19 September 2012

The Rethink Group plc
("Rethink" or the "Group")

Interim Results and Trading Update

The Rethink Group plc (AIM: RTG), one of the UK's leading recruitment, talent management and technology services companies, is pleased to announce its interim results for the six months ended 30 June 2012.

Financial Highlights

- Revenue increased 28.2% to £44.1m (H1 2011: £34.4m)
- Gross Profit increased 33.3% to £10.4m (H1 2011: £7.8m)
- PBT of £0.3m (H1 2011: £0.4m)
- EBITDA of £0.59m (H1 2011: £0.64m)
- Net debt of £8.3m (FY 2011: £7.1m, H1 2011: £8.3m)
- Basic earnings per share 2.407 pence (H1 2011: 3.250 pence)

Operational Highlights

- Major Investment in Recruitment initiatives, including:
  - the establishment of a Retail Division to support large retail customers
  - the expansion of the Berkley Pharmaceutical brand into the UK
  - further investment in key personnel in Ireland, Houston, Singapore & Dubai
  - launch of Otravida, our Search & Selection brand
- Technology Services signed a partnership with SAP
- Group staff numbers increased to 260 (H1 2011: 213)

Jon Butterfield, Chief Executive Officer of Rethink, commented: "I am pleased to report we have increased revenues and gross profits for the six months to June 2012.

"There have been some opportunistic strategic investments made in key areas, which in the short term have increased costs. In addition post period end, in July and August, we experienced an unexpected decline in permanent revenues within the Recruitment Division. Despite activity having since returned to expected levels, our results for 2012 will be impacted, and we therefore expect full year results to be substantially below current market forecasts.

"Despite these challenges, we believe Rethink is well positioned to continue its track record of growth in 2013 and beyond, in addition, the Group is approaching a scale where our investment in resources will translate into greater profits."

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About The Rethink Group plc

Rethink Group (AIM:RTG) provides business transformation services through three divisions; recruitment, talent management and technology. These divisions work in synergy and support our growing customer base.

The Group supports clients across the UK, Europe, Middle East, Asia Pacific and the US.

For more information please visit our website: www.rethinkgroupplc.com

Chairman and CEO's Statement

Despite the challenging economic climate both in the UK and globally, we were pleased to have increased revenues in the six month period to 30 June 2012 by 28.2% to £44.1m (H1 2011: £34.4m). At the same time, gross profits (net fee income) increased by 33.3% to £10.4m (H1 2011: £7.8m).

As Rethink entered 2012, it was decided by the Board to invest significantly in new fee earners in order to continue to build the service delivery capability of the Group, and to create scale to best position Rethink for future organic growth. As a result, at today's date, the Group has 185 fee earners, compared with 144 as at 31 December 2011. This, alongside other additional headcount, equates to an annualised increase in the cost base of approximately £2m.

The results for the first six months of 2012 reflect this substantial investment in the cost base and operating profit margins declined to 4.4% (H1 2011: 6.9%). We expect the positive impact of this investment to be seen in 2013 and beyond as the new fee earners build up productivity, which will in turn translate into increased operating profits.

Post period end, in July and August, the Recruitment Division experienced an unexpected decline in activity which impacted revenues and profits as a number of permanent placements failed to complete. Although activity levels have since returned to expected levels in September, and pipeline business is robust, the weak performance in the two months will not be recouped. As a consequence, results for the full year to 31 December 2012 will be substantially below market expectations and in addition, the Board, with prudence in mind, will not be declaring an interim dividend.

The Board believes that Rethink is well positioned for future growth as the returns from its investments flow through into the core Recruitment Division.

Operational Review

Rethink's structure is aligned to its customer needs; be that the implementation of a new system, the hiring of an expert team or the acquisition of first class talent. The Group is divided into three distinct divisions: Recruitment, Talent Management and Technology Services.

