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

Final results for the year ended 31 December 2009

The Board of The ReThink Group plc, one of the UK's fastest growing recruitment and technology services businesses, is pleased to announce its final results for the year ended 31st December 2009.

Financial highlights

- Revenue growth up to £49.7m (2008: £43.4m), representing a 15% increase on last year.
- Gross profit held up well in a challenging market at £10.9m (2008: £12.1m) especially when taking into consideration the severe impact of the downturn in permanent recruitment.
- Profit from operations of £0.61m (2008: £0.50m, after listing costs of £0.41m).
- Profit before tax of £0.30m, (2008: £0.19m).
- Trade receivables were £9.6m (2008: £10.3m).
- Net debt[1] reduced 28% to £4.2m (2008: £5.8m).
- Cash generated from operations was £0.9m (2008: (£0.4m)).
- Shareholders' funds increased to £2.31m (2008: £2.07m)
- Basic earnings per share were 0.24p (2008: 0.09p).

Operational highlights

- Continued growth in IT contractor revenues driven by increased contractor numbers.
- Broadening of our customer base in our Business and IT Consulting division, Aiimi.
- Staff numbers reduced to 129 (2008:149).

Commenting on the outlook, Jon Butterfield, Chief Executive Officer, said:

"We have seen an improved demand for permanent recruitment services which, if sustained for the remainder of 2010, will have a positive effect on our business. Whilst there are signs of a return to more confidence in the market, conditions have some way to go to return to normality. We therefore look forward to 2010 with a positive mindset, but with a considered approach and our eyes wide open to the risks in the market."

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[1] Net debt of the Group is considered to be cash and cash equivalents less advances on invoice discounting facilities, bank loans and finance leases.

Chairman’s and Chief Executive Officer’s statement

In just under five years, ReThink has built a strong national presence with six major hubs in London, Manchester, Bristol, Birmingham, Leeds and Southend all well established. During 2009, we developed an international presence in the Middle East, opening an office in Dubai.

On behalf of the Board of The ReThink Group, we are pleased to report the Group’s results for 2009. The ReThink Group in common with most UK corporations, and particularly in the recruitment and IT sectors, has not been immune to the severe economic pressures experienced. In September 2009, the Chairman commented that despite difficult trading conditions the Group remained cautiously optimistic that market conditions would improve. We expected that year-on-year results for the second half of 2009 would be better than the first half and that pre-tax profits for the full year would be ahead of those in 2008, (after one off listing costs). We are pleased to say that results are in line with these expectations.

During the second half of the year we have consolidated some of our businesses and streamlined the management structure and reduced costs where necessary. We believe that we have the resource and ability to springboard our ambitions into 2010.

The economic conditions remain challenging. It is testament to the management and staff that, despite the challenges, overall revenue has increased and we ended the year with record contractor numbers. In common with nearly all recruitment businesses, permanent recruitment was severely affected during the year. The signs towards the end of the year were good and we entered into 2010 cautiously optimistic that levels will be ahead of 2009.

The Group continued to invest and acquired a business in the Middle East during the early part of 2009. The increase in goodwill of £239k relates to this acquisition and also includes £150k of deferred consideration payable on achievement of agreed profit targets. Following the year end we have also further added to the Business and IT Consulting capabilities by the acquisition of TrustTech Limited.

We have continued to specialise in the areas of Recruitment (permanent and contract) and Business & IT Consulting. In the Consulting business we have developed the customer base, expanded into several new sectors of business consultancy and formed strategic alliances with a number of global software partners.

We aim to continue our strategy of growth in 2010 both through acquisition when appropriate opportunities arise, and organic growth, focusing on core markets and our strengths.

We commemorated our fifth anniversary in March 2010. We have come a very long way since March 2005; we have outperformed a large number of our competitors, in revenue growth and growth of contractor numbers, in one of the most difficult economic climates in recent years. Our revenues have grown year on year, we have remained profitable, established operations in six UK and one international location, won numerous awards, built a valuable consulting offering in Aiimi Limited, listed on AIM, whilst retaining our entrepreneurial spirit, sense of fun and our dedication to fulfilling our ambitions.

Market Overview
The uncertain macro-economic environment has resulted in more challenging trading conditions across the UK and in the Middle East. The impact of this has had an effect on our core business streams and this manifested itself in a number of ways which are covered in the operational review below.

