary performance, our three key business units of ATA Recruitment, ATA Global Staffing Solutions and Ganymede Solutions all had extremely promising years.

ATA Recruitment continued to capture new opportunities in both its regional branch network which is experiencing renewed growth as the UK's manufacturing sector continues to emerge from recession and in its rail, infrastructure and civil business which secured a number of new contracts with a variety of blue chip clients as investment in major projects continues to dominate the UK landscape. A key factor in the growth rate of ATA Recruitment is the number and quality of recruitment consultants employed in the business. The investment in headcount which began during 2013 has started to generate additional net fee income and a plan to continue and accelerate this growth during 2014 is currently being implemented.

Our international business, ATA Global Staffing Solutions which was established as a result of our contract win to support NATO in Afghanistan through Kellogg Brown & Root is now securing business with other overseas clients and is developing a solid track record as a multi country provider of both temporary and permanent staff. The business is in discussions with a range of international clients in both established and emerging market countries and its India operation, in addition to securing indigenous opportunities, is working closely with other parts of the Group to provide access to a rich source of highly skilled candidates.

Ganymede Solutions has had an exceptional year both in terms of increased market share and profit contribution to the Group. It has continued to enhance its growing reputation as a market leader in the provision of blue collar personnel to the rail industry and has secured new business across all areas of maintenance, renewal and investment projects with Network Rail and its primary supply chain. In addition the business has secured further growth on the London Underground with Tube Lines and Transport for London. The business operates in a highly safety critical environment and invests significantly in the quality and safety of its workforce. With Network Rail about to enter Control Period 5 (CP5) and invest approximately £1 billion both directly and indirectly in contingent labour over the next 5 years, Ganymede has a significant opportunity to secure long term business in the largest rail investment programme witnessed in this country. This, coupled with the additional investments committed by Transport for London in both its over-ground and underground rail infrastructure, provides Ganymede with the opportunity to build a substantial order book for the foreseeable future.



## Chief executive's strategic review

For the year ended 31 December 2013

Our solid performance has also enabled us to make considerable investments in our information technology and systems infrastructure. We will shortly have a single, centralised recruitment platform, with simplified processes for all group companies to access and this will be complemented by a new group wide best in class internet connectivity enabling our consultants to interact much faster with clients and candidates. This will provide a clear competitive advantage as speed of response is increasingly becoming a key differentiator in the battle for market share.

This investment is also enabling our Group companies to collaborate and co-operate more closely to secure new contracts as many of our customers seek broader relationships with fewer suppliers. Our ability to offer turnkey recruitment solutions enables our clients to have a one stop relationship reducing their transaction costs and giving them access to a broad range of international candidates many with specialist, niche or scarce skills. As demand for both domestic and international employment continues to show signs of rebounding from all-time lows, we are cautiously confident that the strategic and structural changes we have made over the past few years to return the Group to its original core competence of recruitment will continue to enhance value for shareholders as our new business model matures and gathers further momentum.

We have also undertaken a thorough review and restructuring of management over the past eighteen months and the senior executive team now overseeing the future of the group has significant industry experience. This enables us to react swiftly to the immense changes which are constantly taking place in a fast moving global recruitment industry. We believe that our strategy is solid and our performance reflects the quality of the people in the Group at all levels who are responsible for delivering it. We will not let our success foster complacency but rather act as a springboard for bigger and better things for the Group to pursue.

Finally, as a board of directors, our results give us many reasons to be proud but none more than in the quality of our people who continue to work diligently and professionally in pursuit of their own and our collective goals and achievements. The culture we have created within our group is one of our biggest assets and a vital source of energy to attract new, high quality, employees as we grow. The whole Group rightfully deserves credit for this.

**Andy Pendlebury**  
Group Chief Executive

**18 March 2014**



## Finance Director's statement

For the year ended 31 December 2013

In the year ended 31 December 2013, Group revenue increased by 14% to £49m (2012:£43m) reflecting strong growth across the Group's recruitment division, in particular Ganymede Solutions where revenues were up 44% on 2012 at £10m.

Revenue growth has flowed through to an overall operating profit of £871,000, an increase of 47% on last year. Gross margin was 11.3% (2012: 12.2%) reflecting the temporary impact of the restructuring in ATA Recruitment. Gross margin is budgeted to improve in 2014.

