24 September 2013

The Rethink Group plc
(“Rethink” or the “Group”)

Interim Results

Increase in revenues and return to profitability

The Rethink Group (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 month period ended 30 June 2013.

H1 2013 Financial Highlights

- Revenue increased 27.4% to £56.2m (H1 2012: £44.1m)
- Gross Profit (Net Fee Income or “NFI”) remained relatively consistent at £10.5m (H1 2012: £10.4m)
- Recruitment NFI increased by 5.5% to £7.7m (H1 2012: £7.3m)
- Operating costs reduced to £9.8m (H1 2012:£10.0m), and include non-recurring costs of £0.3m
- Earnings Before Interest, Tax, Depreciation and Amortisation (“EBITDA”) before non-recurring items of £1.12m (H1 2012: £0.59m)
- Profit Before Tax (“PBT”) of £0.53m (H1 2012: £0.30m)
- Invoice discounting liability less cash of £13.3m (FY 2012: £12.0m, H1 2012: £8.3m)
- Basic earnings per share 0.3744 pence (H1 2012: 0.2407 pence)

Divisional Review

- Talent Management
  - Revenues increased 21% to £17.4m (H1 2012: £14.4m) and NFI fell by 10% to £1.8m (H1 2012: £2.0m) reflecting a one-off permanent project in 2012
- Recruitment
  - Revenues increased 34% to £36.6m (H1 2012: £27.4m) and NFI increased by 6% to £7.7m (H1 2012: £7.3m) due to a change in the business mix in favour of contract business
- Careful performance management lead to a headcount reduction from 260 at 30 June 2012 to 210 at 30 June 2013 with a corresponding reduction in operating costs. All other discretionary costs were also reviewed and managed appropriately.
- Technology Services
  - Revenues fell by 4% to £2.16m (2012: £2.25m) and NFI reduced to £0.88m (2012: £1.1m)

Steve Wright, Chief Executive Officer of Rethink, commented: “After the challenges experienced by the Group during the second half of 2012, I am delighted to report that Rethink has moved back into profit. This rise in profitability is attributable to an increase in Net Fee Income alongside the managed reduction in operating costs.”

"The Board is now focussed on progressing the implementation of the revised Group strategy of growth driven by the Talent Management division, underpinned by the Recruitment division."

"Trading has continued to improve over the summer months, and the Board is confident that the building blocks are in place to enable the Group to pursue its strategy through a combination of sustained organic growth and selective acquisitions."

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About The Rethink Group plc

Rethink Group (AIM: RTG) provides business transformation services through talent management and recruitment services. These mutually supported activities work in synergy and support our growing customer base.

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

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

Chairman and CEO's Statement

As a consequence of the difficulties experienced by the Group in the second half of 2012, the Board decided to review its strategy. Since that time the Board has approved a focused plan designed to transform Rethink into a Talent Management led services business within the next three years.

Despite the continuing subdued economic climate both in the UK and globally, Group NFI has remained broadly stable at £10.5m (H1 2012: £10.4m). During the period to 30 June 2013 NFI (Talent Management and Recruitment) increased to £9.6m (H1 2012: £9.3m) with a marginal decline in Talent Management NFI of £0.2m which has been more than offset by growth in the larger Recruitment division.

In April 2013, the Group entered into a new £20m invoice discounting facility with Bank Leumi ABL (the "Bank"), replacing the previous facility with Lloyds Banking Group.

The Board is currently focused on finalising the restructuring of the Group and investing for growth and consequently will not be declaring an interim dividend.

Following the implementation of a number of restructuring initiatives, commenced in the first half of the year, and further progressed in the second, the Board believes that Rethink will be positioned for sustainable future expansion. Business units are aligned and resourced to pursue opportunities as the western economies recover from a long period of stagnant growth.

Operational Review

Rethink's ongoing structure is aligned to two interconnected markets: (1) Talent Management where our involvement with a client is deeper and underpinned by a longer term management services agreement, and (2) Open Market, characterised by transactional client relationships. Within these two markets Rethink addresses two vertical markets; Business and Technology, as well as Pharmaceuticals and Life Sciences.