Strategy
The Group’s strategy of organic and acquisitional growth was built upon with the purchase of ReThink Middle East during the year, but there were no UK acquisitions despite involvement in numerous discussions, although the acquisition of TrustTech Limited was completed after the year end.

It is the Board’s intention to continue to diversify the business when high value recruitment niche opportunities arise and the sales teams are continuously investigating new markets.

Financial Review
Revenue increased by 14.6% for the year to £49.7m (2008: £43.4m), the main driver being the growth in contractor numbers during the year. Revenues from contractors were up by 25.0% to £44.5m (2008: £35.6m), with Permanent Fees down by 32.0% at £3.4m (2008: £5.0m) and Consulting Revenues down by 35.7% at £1.8m (£2.8m).

Gross profit at £10.9m is down by £1.2m (2008: £12.1m), with the reduction of £1.6m of permanent fees only partly offset by the increase in gross profit from contractor revenues. The change in revenue mix (from permanent to contractor) has had a direct effect on the headline gross margin percentage which is at 22%

compared to 27.9% in the previous year. Although a growth in managed service revenues has led to some decline in the overall margins on contract revenues, core margins in this area have held up and the Board has been encouraged that overall revenues have grown in this area.

In response to the deteriorating market conditions toward the latter part of 2008, the Board acted to review its cost base and re-align it with the expected revenue downturn. The cost savings generated as a result of realigning the cost base began to be felt towards the end of the first quarter and administrative costs for the year were reduced by 7.7% to £10.3m (2008: £11.1m, after adjusting for listing costs).

Profit before tax at £301k (2008: £188k, after listing costs) was largely generated in the second half of the year with an improved trading performance in recruitment complemented by the full benefits of overhead savings made earlier in the year across both recruitment and Business and IT Consulting.

The Group had net assets of £2.3m (2008: £2.1m) at the end of the year, which included £0.6m of cash and cash equivalents.

Investment in the credit control function has seen the level of trade receivables fall to £9.6m (2008: £10.3m) and the underlying age profile greatly improve from the end of 2008. Whilst working capital management continues to be a priority, the Group also seeks to minimise its trade receivables risk by continuing with its policy of credit insuring all its non public sector trade receivables where such credit insurance is available.

Net debt fell to £4.2m from £5.8m and cash generated from operations was £0.6m ahead of 2008 at £0.5m.
In the early part of the year, the finance function, which had been partly out-sourced since the company began, was brought in-house and the benefits have been felt throughout the Group.

Review of operations
Recruitment

Our permanent recruitment division was affected negatively by both a reduced demand from customers and the reduced availability of permanent candidates, good candidates in safe jobs were not moving because of the economic environment. We reported at the half year that we had taken the decision not to reduce the cost base of our permanent recruitment teams and that we would continue to invest despite the reduced productivity of this division in the expectation that the demand for permanent recruitment services would increase in 2010. I am pleased to report that we saw a steady increase in demand during the first quarter of 2010, compared to the previous year.

Our contract recruitment division has performed well in 2009. The Group experienced healthy demand for contractors and as a result our contract numbers have grown from 400 on billing at the start of 2009 to close at 500 on billing in December 2009, an increase of 25%.

The UK Recruitment businesses are ReThink Recruitment Solutions Ltd, ReThink Recruitment (Southend) Limited, ReBuild Recruitment Services Ltd, ReThink Professional Services Ltd and Integritas Recruitment Limited. Together these recruitment businesses have built a strong national presence in Manchester, London, Bristol, Birmingham, Southend, Leeds. ReThink Middle East Area FZCO is based in Dubai and serves various countries.

The Group rebranded KeyPower Consultants Limited as ReThink Recruitment (Southend) Limited from January 2010. The change of name will ultimately enable the business to build on the ReThink brand and has already resulted in closer integration of the Southend office into Group culture.

The appointment of Stefan Ciecierski as Director of the South East has brought a new dimension and enthusiasm to the offices in his control. We are optimistic that both the London and Southend offices will now progress swiftly from their 2009 performance. Stefan has a wealth of personal contacts, both customers and experienced recruiters, and we are seeking to leverage these relationships.

In addition we have re-organised key personnel. We are delighted to have promoted Andrew Lord to the position of Managing Director of all our UK based recruitment businesses. He is responsible for the continued growth of the recruitment businesses and has already implemented stronger performance measures across the individual offices.