Recruitment Division - ReThink, Berkley and Otravida

Rethink has implemented leading edge tools and methodologies to identify the best talent in the shortest possible time; we ensure effective delivery for our clients.

With organic growth rates of our largest Recruitment subdivision, ReThink Recruitment, up 35.6% in the period, it continues to outperform the majority of its listed competitors in the UK. Despite the shortfall in July and August, the underlying business is performing well. The investment in the Recruitment Division during the first half of the year in both fee earners and our Academy trainees has bolstered the Group's leading position; providing a robust and scalable platform for future growth. In the period, Rethink also established a Retail Division to support large retail customers. The return on these investments is expected to be seen in 2013. The Board anticipates that, Rethink will not make to same level of investment next year, therefore the Group intends to leverage its larger team to maximise return.

The integration of Berkley Recruitment Group ("Berkley") into Rethink during the second half of 2011 and early 2012 following its acquisition last year is complete. A front office operating system has been put in place across the enlarged Group and the back office functions are now all housed in Manchester. We invested in the two Berkley offices in Ireland during the first half and the outcome has been pleasing, in particular the growth in contract business has been a highlight. During the half, we also expanded the Berkley brand to develop its pharmaceutical and life sciences offering into the UK. This was a strategic decision given that the pharmaceutical market is a key area for Berkley in both Ireland and Asia. We are pleased to report that the expansion into this market in the UK is progressing well and that this new division is expected to be breakeven in the second half of the year.

The development of the Berkley operations in Singapore has taken longer than initially expected and we have relocated further resource from the UK to assist with this. In addition we have made a further investment in Dubai and Houston to support the broader Group's Middle East and US expansion plans.

In early 2012 we launched Otravida, our executive Search and Selection division. This division is growing steadily and has made a positive contribution to the Group at the half year. Importantly, pass-through business opportunities are emerging within the Recruitment Division across other brand and service operations - this is a good endorsement of the seniority of the candidates, and confidence of our clients that trust us with their search business.

Revenues have increased to £27.4m (H1 2011: £14.2m) which includes a full six month contribution from Berkley, acquired in June 2011.

Gross profit from the Recruitment Division has increased by 62.2% to £7.3m (H1 2011 restated: £4.5m), which includes a full six month contribution from Berkley of £1.2m. The underlying organic growth rate excluding the Berkley contribution is 35.6%

Contribution in the period is £0.7m, up from the corresponding six month period in 2011 (H1 2011: £0.5m).

Talent Management

Rethink does not approach Talent Management in a one-size fits all manner; every project demands innovation to ensure the best possible solution, and where appropriate, Rethink provides access to a recruitment process management tool that maximises efficiencies and control. The offering continues to develop and evolve as existing and prospective clients seek to secure our broader expertise to help them plan and apply their technology talent resource in a more effective way to meet their strategic goals.

Revenues in the first six months were £14.4m (H1 2011 restated: £18.4m). However, gross profit (net fee income) from the Talent Management Division increased to £2.02m (H1 2011 restated: £1.86m), an increase of 8.6%. The increase in net fee income was due to the change in business mix from contract to permanent recruitment.

The investment in experienced senior management to support the development of this division has led to a short term decline in Contribution to £1.3m (H1 2011 restated: £1.4m). However we have increased the client base in this area by 40% during H1 2012 and we expect a number of significant opportunities to arise as a result in the second half of the year.

Technology Services

In the Technology Services Division, Aiimi, we are harnessing the possibilities of emerging technologies, working closely with OpenText and Microstrategy. Aiimi has more certified consultants in these areas than any other partner in the UK marketplace, providing a strong position which to leverage across the Group. The need for better business information and management tools provides our Technology Division with a real opportunity to grow the BI (Business Intelligence) and ECM (Enterprise Content Management) practices in particular.

In the period, Aiimi entered into a strategic partnership with SAP which significantly increased the addressable market. This partnership is progressing well and we expect revenues to flow into the second half of 2012.