### Recruitment

ATA Recruitment returned a solid performance for the year with the anticipated benefits of the new structure hinted at in the early part of the second half but most notably evident in the final quarter of 2013 with revenue up 16% versus the final quarter of 2012.

Overseas revenue generated by ATA Global Staffing Solutions increased by £1.0m reflecting the levelling out of the contract in Afghanistan as it reaches maturity. Gross margin increased to 10.1% (2012:9.2%) as a result of efficiencies gained from experience in managing the contract.

Revenue from blue collar labour supplied by Ganymede Solutions increased by 44% with the number of hours worked up 44% (2012: 37%). This revenue growth was principally achieved by increased volumes with existing customers.

### Conferencing

Income from the Derby Conference Centre, which houses the Group's head office, was maintained near 2012 levels.

### Taxation

The total tax charge for the year of £224,000 (2012: credit £101,000 relating to deferred tax) is higher than would be expected if a 23.5% charge to corporation tax was applied to the profit for the year. The reason for this is that the overall tax charge comprises a charge to corporation tax for the year of £95,000 and a deferred tax charge of £129,000. The actual charge to corporation tax of £95,000 is lower due to the utilisation of tax losses brought forward. The deferred tax charge of £129,000 relates to the unwinding of the deferred tax asset as the tax losses brought forward are utilised (see note 5).

### Earnings per share

The basic earnings per share figure is 3.79p (2012: 4.26p). The decrease reflects the tax charge as noted above. Profit before tax is up 55% at £736,000 (2012: £474,000).

### Dividends

The directors are unable to recommend any dividend payment, at least until there are positive reserves brought forward in RTC Group plc.



## Finance Director's statement

For the year ended 31 December 2013

### Statement of financial position

The Group balance sheet has again strengthened during the year, with net working capital increasing by £620,000 to £1,182,000 (2012: £562,000) and a slightly increased ratio of current assets to current liabilities of 1.14 (2012: 1.07). The Group's gearing ratio has fallen to 2.3 from 3.2. Gearing is calculated as current bank borrowing over equity and interest cover has increased to 6.5 (2012: 5.0) further evidence of improvement in the Group's financial position.

Trade receivables have only increased by £397,000 despite the increased trading levels across the group. This is predominantly a result of increased trading in Ganymede Solutions (revenue up 44%) which is also reflected in the slight increase in ageing debtor profile as a number of Ganymede's key customers have extended payment terms. The increase in other debtors reflects a marked increase in sales activity in week 52 compared to prior year, including a new contract in ATA Recruitment. Week 52 sales that have not been invoiced at the year end are treated as other receivables (prior year: trade receivables).

### Financing and cash flow

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. Both are renewable annually with the next review due in February 2015. 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.

Post tax cash generation during the year has improved and our pro-active approach to debtor management has succeeded in limiting our working capital utilisation despite the 14% increase in revenue.

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

**18 March 2014**



## Consolidated statement of comprehensive income

For the year ended 31 December 2013

	Notes	2013 £'000	2012 £'000
<b>Revenue</b>	4	<b>48,817</b>	42,963
Cost of sales		<b>(43,295)</b>	(37,735)
<b>Gross profit</b>		<b>5,522</b>	5,228
Administrative expenses		<b>(4,651)</b>	(4,636)
<b>Profit from operations</b>		<b>871</b>	592
Financing expense		<b>(135)</b>	(118)
<b>Profit before tax</b>		<b>736</b>	474
Tax (expense) / credit	5	<b>(224)</b>	101
<b>Net profit and total comprehensive income for the year</b>		<b>512</b>	575
<b>Earnings per ordinary share</b>	3		
Basic		<b>3.79p</b>	4.26p
Diluted		<b>3.69p</b>	4.26p



## Consolidated statement of changes in equity

For the 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	135	2,468	50	-	(1,482)	1,171
Profit and total comprehensive income for the year	-	-	-	-	512	512
Share acquisition	-	-	-	-	-	-
Share based payment reserve	-	-	-	18	-	18
<b>At 31 December 2013</b>	<b>135</b>	<b>2,468</b>	<b>50</b>	<b>18</b>	<b>(970)</b>	<b>1,701</b>

