

17 May 2012

## **RSM Tenon Group PLC – Q3 Interim Management Statement**

RSM Tenon Group PLC (“RSM Tenon” or “the Group”), the national accountants and advisers today issues its interim management statement covering 1 January 2012 to 16 May 2012 in accordance with the Disclosure and Transparency Rules of the UK Listing Authority.

### **Business performance**

The period under review has been one of considerable change to the Board and management of RSM Tenon. However, for most of our people and for our clients it has been business as usual.

The business remains resilient in a challenging market. Our service lines are generally performing in line with management’s expectations, although with some regional and product line variations. As noted in our interim results announcement on 29 February, transaction-based activities remain slow and the overall level of business insolvencies continues to be below market expectations. As we have previously reported, the majority of our revenue is earned in the second half of our financial year and this effect is particularly skewed towards the last quarter.

Following the announcement of a general anti-avoidance rule in the recent UK Government budget, we have decided not to offer further new products through our Specialist Tax service line. Whilst this will have limited impact on revenues in this financial year (as these had substantially been earned prior to the budget statement), we will not earn revenues in this service line going forward.

### **Actions to improve profitability and cash generation**

In our interim results announcement on 29 February 2012, we set out immediate actions to reduce cost and restore margin. Our programme to achieve annual employment cost savings of approximately £14m is well under way, with approximately 75% of the targeted savings already secured. We expect to have substantially completed the programme by June 2012 and to achieve savings in excess of our original estimate.

### **Funding position**

In our interim results announcement on 29 February 2012, we announced that we had agreed heads of terms with Lloyds Banking Group for committed facilities of £88 million until 31 October 2012. We announced on 2 April 2012 that the restated facility agreements had been signed on the basis set out in the heads of terms and had become fully effective. We are working closely with Lloyds Banking Group and remain grateful for their continued support.

We continue to place great emphasis on managing our cash resources and working capital. In part as a result of funding the upfront costs of our cost reduction programme, which are estimated at £6m, our headroom against our borrowing facilities remains limited. This will continue until we start to see net cash benefit from the cost reduction programme, which is expected from the second quarter of our next financial year.

### **Developing and implementing a strategic plan**

Development and implementation of a strategic plan significantly to improve the performance and financial position of the Group is continuing.

We are making progress to return RSM Tenon to a stable and profitable position and will update the market on all aspects of the strategic plan and related matters with the announcement of our results for the year ended 30 June 2012 on 17 October 2012.

## Changes to the Board

As previously announced, Adrian Martin, Chairman, and Michael Findlay, Senior Independent Director and Chairman of the Audit Committee, have both advised their intention to step down from the Board. The process to appoint new Board members is well under way.

### Commenting on today's announcement Chief Executive, Chris Merry, said:

*"We are making good progress in delivering the actions that we identified in our interim results announcement on 29 February 2012. We are, and continue to be, committed to our clients and our people. Our clients continue to receive the same high levels of service that they have always enjoyed.*

*I would like to thank our clients and our people for their continued support."*

## Disclaimer

Statements that look forward in time or that express RSM Tenon's beliefs, expectations or estimates about future prospects of the Group are subject to a number of risks and uncertainties that could change. These risks include, but are not limited to, general economic and market conditions as well as risks associated with the financial and professional services sector and those connected to financial and equity markets.

### Enquiries:

<b>RSM Tenon Group PLC</b>	<b>020 7535 5728</b>
Chris Merry, Chief Executive	
Adrian Gardner, Chief Financial Officer	
<b>College Hill</b>	<b>020 7457 2020</b>
Tony Friend	
Antonia Coad	