



# INTERIM REPORT

## 2009

# Chairman's Statement

I am pleased to present the interim report of the Company for the six months to 30 June 2009.

## **Trading**

### **General**

As presaged in our Report and Accounts in March and in our trading update in July, trading conditions have been extremely difficult. Accordingly, as expected, material losses have been incurred in the first six months of 2009. During the period a programme of actions, initiated in 2008 to reduce costs as far as possible in line with available flows of revenue, continued and certain costs associated with this programme have been borne in arriving at the figures released today.

### **Recruitment**

Divisional revenue has fallen by 22% to £7.782m and a profit of £610,000 in 2008 has turned to a loss of (£609,000). Although indirect overheads are not easily reduced in a nationwide branch network, costs have been cut wherever possible and only the highest quality personnel remain, albeit generating net fee income at a reduced level.

### **Training**

In spite of Governmental pressure to accelerate new projects, demand in the first six months has been at a seriously reduced level and turnover has fallen further by 22% to £1.450m. During the period staffing levels have been reduced by 25% and certain attendant costs have been absorbed. As a consequence of these two factors losses have increased to (£424,000).

### **Conferencing**

The Derby Conference Centre Limited, after strong increases in revenues in 2008, has concentrated on a major efficiency drive and has, in spite of suffering a 25% fall in revenues, managed to reduce trading losses by 9% to (£163,000). This has been achieved mainly through material increases in gross margins and leaves the business well placed for further progress into profits as market conditions improve.

### **Dividends**

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

# Chairman's Statement

continued

## **Outlook & Strategy**

In spite of having anticipated for a number of years that a major Global setback was inevitable there can be no doubt that the scope and severity of the recession we are now in have exceeded even our worst case scenario. Although we have acted both in a timely manner to respond to those forecasts and the emerging situation, and continue to do so as required, it has not been possible to avoid painful losses in the first half of 2009.

Although we are now leaner and fitter than in the final months of 2008, present levels of turnover remain at a low ebb. There are some signs that, for now at least, conferencing and recruitment have stabilised but, although we have been successful in gaining a preferred supplier contract covering the supply of contract labour from Network Rail, there is as yet no indication of satisfactory upwards moves in turnover. Training will continue to struggle until activity rises and, although there are more positive noises coming from the Railway Industry, there are no tangible signs at this time.

The trading outlook, although precarious, does not look as dangerous as in Q1 2009 and we are optimistic of a materially improved performance in the second six months.

**W.J.C.Douie**

*Chairman*

10 September 2009

# Consolidated Statement of Comprehensive Income

		6 Months to 30 Jun 2009 (unaudited)		6 Months to 30 Jun 2008 (unaudited)		12 Months to 31 Dec 2008	
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
<b>Revenue</b>	2	<b>9,766</b>		12,487		25,848	
Cost of sales		<b>(8,540)</b>		(9,918)		(20,664)	
Gross profit		<b>1,226</b>		2,569		5,184	
Administrative expenses – normal		<b>(2,422)</b>		(2,307)		(4,651)	
<b>Operating (loss)/profit before exceptional items</b>	2		<b>(1,196)</b>		262		533
Administrative expenses – exceptional impairment of goodwill			–		–		(250)
<b>Operating (loss)/profit after exceptional items</b>			<b>(1,196)</b>		262		283
Financing income			–		4		12
<b>(Loss)/profit on ordinary activities before taxation</b>			<b>(1,196)</b>		266		295
Income tax expense	3		–		(80)		(157)
<b>Net (loss)/profit attributable to equity holders of the parent</b>			<b>(1,196)</b>		186		138
<b>Total comprehensive (expense)/income for the period</b>			<b>(1,196)</b>		186		138
<b>(Loss)/earnings per share (pence)</b>	5		<b>(13.26)</b>		2.19		1.58

There were no discontinued operations in either the current or comparative periods. There is no dilutive impact of share options.

# Consolidated Statement of Financial Position

	As at 30 Jun 2009 (unaudited) £'000	As at 30 Jun 2008 (unaudited) £'000	As at 31 Dec 2008 £'000
<b>Assets</b>			
<b>Non current</b>			
Goodwill	674	924	674
Property, plant & equipment	748	729	757
Deferred tax asset	73	55	73
	<b>1,495</b>	1,708	1,504
<b>Current</b>			
Inventories	12	9	8
Trade and other receivables	3,011	4,601	5,420
Cash and cash equivalents	1	945	108
	<b>3,024</b>	5,555	5,536
<b>Total assets</b>	<b>4,519</b>	7,263	7,040
<b>Liabilities</b>			
<b>Current</b>			
Trade and other payables	(1,558)	(2,385)	(2,810)
Tax liabilities	(2)	(322)	(75)
<b>Total liabilities</b>	<b>(1,560)</b>	(2,707)	(2,885)
<b>Net assets</b>	<b>2,959</b>	4,556	4,155
<b>Equity</b>			
Called up share capital	90	90	90
Share premium account	2,117	2,117	2,117
Capital redemption reserve	50	50	50
Share based payment reserve	33	25	33
Retained earnings	669	2,274	1,865
<b>Total equity</b>	<b>2,959</b>	4,556	4,155