Talent Management Division

The Talent Management division provides a broader offering than Recruitment, since it positions the Group to become involved with our clients on a more holistic manner. This approach aligns Rethink as a true partner to support clients in managing their talent, be it in Permanent or Contract resources.

Key service offerings include:

- Managed service provision with a minimum of one year term as 'master vendor', typically with Rethink staff embedded at the client site to support more efficient employee and flexible resource provision.
- Technology and consultancy – utilising leading edge technology applications, as well as value-added consulting services, to help clients manage the end-to-end life cycle of identifying, attracting, assessing, engaging and on-boarding talent, as well as providing ongoing performance management and selective development.
- Projects resourcing focused on both fixed and time based pricing of talent teams, together with people project management.

Contract NFI has risen from £1.29m to £1.48m, while Permanent NFI dropped from £0.73m to £0.36m, giving a blended NFI decrease of £0.2m. The decline is attributable to a one-off hiring programme at a major Talent Management client in 2012.

As with the Recruitment division, the Talent Management division has experienced growth in the number of contractors on billing since the 2012 year end, resulting in an increase in revenues of £3.4m to £17.1m.

Post the period end Rethink has secured a new substantial Talent Management client in the insurance sector, further extending its sector coverage. 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 from the Talent Management division in the first six months were £17.4m (H1 2012: £14.4m), while NFI declined to £1.8m (H1 2012: £2.0m).

Recruitment Division - Rethink, Berkley and Otravida

The Recruitment division provides clients with a quick and reliable route through the open market to secure talent for our clients. This expanding area covers Permanent and Contract recruitment as well as high level interims delivered by our executive search brand, Otravida.

The division experienced organic growth of 6% in NFI to £7.7m (H1 2012 £7.3m). Following cost alignment at the end of last year, contribution from this segment of our business has risen from £0.7m to £1.3m.

Contract NFI has risen from £3.2m to £4.2m, while Permanent NFI is down from £4.1m to £3.5m, giving a total contribution increase of £0.4m.

The division has seen a steady month on month increase in the number of contractors since the previous year end, resulting in an increase in revenues of £9.8m compared to H1 2012, to £33.1m.

Technology Services Division

The Technology Services division has had a disappointing start to the year, which has seen revenue reduce to £2.1m (H1 2012: £2.2m) and profit decrease to £0.0m (H1 2012: £0.2m) as a result of investment in SAP revenue streams taking longer to yield results than anticipated.

The Board is carefully looking at the performance of this division, it’s positioning and prospects.

Board Changes

In January 2013 Jon Butterfield stepped down as CEO and was replaced by Steve Wright with Andy Lord appointed Chief Operating Officer. In July, after the period end, John Sadiq stepped down as Non-Executive Chairman to be replaced on an interim basis by John O'Sullivan while a permanent successor is sought.

Financial Review

The Group’s business mix for the combined Recruitment and Talent Management divisions at NFI level changed from 52% Permanent: 48% Contract, to 40% Permanent: 60% contract reflecting general market trends and a large one-off permanent project at a Talent Management client in 2012.

Revenues in the first half of 2013 increased by 27% to £56.2m (H1 2012: £44.1m) driven by an increase in contract recruitment activities. NFI was in line with last year at £10.5m (H1 2012: £10.4m).

Despite the reduction in operating costs, there were nonetheless non-recurring operating costs of £0.3m which depressed the Group’s profitability for the period.

EBITDA before non-recurring costs has increased by 90% to £1.12m (H1 2012: £0.59m) and profit before tax increased by 77% to £0.53m (H1 2012: £0.30m). Administrative expenses (excluding depreciation and amortisation) have fallen to £9.65m (H1 2012: £9.83m).

The Group reported basic earnings per share for the period of 0.3744p (H1 2012: 0.2407p).