Our Technology Services offerings across consulting, software distribution and support have all grown over the period. Particular success was seen in the first half in developing annuity revenues through the provision of IT service management and solutions delivered on our SaaS (Software-as-a-Service) platform.

We were pleased with the performance of the Technology Services Division over the half, which continued to deliver strong growth, with revenue up 27.8% to £2.3m (H1 2011: £1.8m).

Contribution from ongoing operations was £0.2m (H1 2011 £0.2m).

Financial Review

Gross profits (net fee income) increased 33.3% to £10.4m (H1 2011: £7.8m), which reflects a full six month's performance from Berkley, completed on 20 June 2011. Administrative expenses (excluding depreciation and interest) across the Group have increased to £9.8m (H1 2011: £7.2m), which includes six months of costs of the Berkley acquisition.

Consequently, EBITDA has shown a small decline to £0.59m (H1 2011: £0.64m).

The Group reported basic earnings per share for the period of 2.407p (H1 2011: 3.250p).

Working Capital and Net Debt

Trade and Other Receivables grew to £22.8m at 30 June 2012 (at 31 December 2011: £20.2m). The increase in working capital has been funded by increased invoice discounting of £9.1m (FY 2011: £8.0m). Net debt was £8.3m (FY 2011: £7.1m, H1 2011: £8.3m).

Banking Facilities

The Board is confident that the Group's current banking facilities are adequate to support the working capital demands of the Group as it continues to experience growth in its revenues. As a result of the unexpected shortfall in revenues for July and August 2012 (described above) the Group entered into discussions with its principal bank Lloyds TSB Commercial Finance Limited ("Lloyds") regarding the terms of its existing invoice discounting facility. The Group has agreed a revised facility with Lloyds which includes certain new conditions, a resetting of the existing covenants (including the profit before tax hurdle rate which has been significantly reduced from the previous level) and an increase in aggregate facility limit to £16.75m from £14.75m.

Outlook

Although the general economic backdrop in the UK continues to be fragile, our Group-wide underlying growth in gross profits in the first six months has been robust. There have been indications since the beginning of September that the Recruitment Division has returned to expected activity levels; this is reflected in placements made and also Rethink's strong pipeline of opportunities. We therefore expect improvements in operating profit margin as new sales staff become productive and key initiatives invested in during the first half deliver in the months ahead.

At today's date, we have 875 contractors on billing across the Group (FY 2011: 837), and we believe, based on previous trends and current demand, that our contractor volumes will continue to rise over the remainder of the year.

Although we remain cautious about future prospects in the current economic climate and will be set back by two months in our expectations for 2012, Rethink has a track record of growth and we believe that the business is strategically well placed.

John Sadiq
Non-Executive Chairman

Jonathan Butterfield
Chief Executive Officer

19 September 2012

INTERIM INCOME STATEMENT 2012

		Unaudited Six months ended 30-Jun-12 £'000	Unaudited Six months ended 30-Jun-11 £'000	Audited Year ended 31-Dec-11 £'000
REVENUE		**44,085**	34,389	78,898
Cost of sales		**(33,663)**	(26,561)	(60,760)
GROSS PROFIT		**10,422**	7,828	18,138
Administrative expenses		**(9,968)**	(7,289)	(16,085)
PROFIT FROM OPERATIONS		**454**	539	2,053
Analysed as:				
Earnings before interest, tax, depreciation and amortisation		**589**	643	2,313
Amortisation and depreciation		**(135)**	(104)	(260)
PROFIT FROM OPERATIONS		**454**	539	2,053
Finance costs		**(158)**	(116)	(301)
Finance income		**1**	-	777
PROFIT BEFORE TAXATION		**297**	423	2,529
Tax expense		**(40)**	(118)	(375)
PROFIT FOR THE YEAR		**257**	305	2,154
Other comprehensive income				
Foreign currency exchange differences		**2**	(2)	(34)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**259**	303	2,120
Earnings per share				
Basic	4	**2.407p**	**3.250p**	**2.219p**
Diluted	4	**2.396p**	**3.019p**	**2.137p**