# Consolidated Statement of Cashflows

	<b>6 Months to 30 Jun 2009 (unaudited) £'000</b>	6 Months to 30 Jun 2008 (unaudited) £'000	12 Months to 31 Dec 2008 £'000
<b>Operating activities</b>			
Operating (loss)/profit	<b>(1,196)</b>	262	283
Employee equity settled share options	–	–	8
Depreciation of property, plant & equipment	<b>148</b>	152	311
Profit on sale of property, plant & equipment	–	–	(4)
Impairment of goodwill	–	–	250
Change in inventories	<b>(4)</b>	(1)	–
Change in trade and other receivables	<b>2,409</b>	381	(505)
Change in trade and other payables	<b>(1,252)</b>	(280)	145
Taxes paid	<b>(73)</b>	–	(275)
Interest received	–	4	12
<b>Net cash inflow from operating activities</b>	<b>32</b>	518	225
<b>Investing activities</b>			
Purchases of property, plant & equipment	<b>(139)</b>	(143)	(334)
Proceeds from sale of property, plant & equipment	–	–	8
<b>Net cash used in investing activities</b>	<b>(139)</b>	(143)	(326)
Cash (outflow)/inflow before financing	<b>(107)</b>	375	(101)
<b>Financing activities</b>			
Capital element of finance lease rental payments	–	(4)	(4)
Issue of ordinary share capital including premium	–	308	308
Equity dividends paid	–	–	(361)
<b>Net cash from/(used) from financing activities</b>	<b>–</b>	304	(57)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(107)</b>	679	(158)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>108</b>	266	266
<b>Cash and cash equivalents at the end of the period</b>	<b>1</b>	945	108

# Notes to the Interim Statements

For the six months ended 30 June 2009

## 1. Accounting policies

### a) *General information*

RTC Group Plc is a public limited company incorporated and domiciled in England whose shares are publicly traded. 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.

### b) *Basis of preparation*

The unaudited interim group financial statements of RTC Group Plc are for the six months ended 30 June 2009 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 2008, 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 September 2009. No significant events, other than those disclosed in this document, have occurred between 30 June 2009 and this date.

### c) *Comparatives*

The comparative figures for the year ended 31 December 2008 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 auditors was unqualified and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

### d) *Accounting policies*

The accounting policies adopted are consistent with those described in the annual financial statements for the year ended 31 December 2008. There have been no significant changes in the basis upon which estimates have been determined, compared to those applied at 31 December 2008 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 2009.

## 2. Segmental analysis

The Group operates Recruitment, Training and Conferencing business activities. Segmental analysis of business activity is shown below.

	<b>6 Months to 30 Jun 2009 (unaudited) £'000</b>	6 Months to 30 Jun 2008 (unaudited) £'000	12 Months to 31 Dec 2008 £'000
<b>Revenue</b>			
Recruitment	<b>7,782</b>	9,923	20,646
Training	<b>1,450</b>	1,848	3,773
Conferencing	<b>534</b>	716	1,429
	<b>9,766</b>	12,487	25,848
<b>Gross margin</b>			
Recruitment	<b>624</b>	1,773	3,607
Training	<b>410</b>	587	1,239
Conferencing	<b>192</b>	209	338
	<b>1,226</b>	2,569	5,184
<b>Operating (loss)/profit</b>			
Recruitment	<b>(609)</b>	610	1,046
Training	<b>(424)</b>	(168)	(130)
Conferencing	<b>(163)</b>	(180)	(383)
	<b>(1,196)</b>	262	533

In the view of the directors, there is not a seasonal aspect to the performance of the business.

## 3. Tax on profit on ordinary activities

No provision has been made for tax in the period, as a result of the losses incurred. Tax charges in the previous periods were estimated at the anticipated effective rate.

## 4. Dividends

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



# Notes to the Interim Statements

For the six months ended 30 June 2009

## 5. (Loss)/earnings per share

The (loss)/earnings per share have been calculated on continuing operations after taxation, based on the weighted average number of shares in issue during the period. There were no discontinued operations in either the current or comparative periods. The outstanding share options are not considered to be dilutive in either the current or comparative periods.

	<b>6 Months to 30 Jun 2009 (unaudited)</b>	6 Months to 30 Jun 2008 (unaudited)	12 Months to 31 Dec 2008
Weighted average number of shares	<b>9,022,564</b>	8,477,244	8,751,394
(Loss)/earnings (£'000)	<b>(1,196)</b>	186	138
(Loss)/earnings per share (pence)	<b>(13.26)</b>	2.19	1.58

## 6. Analysis of changes in net funds

	At 1 Jan 2009 £'000	Cash Flows £'000	Other Movements £'000	At 30 Jun 2009 £'000
Net funds				
Cash at bank and in hand	108	(107)	–	<b>1</b>

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 up to £3.5m.

## 7. Reconciliation of consolidated equity

	<b>As at 30 Jun 2009 (unaudited) £'000</b>	As at 30 Jun 2008 (unaudited) £'000	As at 31 Dec 2008 £'000
Opening total equity	<b>4,155</b>	4,062	4,062
Total comprehensive (expense)/income for the period	<b>(1,196)</b>	186	138
Dividends	–	–	(361)
Issue of shares	–	308	308
Share based payment	–	–	8
Closing total equity	<b>2,959</b>	4,556	4,155

## **8. Contingent liabilities**

The bank facility is subject to unlimited cross guarantees between Group companies secured by mortgage debentures.

## **9. Related party transactions**

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

- ATA Management Services Limited
- ATA Recruitment Limited
- Catalis Limited
- The Derby Conference Centre Limited
- Ganymede Solutions Limited
- Global Choice Recruitment Limited

The Group has taken advantage of the exemption permitted by relevant accounting standards and has not disclosed transactions with other Group companies that are eliminated on consolidation.

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Approved and authorised for release  
for and on behalf of RTC Group Plc



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