	Share capital	Share premium	Capital redemption reserve	Share based payment reserve	Accumulated losses	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2012	135	2,468	50	33	(2,049)	637
Profit and total comprehensive income for the year	-	-	-	-	575	575
Share acquisition	-	-	-	-	(41)	(41)
Share based payment reserve	-	-	-	(33)	33	-
At 31 December 2012	135	2,468	50	-	(1,482)	1,171



## Consolidated statement of financial position

As at 31 December 2013

	2013	2012
	£'000	Restated £'000
<b>Assets</b>		
<b>Non-current</b>		
Property, plant and equipment	431	403
Deferred tax asset	110	239
	<b>541</b>	642
<b>Current</b>		
Cash and cash equivalents	232	336
Inventories	15	13
Trade and other receivables	9,127	8,059
	<b>9,374</b>	8,408
<b>Total assets</b>	<b>9,915</b>	9,050
<b>Liabilities</b>		
<b>Current</b>		
Trade and other payables	(4,230)	(4,001)
Corporation tax	(95)	-
Current borrowings	(3,867)	(3,845)
<b>Total current liabilities</b>	<b>(8,192)</b>	(7,846)
<b>Non-current liabilities</b>		
Creditors falling due after one year - finance leases	(22)	(33)
<b>Net assets</b>	<b>1,701</b>	1,171
<b>Equity</b>		
Share capital	135	135
Share premium	2,468	2,468
Capital redemption reserve	50	50
Share based payment reserve	18	-
Accumulated losses	(970)	(1,482)
<b>Total equity</b>	<b>1,701</b>	1,171



## Consolidated statement of cash flows

For the year ended 31 December 2013

	2013	2012
	£'000	£'000
<b>Cash flows from operating activities</b>		
Profit before tax	736	474
Adjustments for:		
Depreciation, loss on disposal and amortisation	181	149
Profit on sale of property, plant and equipment	3	-
Employee equity settled share options	18	-
Change in inventories	(2)	1
Change in trade and other receivables	(1,068)	(1,621)
Change in trade and other payables	245	938
<b>Cash generated from operations</b>	<b>113</b>	<b>(59)</b>
Net cash from/(used) in operating activities	<b>113</b>	<b>(59)</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(212)	(260)
Purchases of shares in subsidiary companies	-	(41)
Net cash used in investing activities	<b>(212)</b>	<b>(301)</b>
<b>Cash flows from financing activities</b>		
Net cash inflow/(outflow) from financing activities	<b>(27)</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents from operations</b>	<b>(126)</b>	<b>(360)</b>
Total net (decrease) in cash and cash equivalents	<b>(126)</b>	<b>(360)</b>
Cash and cash equivalents at beginning of period	<b>(3,509)</b>	<b>(3,149)</b>
Cash and cash equivalents at end of period	<b>(3,635)</b>	<b>(3,509)</b>



## 1. Corporate information and basis of preparation

RTC Group Plc is a public limited company incorporated and domiciled in England whose shares are publicly traded. The principal activities of the Group are described in note 4.

The announcement of results of the Group for the year ended 31 December 2013 was authorised for issue in accordance with a resolution of the directors on 18 March 2014.

The financial information included in this announcement has been compiled in accordance with the recognition and measurement criteria of International Financial Reporting Standards (“IFRS”), including International Accounting Standards (“IAS”) and interpretations issued by the International Accounting Standards Board (“IASB”) and its committees, and as adopted by the EU. This announcement does not itself however contain sufficient information to comply with IFRS.

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 2012 and no change in estimate has had a material effect on the current period.

### *Restatement of prior year figures*

Invoice discounting balances were previously netted off cash and cash equivalents in the prior year. In the current year, the directors have restated them to borrowings resulting in no impact on reported profits or net assets.

## 2. Dividends

The Board is not able to recommend any dividends for 2013 (2012: nil).

## 3. 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	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Earnings £'000	512	575	512	575
Weighted average number of shares	13,511,626	13,511,626	13,889,918	13,511,626
Earnings per share (pence)	3.79p	4.26p	3.69p	4.26p

#### 4. 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; ATA Global Staffing Solutions servicing the international market and Ganymede Solutions supplying blue collar labour into rail, trades and labour and other markets.