INTERIM BALANCE SHEET 2012

	Unaudited 30-Jun-12 £'000	Unaudited 30-Jun-11 £'000	Audited 31-Dec-11 £'000
ASSETS			
NON-CURRENT ASSETS			
Goodwill	**4,358**	4,715	4703
Property, plant & equipment	**549**	350	322
Intangible assets	**105**	103	80
Deferred tax	**17**	8	17
TOTAL NON-CURRENT ASSETS	**5,029**	5,176	5,122
CURRENT ASSETS			
Trade & other receivables	**22,800**	20,905	20,154
Cash and cash equivalents	**843**	237	892
TOTAL CURRENT ASSETS	**23,643**	21,142	21,046
TOTAL ASSETS	**28,672**	26,318	26,168
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	**(12,373)**	(11,108)	(10,480)
Borrowings and finance leases	**(9,159)**	(8,556)	(8,005)
Deferred consideration	**(406)**	(1,975)	(1,151)
Tax payable	**(316)**	(375)	(364)
Preference shares	**(222)**	-	-
TOTAL CURRENT LIABILITIES	**(22,476)**	(22,014)	(20,000)
NET CURRENT ASSETS	**1,167**	(872)	1,046
NON-CURRENT LIABILITIES			
Borrowings and finance lease	**(51)**	-	(1)
Preference shares	**-**	(222)	(222)
Deferred tax liability	**(6)**	(5)	(6)
TOTAL NON-CURRENT LIABILITIES	**(57)**	(227)	(229)
NET ASSETS	**6,139**	4,077	5,939
EQUITY			
Share capital	**113**	101	104
Share premium account	**3,096**	2,380	2,528

Merger reserve	**218**	218	218
Shares to be issued	**-**	33	33
Translation reserve	**(392)**	(17)	(49)
Retained earnings	**3,104**	1,362	3,105
TOTAL EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT	**6,139**	4,077	5,939

INTERIM STATEMENT OF CHANGES IN EQUITY 2012

	Share capital £'000	Retained earnings £'000	Share premium £'000	Shares to be issued £'000	Merger reserve £'000	Translation reserve £'000
At 1 January 2011	93	1,174	1,520	33	218	(15)
Changes in equity for the six months ended 30 June 2011						
Total comprehensive income for the period	-	305	-	-	-	(2)
Recognition of share based payment expense	-	7	-	-	-	-
Dividends paid	-	(124)	-	-	-	-
Issue of shares	8	-	860	-	-	-
At 30 June 2011	101	1,362	2,380	33	218	(17)
Changes in equity for the six months ended 31 December 2011						
Total comprehensive income for the period	-	1,849	-	-	-	(32)
Share options exercised	3	-	148	-	-	-
Recognition of share based payment expense	-	(3)	-	-	-	-
Dividends paid	-	(103)	-	-	-	-
At 31 December 2011	104	3,105	2,528	33	218	(49)
Changes in equity for the six months ended 30 June 2012						
Total comprehensive income for the period	-	257	-	-	-	2
Share options exercised	5	-	251	-	-	-
Contingent share consideration	-	-	-	(33)	-	-
Recognition of share based payment expense	-	-	-	-	-	-
Dividends paid	-	(258)	-	-	-	-
Revaluation of goodwill	-	-	-	-	-	(345)
Issue of shares	4	-	317	-	-	-
At 30 June 2012	**113**	**3,104**	**3,096**	**-**	**218**	**(392)**