As a result Deborah Davenport has been appointed as a Director of ReThink Recruitment Solutions Limited with direct responsibility for the Manchester office. Deborah has been with the Group since 2007 and has played a key role in the development of the region and now assumes full responsibility for the future results and growth of Manchester. She continues the work to grow the company, develop our staff and build customer relationships.

We reported in 2009 that our permanent and temporary recruitment company in the construction industry, ReBuild Recruitment Services Limited, was significantly underperforming and that the Board were considering carefully future investment. The Board implemented a strategy to significantly cut overheads and to focus upon profitability. We are pleased to report that despite the slowing of demand within the construction sector we have been able to achieve profitability by our combination of cost reduction, coupled with the efforts and skill of the team. We also took the decision to close our Exeter office and merge the remaining business and a number of staff into ReThink Bristol.

Business and IT Consulting

Aiimi Limited is the Group's Business and IT Consulting company. At the start of 2009 Aiimi's principal revenue streams were generated from a small number of long term managed service contracts with the largest of those in the banking sector. As a result of the down turn in the financial services markets, a major retail bank customer terminated their contract with Aiimi which significantly affected projected revenues.

The termination of Aiimi's largest banking contract gave additional impetus to our long term strategy to reposition Aiimi as a specialist business services consulting organisation with practices in Business Intelligence, Sales Performance Management and Business Transformation. Over the course of the year, Aiimi reduced headcount of operational managed service staff and replaced them with client facing consultants with specific delivery expertise. Aiimi's service offering was extended in the second half of the year with the addition of an Enterprise Content Management practice.

By the end of 2009 Aiimi had over 20 major customers in both the public and private sectors including a number of blue chip companies. Aiimi has built and continues to do so, a substantial pipeline of potential future consulting projects.

Acquisitions

As noted above, during the year the Group completed the acquisition of our new operation in Dubai, ReThink Middle East Area FZCO, ("MEA"). This is our first international office and the new relationships we are forming and developing have resulted in a number of successful and lucrative contracts. We have secured a range of contacts with blue chip clients which we anticipate will lead to further expansion in the Gulf region.

In March 2010 we completed the acquisition of TrustTech Limited for consideration of up to £33k. This investment will enable the Group to commence work with government bodies that we have previously been unable to approach.

Dividend

No dividend was paid for 2009 (2008: £nil). Whilst the Directors consider it prudent at present not to pay a dividend, it is their intention, at the appropriate time in the future and giving due consideration to cash resources available to the Group at that time, to commence dividend payments.

Earnings per share

Basic earnings per share increased to 0.24p (2008: 0.09p), with diluted earnings per share increasing to 0.22p (2008: 0.08p).

Our Clients

During the year we have experienced an encouragingly sustained level of activity with our largest customers, and we continue to invest in maintaining these relationships and improve the depth and strength of our client base.

After successfully completing our first year of master vendor status on our largest customer, we were awarded a further such agreement with another of our major customers in May 2009.

Furthermore we won an exclusive supplier agreement on a major NHS project in June 2009.

Our People

This has been a particularly tough year for staff in our sector. The Board continues to take a strategic approach to staffing across our business. We have been robust in our management and restructured where appropriate but we have continued to invest in our people to maintain and build long term capability.

The difficult market conditions have challenged, to an unprecedented degree, the management team, but enabled us to examine and transform our business practices to better meet our objectives. This transformation will stand us in good stead as the economy recovers.

Outlook

We have seen an improved demand for permanent recruitment services, which, if sustained for the remainder of 2010, will have a positive effect on our business. Whilst there are signs of a return to more confidence in the market, conditions have some way to go to return to normality. We therefore look forward to 2010 with a positive mindset, but with a considered approach and our eyes wide open to market risks.