Working Capital and Invoice Discounting

Trade and Other Receivables grew to £29.0m at 30 June 2013 (31 December 2012: £22.9m) as a result of increased revenues. The increase in working capital has been funded by increased invoice discounting of £13.8m (31 December 2012: £13.1m). The total invoice discounting liability less cash was £13.3m (31 December 2012: £12.0m, H1 2012: £8.3m).

Banking Facilities

The Group entered a new £20m invoice discounting financing facility agreement with the Bank. This represents a slight increase in facility limit from £19.440m as at 31 December 2012.

The Board is confident that the Group's current banking facilities are adequate to support its working capital demands as it continues to drive growth.

Outlook

Although we remain cautious about the general economic backdrop in the UK, we have been encouraged by improving market conditions for both our Contract and Permanent offerings.

Rethink has undertaken a review of its strategy in the first half of the year and is now starting the implementation of that revised strategy. The Group will continue to follow this going forward to drive future growth opportunities. In particular, Rethink is investing time in evolving its Talent Management service offerings, and is confident that this strategic emphasis will lead to significant shareholder value creation in the future.

As part of this strategy, Rethink has addressed its resources and cost base. The corporate structure will continue to be enhanced. In addition to this, acquisitions opportunities should they be appropriate will be pursued.

The second half of the year has started well, as evidenced with the signing of a new Talent Management contract with a client in the financial services sector. Rethink has a solid contract pipeline and looks forward to the future with increased confidence.

John O'Sullivan
Non-Executive Chairman

Stephen Wright
Chief Executive Officer

24 September 2013

INTERIM INCOME STATEMENT 2013

	Note	**Unaudited Six months ended 30-Jun-13 £'000**	Unaudited Six months ended 30-Jun-12 £'000	Audited Year ended 31-Dec-12 £'000
REVENUE		**56,183**	44,085	91,201
Cost of sales		**(45,714)**	(33,663)	(71,083)
GROSS PROFIT		**10,469**	10,422	20,118
Administrative expenses		**(9,784)**	(9,968)	(20,630)
PROFIT / (LOSS) FROM OPERATIONS		**685**	454	(512)
Analysed as:				
Earnings before interest, tax, depreciation, amortisation and non-recurring items		**1,115**	589	193
Amortisation and depreciation		**(130)**	(135)	(705)
PROFIT / (LOSS) FROM OPERATIONS BEFORE NON-RECURRING ITEMS		**985**	454	(512)
Non-recurring items – exit fees and reorganisation costs		**(300)**	-	-
PROFIT / (LOSS) FROM OPERATIONS		**685**	454	(512)
Finance costs		**(158)**	(158)	(399)
Finance income		**-**	1	156
PROFIT / (LOSS) BEFORE TAXATION		**527**	297	(755)
Tax (expense) / credit		**(95)**	(40)	7
PROFIT / (LOSS) FOR THE YEAR		**432**	257	(748)
Other comprehensive income				
Foreign currency exchange differences on translation of foreign operations		**131**	2	(307)
TOTAL COMPREHENSIVE INCOME / (EXPENSE) FOR THE PERIOD		**563**	259	(1,055)
Earnings per share				
Basic	4	**0.374p**	**0.241p**	**(0.678)p**
Diluted	4	**0.374p**	**0.240p**	**(0.678)p**