INTERIM CASHFLOW STATEMENT 2012

	Unaudited Six months ended 30-Jun-12 £'000	Unaudited Six months ended 30-Jun-11 £'000	Audited Year ended 31-Dec-11 £'000
Profit before tax	**297**	423	2,529
Adjustments for:			
Share based payment charge	-	7	4
Depreciation charges	91	104	175
Amortisation	44	25	85
Reduction in deferred consideration	(113)	(85)	-
Finance costs	158	116	301
Finance income	(1)	-	(777)
	476	590	2,317
Increase in trade and other receivables	(2,646)	(4,497)	(3,832)
Decrease in inventories	-	-	85
Increase in trade and other payables	1,901	4,543	1,734
Cash (absorbed by)/generated fom operations	**(269)**	636	304
Corporate tax paid	(42)	-	(251)
Net cash (absorbed by)/generated from operating activities	**(311)**	636	53
Cash flows from investing activities			
Purchase of property, plant & equipment	(318)	(121)	(163)
Purchase of intangible assets	(69)	(10)	(46)
Purchase of subsidiary undertaking net of cash acquired	-	(1,214)	(1,202)
Payment of deferred consideration	(364)	-	-
Finance income	1	-	3
Net cash absorbed by investing activities	**(750)**	(1,345)	(1,408)
Cash flows from financing activities			
Finance costs paid	(158)	(116)	(301)
Net change in advances on invoice discounting facility	1,201	-	1,477

Net proceeds/repayment of long term borrowings	50	(29)	(34)
Repayment of finance leases	(3)	(45)	(80)
Payment of dividend	(258)	(125)	(227)
Proceeds from issue of share capital	180	-	151
Net cash generated from/(absorbed by) financing activities	**1,012**	(315)	986
Net (decrease)/increase in cash and cash equivalents	**(49)**	(1,024)	(369)
Cash and cash equivalents at the beginning of the period/year	**892**	1,261	1,261
Cash and cash equivalents at the end of the period/year	**843**	237	892
	-	-	-

Notes to the unaudited financial information
For the six months ended 30 June 2012

1. Basis of Preparation

The financial information presented in this document has been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations that are expected to be applicable for the year ending 31 December 2012.

These are subject to ongoing review and endorsement by the European Commission, and possible amendment by the International Accounting Standards Board (IASB), and are therefore subject to possible change.

The financial information in this statement relating to the six months ended 30 June 2012 and the six months ended 30 June 2011 has neither been audited nor reviewed pursuant to guidance issued by the Auditing Practices Board. The financial information for the periods ended 30 June 2012 and 31 December 2011 does not constitute the full statutory accounts for those periods. The Annual Report and Financial Statements for 2011 have been filed with the Registrar of Companies. The Independent Auditor's Report on the Annual Report and Financial Statements for 2011 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

2. Comparative Figures

The comparative figures represent the unaudited results for the six month period to 30 June 2011 and the audited results for the year ended 31 December 2011.

3. Taxation

The charge to taxation is based on the expected annual tax rate of 21.1 per cent. on profit before taxation, adjusted for disallowable items and losses utilised (30 June 2011: 27.5 per cent and 31 December 2011: 26.5 per cent.).

4. Earnings per share

	Unaudited 30 June 2012 £'000	Unaudited 30 June 2011 £'000	Audited 31 December 2011 £'000
Numerator			
Profit for the period / year used in basic and diluted EPS	**257**	305	2,154
	Number	Number	Number
Denominator			
Weighted average number of shares used in basic EPS	**106,789**	93,838	97,046
Effects of employee share options	**479**	6,752	3,737
Contingent share consideration on business combinations	**-**	450	10
Weighted average number of shares used in diluted EPS	**107,268**	101,040	100,793

Earnings per share are calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of ordinary shares in issue.

Fully diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares by existing share options, share incentive plans and the contingent share consideration on business combinations, assuming dilution through conversion of all existing options and shares held in share plans.