John Sadiq **Jon Butterfield**
Chairman **Chief Executive Officer**

Consolidated statement of comprehensive income
For the year ended 31 December 2009

	Notes	2009 £	2008 £
Revenue		49,745,523	43,389,085
Cost of sales		(38,824,255)	(31,300,077)
GROSS PROFIT		10,921,268	12,089,008
Administrative expenses		(10,311,687)	(11,586,761)
PROFIT FROM OPERATIONS		609,581	502,247
Finance costs		(312,854)	(341,204)
Finance income		4,015	27,187
PROFIT BEFORE TAXATION		300,742	188,230
Tax expense		(86,085)	(106,488)
PROFIT FOR THE YEAR		214,657	81,742
Other comprehensive expense			
Foreign currency exchange differences		(5,789)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		208,868	81,742

All the profit and comprehensive income for the year is attributable to equity holders of the parent

Earnings per share

		Pence	Pence
Basic	2	0.236	0.094
Diluted	2	0.221	0.084

Consolidated statement of changes in equity
For the year ended 31 December 2009

Group	Share Capital £	Retained Earnings £	Share Premium £	Other Reserve £	Merger Reserve £	Translation Reserve £	Total £
At 1 January 2008	81,516	235,893	599,033	24,000	218,300	–	1,158,742
Changes in equity for the year ended 31December 2008							
Total comprehensive income for the year	–	81,742	–	–	–	–	81,742
Shares issued at flotation	9,390	–	–	–	–	–	9,390
Recognition of share based payment expense	–	25,651	–	–	–	–	25,651
Contingent share consideration cancelled	–	–	–	(24,000)	–	–	(24,000)
Premium on issue of shares	–	–	795,959	–	–	–	795,959
Premium on share options exercised	–	–	52,650	–	–	–	52,650
Flotation costs written to share premium	–	–	(26,082)	–	–	–	(26,082)
At 31 December 2008	90,906	343,286	1,421,560	–	218,300	–	2,074,052
Changes in equity for the year ended 31December 2009							
Total comprehensive income for the year	–	214,657	–	–	–	(5,789)	208,868
Recognition of share based payment expense	–	14,534	–	–	–	–	14,534
Premium on issue of shares	–	–	5850		–	–	5,850
Issue of shares	150	–	–	–	–	–	150
At 31 December 2009	91,056	572,477	1,427,410	–	218,300	(5,789)	2,303,454

Consolidated statement of financial position
As at 31 December 2009

	Notes	2009 £	2008 £
ASSETS			
NON-CURRENT ASSETS			
Goodwill		917,824	678,480
Property, plant and equipment		444,942	496,328
Intangible assets		38,088	-
Deferred tax		31,360	59,335
TOTAL NON-CURRENT ASSETS		1,432,214	1,234,143
CURRENT ASSETS			
Trade receivables	3	9,602,315	10,267,601
Other current assets	3	895,781	878,052
Cash and cash equivalents		578,186	514,854
TOTAL CURRENT ASSETS		11,076,282	11,660,507
TOTAL ASSETS		12,508,496	12,894,650
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	4	(9,790,363)	(10,232,500)
Bank loans and finance leases		(220,720)	(187,218)
Tax payable		(61,377)	(112,286)
TOTAL CURRENT LIABILITIES		(10,072,460)	(10,532,004)
NET CURRENT ASSETS		1,003,822	1,128,503
NON-CURRENT LIABILITIES			
Bank loans and finance leases	5	(113,398)	(288,594)
Deferred tax liability		(19,184)	-
TOTAL NON-CURRENT LIABILITIES		(132,582)	(288,594)
NET ASSETS		2,303,454	2,074,052
EQUITY			
Share capital		91,056	90,906
Share premium account		1,427,410	1,421,560
Merger reserve		218,300	218,300
Translation reserve		(5,789)	-
Retained earnings		572,477	343,286
Total equity attributable to equity holders of the parent		2,303,454	2,074,052

Consolidated statement of cash flows
For the year ended 31 December 2009

	Notes	2009	2008
		£	£
Cash flows from operating activities			
Profit before tax		300,742	188,230
Share based payment charge		14,534	25,651
Depreciation charges		197,502	168,533
Amortisation		1,228	-
Loss on disposal of property, plant and equipment		-	(276)
Finance costs		312,854	341,204
Finance income		(4,015)	(27,187)
		822,845	696,155
Decrease/(Increase) in trade and other receivables		653,749	(2,785,393)
(Decrease)/Increase in trade and other payables		(570,040)	2,527,032
Cash generated from operations		906,554	437,794
Finance costs paid		(312,854)	(341,204)
Corporation tax paid		(89,835)	(229,601)
Net cash generated from/(absorbed by) operating activities		503,865	(133,011)
Cash flows from investing activities			
Purchase of property, plant and equipment		(146,116)	(153,289)
Purchase of intangible assets		(39,316)	-
Proceeds from sale of property, plant and equipment		-	3,222
Purchase of subsidiary undertaking inclusive of costs and net of cash acquired		(123,422)	-
Finance income		4,015	27,187
Net cash absorbed by investing activities		(304,839)	(122,880)
Cash flows from operating activities			
Repayment of long term borrowings		(138,569)	(139,502)
Repayment of finance leases		(3,125)	(152,229)
Proceeds from issue of share capital		6,000	831,918
Repayment of loans		-	(40,500)
Payment of dividend		-	(99,994)
Net cash (absorbed by)/generated from financing activities		(135,694)	399,693
Net change in cash and cash equivalents		63,332	143,802
Cash and cash equivalents at start of year		514,854	371,052
Cash and cash equivalents at end of year		578,186	514,854