INTERIM BALANCE SHEET 2013

	Unaudited	Unaudited	Audited
	30-Jun-13	30-Jun-12	31-Dec-12
	£'000	£'000	£'000
ASSETS			
NON-CURRENT ASSETS			
Goodwill	4,121	4,358	3,966
Investment	5	-	5
Property, plant & equipment	515	549	530
Intangible assets	74	105	80
Deferred tax asset	56	17	24
TOTAL NON-CURRENT ASSETS	**4,771**	5,029	4,605
CURRENT ASSETS			
Trade & other receivables	29,017	22,800	22,859
Cash and cash equivalents	449	843	1,121
Corporation tax asset	11	-	4
TOTAL CURRENT ASSETS	**29,477**	23,643	23,984
TOTAL ASSETS	**34,248**	28,672	28,589
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	(14,561)	(12,373)	(10,195)
Invoice discounting and finance leases	(13,756)	(9,159)	(13,114)
Deferred consideration	-	(406)	-
Corporation tax liability	-	(316)	-
Preference shares	-	(222)	-
TOTAL CURRENT LIABILITIES	**(28,317)**	(22,476)	(23,309)
NET CURRENT ASSETS	**1,160**	1,167	675
NON-CURRENT LIABILITIES			
Loans and borrowing	-	(51)	(40)
Deferred tax liability	(43)	(6)	(11)
TOTAL NON-CURRENT LIABILITIES	**(43)**	(57)	(51)
NET ASSETS	**5,888**	6,139	5,229

EQUITY			
Share capital	**117**	113	114
Share premium account	**3,238**	3,096	3,145
Merger reserve	**218**	218	218
Translation reserve	**(225)**	(392)	(356)
Retained earnings	**2,540**	3,104	2,108
TOTAL EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT	**5,888**	6,139	5,229

INTERIM STATEMENT OF CHANGES IN EQUITY 2013

	Share capital	Retained earnings	Share premium	Shares to be issued	Merger reserve	Translation reserve	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2012	104	3,105	2,528	33	218	(49)	5,939
Changes in equity for the six months ended 30 June 2012							
Profit for the year	-	257	-	-	-	-	257
Other comprehensive income	-	-	-	-	-	2	2
Share options exercised	5	-	251	-	-	-	256
Contingent share consideration	-	-	-	(33)	-	-	(33)
Revaluation of goodwill	-	-	-	-	-	(345)	(345)
Dividends paid	-	(258)	-	-	-	-	(258)
Issue of shares	4	-	317	-	-	-	321
At 30 June 2012	113	3,104	3,096	-	218	(392)	6,139
Changes in equity for the six months ended 31 December 2012							
Loss for the Period	-	(1,005)	-	-	-	-	(1,005)
Other comprehensive income	-	-	-	-	-	36	36
Share options exercised	1	-	49	-	-	-	50
Recognition of share based payment expense	-	5	-	-	-	-	5
Dividends paid	-	4	-	-	-	-	4
At 31 December 2012	114	2,108	3,145	-	218	(356)	5,229
Changes in equity for the six months ended 30 June 2013							
Profit for the period	-	432	-	-	-	-	432
Other comprehensive income	-	-	-	-	-	131	131
Share options exercised	3	-	93	-	-	-	96
At 30 June 2013	**117**	**2,540**	**3,238**	**-**	**218**	**(225)**	**5,888**

INTERIM CASHFLOW STATEMENT 2013

	Unaudited Six months ended 30-Jun-13 £'000	Unaudited Six months ended 30-Jun-12 £'000	Audited Year ended 31-Dec-12 £'000
Profit / (loss) before tax	**527**	297	(755)
Adjustments for:			
Share based payment charge	-	-	5
Depreciation charges	95	91	199
Amortisation	35	44	84
Impairment of goodwill	-	-	422
Reduction in deferred consideration	-	(113)	-
Finance costs	158	158	399
Finance income	-	(1)	(156)
	815	476	198
Increase in trade and other receivables	(6,158)	(2,646)	(2,705)
Increase / (decrease) in trade and other payables	4,241	1,901	(578)
Cash absorbed by operations	**(1,102)**	(269)	(3,085)
Corporation tax paid	-	(42)	(363)
Net cash absorbed by operating activities	**(1,102)**	(311)	(3,448)
Cash flows from investing activities			
Purchase of property, plant & equipment	(80)	(318)	(242)
Purchase of intangible assets	(29)	(69)	(84)
Purchase of investment	-	-	(5)
Payment of deferred consideration	-	(364)	-
Redemption of preference shares	(628)	-	-
Finance income	-	1	1
Net cash absorbed by investing activities	**(737)**	(750)	(330)
Cash flows from financing activities			
Finance costs paid	(158)	(158)	(399)
Net change in advances on invoice discounting facility	1,319	1,201	4,435
Repayment of long term borrowings	-	50	-
Repayment of finance leases	(89)	(3)	(80)
Payment of dividend	-	(258)	(254)