5. Segment Information

Reportable Segments

Factors that management use to identify the Group's reportable segments

The Group's three reportable segments, being Technology Services, Talent Management and Recruitment, are sectors that offer different products and services. They are managed separately having a dedicated Director, and separate reporting within the internal information provided to the management team including the Directors.

Measurement of operating segment profit and assets

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

Technology Services, Talent Management and Recruitment are evaluated for performance on the basis of contribution.

Recruitment is represented by the subsidiaries, ReThink Recruitment Solutions Limited, ReBuild Recruitment Services Limited, Integritas Recruitment Limited, ReThink Recruitment (Southend) Limited, ReThink MEA FZCO, Berkley Recruitment (Group) Limited and Berkley Recruitment Group (Asia) Pte. Limited with all subsidiaries involved in both Permanent and Contract Recruitment.

Permanent recruitment involves the placing of candidates in permanent employment roles. Contract recruitment involves the placing of candidates in fixed term roles.

Talent Management is currently represented by ReThink Professional Services Limited and certain elements of Recruitment as set out above. As set out in the previous financial year, this segment continues to increase in importance and once again we have restated the prior year comparative to reflect this change in emphasis.

Technology Services is represented by Aiimi Limited and TrustTech Limited. The segment is involved in providing technical advice, support and project management.

Segmental view	**2012 H1**				
	Technology Services	**Talent Management**	**Recruitment**	**Unallocated**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Revenue					
Contract revenue	-	13,703	23,260	-	36,963
Permanent revenue	-	728	4,141	-	4,869
Business Transformation and Technology Services	2,253	-	-	-	2,253
Total revenue	2,253	14,431	27,401	-	44,085
Gross profit	1,082	2,019	7,321	-	10,422
Administrative expenses	(914)	(740)	(6,663)	-	(8,317)
Contribution from ongoing operations	168	1,279	658	-	2,105
Central administrative expenses	-	-	-	(1,516)	(1,516)
EBITDA					589

Segmental view	2011 H1 (restated)				
	Technology Services £'000	Talent Management £'000	Recruitment £'000	Unallocated £'000	Total £'000
Revenue					
Contract revenue	-	18,152	11,828	-	29,980
Permanent revenue	-	268	2,376	-	2,644
Business Transformation and Technology Services	2,253	-	-	-	2,253
Total revenue	1,765	18,420	14,204	-	34,389
Gross profit	1,439	1,856	4,533	-	7,828
Administrative expenses	(1,196)	(503)	(4,057)	-	(5,756)
Contribution from ongoing operations	243	1,353	476	-	2,072
Central administrative expenses	-	-	-	(1,429)	(1,429)
EBITDA					643

Segmental view	2011 (restated)				
	Technology Services £'000	Talent Management £'000	Recruitment £'000	Unallocated £'000	Total £'000
Revenue					
Contract revenue	-	44,040	24,107	-	68,147
Permanent revenue	-	1,005	5,995	-	7,000
Business Transformation and Technology Services	3,752	-	-	-	3,752
Total revenue	3,752	45,045	30,102	-	78,899
Gross profit	2,860	4,934	10,344	-	18,138
Administrative expenses	(2,451)	(1,577)	(8,600)	-	(12,628)
Contribution from ongoing operations	409	3,357	1,744	-	5,510
Central administrative expenses	-	-	-	(3,198)	(3,198)

EBITDA	2,313

Segment reportable administrative expenses consist primarily of staff, office, general expenses and depreciation.

Segment reportable assets consist primarily of property plant and equipment, intangible assets, trade and other receivables and cash.

Segment reportable liabilities consist primarily of trade and other payables, bank loans and finance leases and tax payable.

Geographical information

The Group's operations are located in the UK, Ireland, Singapore, the US and the Middle East.

6. Distribution of the Interim Report

Copies of this announcement may be obtained from the Company Secretary at the registered office: 52-54 Southwark Street, London SE1 1UN. In addition, an electronic version will be available on the Company's website – www.rethinkgroupplc.com.