Segment information is provided below in respect of ATA Recruitment, ATA Global Staffing Solutions, Ganymede Solutions and Derby Conference Centre which 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 2013, one customer in the ATA Global Staffing Solutions segment contributed 10% or more of that segment's revenues being £14.8m (2012: £13.7m).

The segmental information for the current reporting period is as follows:

	ATA Recruitment	Recruitment ATA Global Staffing Solutions	Ganymede Solutions	Conferencing Derby Conference Centre	Total Group
	2013	2013	2013	2013	2013
	£'000	£'000	£'000	£'000	£'000
External sales revenue	22,500	14,840	9,938	1,539	48,817
Cost of sales	(20,545)	(13,340)	(8,687)	(723)	(43,295)
Segment gross profit	1,955	1,500	1,251	816	5,522
Administrative expenses	(954)	(575)	(461)	(678)	(2,668)
Depreciation	(27)	-	(8)	(78)	(113)
<b>Segment contribution</b>	<b>974</b>	<b>925</b>	<b>782</b>	<b>60</b>	<b>2,741</b>
Group costs					(1,870)
Operating profit per statement of comprehensive income					871



The segmental information for the previous reporting period was as follows:

	ATA Recruitment	Recruitment ATA Global Staffing Solutions	Ganymede Solutions	Conferencing Derby Conference Centre	Total Group
	2012	2012	2012	2012	2012
	£'000	£'000	£'000	£'000	£'000
External sales revenue	20,601	13,736	6,885	1,741	42,963
Cost of sales	(18,292)	(12,472)	(6,228)	(743)	(37,735)
Segment gross profit	2,309	1,264	657	998	5,228
Administrative expenses	(988)	(641)	(225)	(777)	(2,631)
Depreciation	(20)	(2)	(14)	(60)	(96)
Segment contribution	1,301	621	418	161	2,501
Group costs					(1,909)
Operating profit per statement of comprehensive income					592

All operations are continuing. All assets and liabilities are held in the United Kingdom.

## 5. Income tax

Continuing operations	2013 £'000	2012 £'000
Analysis of tax:-		
<b>Current tax</b>		
UK corporation tax	95	-
	95	-
<b>Deferred tax</b>		
Origination and reversal of temporary differences	129	(107)
Adjustment in respect of previous period	-	6
Tax	224	(101)



### Factors affecting the tax expense

The tax assessed for the year is greater than (2012: less than) would be expected by multiplying profit on ordinary activities by the standard rate of corporation tax in the UK of 23.5 % (2012: 23%). The differences are explained below:-

Factors affecting tax expense	2013	2012
	£'000	£'000
Result for the year before tax	<b>736</b>	474
Profit multiplied by standard rate of tax of 23.5% (2012: 23%)	<b>173</b>	116
Non-deductible expenses	<b>17</b>	17
Losses carried forward		-
Utilisation of losses	<b>34</b>	(240)
Adjustment in respect of previous periods	-	6
<b>Tax charge/ (credit) for the year</b>	<b>224</b>	<b>(101)</b>

### Factors that may affect future tax charges

Estimated losses available to offset against future taxable profits on continuing operations in the UK amount to approximately £449,000 (2012: £813,000).

The provision for deferred tax is calculated based on the tax rates enacted or substantially enacted at the balance sheet date. The Chancellor of the Exchequer has announced that the rate of corporation tax will be reduced each year until 2015 when it will remain at 20%. As at the balance sheet date, the rate of 20% has been substantively enacted when Finance Bill 2013 received its final reading in the House of Commons on 17 July 2013.

## 6. Report and accounts

The above financial information does not constitute the Company's statutory accounts for the years ended 31 December 2013 or 2012 but is derived from those accounts. The auditor has reported on these accounts; their report was unqualified, did not draw any matters by way of emphasis without qualifying their report and did not contain statements under s498 (2) or (3) Companies Act 2006 or equivalent preceding legislation. The statutory accounts for 2012 have been filed with the Registrar of Companies.

Full audited accounts of RTC Group plc for the year ended 31 December 2013 will be made available on the Company's website at [www.rtcgroupplc.co.uk](http://www.rtcgroupplc.co.uk) later today and will be dispatched to shareholders in the week commencing 31 March 2014 and then be available from the Company's registered office:- The Derby Conference Centre, London Road, Derby, DE24 8UX.