Proceeds from issue of share capital	95	180	305
Net cash generated from financing activities	**1,167**	1,012	4,007
Net (decrease)/increase in cash and cash equivalents	**(672)**	(49)	229
Cash and cash equivalents at the beginning of the period/year	**1,121**	892	892
Cash and cash equivalents at the end of the period/year	**449**	843	1,121

Notes to the unaudited financial information
For the six months ended 30 June 2013

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 2013.

These are subject to on going 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 2013 and the six months ended 30 June 2012 has neither been audited nor reviewed pursuant to guidance issued by the Auditing Practices Board. The financial information for the period ended 31 December 2012 does not constitute the full statutory accounts for that period. The Annual Report and Financial Statements for 2012 have been filed with the Registrar of Companies. The Independent Auditor's Report on the Annual Report and Financial Statements for 2012 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 2012 and the audited results for the year ended 31 December 2012.

3. Taxation

The charge to taxation is based on the expected annual tax rate of 23.0%. on profit before taxation, adjusted for disallowable items and losses utilised (30 June 2012: 21.1% and 31 December 2012: 24.5%).

4. Earnings per share

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.

The earnings per share figures included in the interim results for the unaudited six month period ended 30 June 2012 were previously incorrectly stated as 2.407 (basic) and 2.396 (diluted). These figures have been correctly restated as 0.241 (basic) and 0.240 (diluted).

5. Segment Information

Reportable Segments
Factors that management use to identify the Group's reportable segments
The Group's three reportable segments, being Recruitment, Talent Management and Technology Services, 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
The same accounting policies are followed in this document as were applied in the Group's latest annual audited financial statements.

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.

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

Segmental view	**2013 H1**				
	Technology Services	**Talent Management**	**Recruitment**	**Unallocated**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Revenue					
Contract revenue	-	17,086	33,068	-	50,154
Permanent revenue	-	362	3,511	-	3,873
Business Transformation and Technology Services	2,156	-	-	-	2,156
Total revenue	2,156	17,448	36,579	-	56,183
Gross profit	879	1,843	7,747	-	10,469
Administrative expenses	(877)	(604)	(6,492)	-	(7,973)
Contribution from ongoing operations	2	1,239	1,255	-	2,496
Central administrative expenses	-	-	-	(1,812)	(1,812)
Profit from operations					685

Analysed as:	
EBITDA and non-recurring items	1,115
Amortisation and depreciation	(130)
Non-recurring items	(300)
Profit from operations	685

Segmental view **2012 H1**

	Technology Services £'000	Talent Management £'000	Recruitment £'000	Unallocated £'000	Total £'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 **2012**

	Technology Services £'000	Talent Management £'000	Recruitment £'000	Unallocated £'000	Total £'000
Revenue					
Contract revenue	-	26,948	51,540	-	78,488
Permanent revenue	-	1,618	7,153	-	8,771
Business Transformation and Technology Services	3,942	-	-	-	3,942
Total revenue	3,942	28,566	58,693	-	91,201
Gross profit	1,932	4,102	14,084	-	20,118
Administrative expenses	(1,917)	(1,634)	(13,386)	-	(16,937)
Contribution from ongoing operations	15	2,468	698	-	3,181
Central administrative expenses	-	-	-	(2,988)	(2,988)
EBITDA					193

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

Geographical information

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

6. Non recurring items

Included within non recurring items are:-

	Unaudited	Unaudited	Audited
	30-Jun	30-Jun	31-Dec
	2013	2012	2012
	£'000	£'000	£'000
Banking exit fee	40	-	-
Board reorganisation costs	84	-	-
Company reorganisation costs	176	-	-
	300	-	-

7. 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.