Notes to the financial statements
For the year ended 31 December 2009

1. ACCOUNTING POLICIES

The Company is a public limited company incorporated and domiciled in the United Kingdom and the Company is listed on AIM. The address of its registered office is 19, Spring Gardens, Manchester M2 1FB.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'), International Financial Reporting Interpretations Committee ('IFRIC') interpretations and Standing Interpretations Committee ('SIC') interpretations as adopted and endorsed by the European Union ('EU') and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

2. EARNINGS PER SHARE

	2009 £	2008 £
Numerator		
Profit for the year – used in basic and diluted EPS	214,657	81,742
Denominator		
Weighted average number of shares used in basic EPS	91,010,228	86,602,916
Effects of employee share options	6,193,491	10,393,341
Weighted average number of shares used in diluted EPS	97,203,719	96,996,257

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 and share incentive plans, assuming dilution through conversion of all existing options and shares held in share plans.

The comparative diluted EPS figure has been amended due to an error in the previous year. The effects of employee share options used within diluted EPS in 2008 should have been 10,393,341 and not 17,477,408. Consequently, diluted EPS for 2008 should have been disclosed as 0.084p and not 0.079p.

3. TRADE AND OTHER RECEIVABLES

	2009	2008
Trade receivables	9,602,315	10,267,601
Other receivables	350,198	260,063
Prepayments and accrued income	545,583	617,989
	10,498,096	11,145,653

The fair value of trade and other receivables is not materially different to the carrying amount.

Included within Group trade receivables is an amount of £9,285,447 (2008: £9,007,494) subject to invoice discounting.

4. TRADE AND OTHER PAYABLES

	2009 £	2008 £
Trade payables	3,481,550	2,504,124
Social security and other taxes	947,596	926,325
Other payables	280,371	136,777
Advances on invoice discounting facility	4,443,194	5,844,930
Accruals	637,652	780,344
	9,790,363	10,232,500

Book values of trade and other payables approximate to fair value.

Trade receivables subject to invoice discounting are recognised as the Group retains the significant risks and benefits. Payments received from invoice discounting providers are presented as other payables.

The financial statements for 2008 showed within the Group trade and other payables note obligations outstanding on finance leases of £51,258 (2007; nil). The analysis of this item should have been within Other payables, therefore the 2008 comparative has been amended with other payables increasing from £85,519 to £136,777.

5. FINANCIAL LIABILITIES – BANK LOANS AND FINANCE LEASES

	2009 £	2008 £
Current:		
Bank loans	147,929	135,961
Finance lease	72,791	51,257
	220,720	187,218

	2009 £	2008 £
Non-current:		
Bank loans	35,543	186,080
Finance lease	77,855	102,514
	113,398	288,594

6. DIVIDENDS

No dividend has been paid (2008: £nil).

7. STATUS OF FINANCIAL INFORMATION

The financial information set out above does not comprise the Company's statutory accounts for the periods ended 31 December 2009 or 31 December 2008. Statutory accounts for 31 December 2008 have been delivered to the Registrar of Companies and those for 31 December 2009 will be delivered following the Company's Annual General Meeting. The auditors have reported on those accounts; their report was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis of matter without qualifying their report and did not contain statements under section 498(2) or (3) of the Companies Act 2006 in respect of the accounts for 2009 nor a statement under section 237(2) or (3) of the Companies Act 1985 in respect of the accounts for 2008.

8. PUBLICATION OF ANNOUNCEMENT

A copy of this announcement will be available at the Company's registered office (19, Spring Gardens, Manchester M2 1FB) 14 days from the date of this announcement and on its website – www.therethink-group.com.

This announcement is not being sent to shareholders. The Annual Report will be made available on the website.