8 July 2013

RM plc announces interim results for the 6 months ended 31 May 2013

RM plc, the educational ICT and resources group, today announces its interim results for the 6 months ended 31 May 2013.

Highlights

- David Brooks assumed full executive responsibility for RM plc from 1st May 2013, coinciding with the appointment of John Poulter as Non-Executive Chairman
- Revenue excluding exited businesses decreased by 2.6% to £118.8m
- Adjusted* operating profit excluding exited businesses increased 16% to £5.2m on revenue of £118.8m (2012: £122.0m). Adjusted* profit before tax of £4.9m (2012: £3.4m)
- Adjusted* EPS: 4.1p (2012: 2.9p)
- Results including exited businesses: Total revenues £118.8m (2012: £124.7m) and profit before tax of £5.0m (2012: £0.6m)
- Continued strong cash flow with cash generated by operations of £19.6m
- Net cash of £51.8m (2012: £25.3m at 31 May, £37.8m at 30 November)
- Pension deficit increased since last year end to £25.3m (2012: £29.5m at 31 May; £20.4m at 30 November). Deficit net of deferred tax was £19.5m
- Interim dividend per share increased by 12% to 0.84p (2012: 0.75p)

John Poulter, RM's Chairman, said:

'RM continues to trade profitably and has a strong balance sheet. However, the UK education sector is, and will remain, under financial constraint and revenue is expected to decline.

The largest division within RM, Education Technology ('ET'), is the focus of immediate attention by the new CEO and his team. New school openings under the Building Schools for the Future ('BSF') programme in the current year are likely to produce good second-half trading but the programme is expected to result, in itself, in a reduction in annual revenue of c.£40m between 2013 and 2015.

Considerable effort is being directed to improve the profitability of the ET business by both commercial and efficiency improvements and through an appraisal of each of the constituent elements of the business. The Board expects to be in a position to provide greater insight by the end of the year.

The other two segments, Education Resources and Assessment and Data Services ('ADS'), continue to develop and trade successfully.

The company has the security of very substantial cash resources and a planning exercise is being undertaken to assess the extent to which there is a surplus to the company's prudent needs. In the coming months, the Board will announce the magnitude and method of returning any surplus to shareholders.

The full year is expected to benefit from a positive bias to the second half, although not to the extent experienced last year.'

* Adjusted profit and EPS are before amortisation of acquisition related intangible assets; share-based payment charges; restructuring costs; impairment of goodwill, acquisition related intangible assets, other intangible assets and investments; the loss on sale of operations; release of deferred consideration; credit on settlement; exceptional net credit on defined benefit pension scheme and the increase/(decrease) in provision for dilapidations on leased properties and onerous lease contracts.

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RM plc

Interim results for the 6 months ended 31 May 2013

Introduction

David Brooks assumed full executive responsibility for RM plc from 1st May 2013, coinciding with the appointment of John Poulter as Non-Executive Chairman.

Revenue declined slightly in the first six months of the year, but profit increased. The net cash position continues to be strong.

Due to the normal seasonality of RM's business, interim results are not a good indicator of full year performance.

Financial Summary

	6 months to May 2013	6 months to May 2012	12 months to Nov 2012
Revenue			
-excluding exited businesses	**£118.8m**	£122.0m	£285.9m
-including exited businesses	**£118.8m**	£124.7m	£288.7m
Adjusted* operating profit			
-excluding exited businesses	**£5.2m**	£4.4m	£14.0m
-including exited businesses	**£5.2m**	£3.9m	£13.6m
Adjusted* profit before tax	**£4.9m**	£3.4m	£13.1m
Profit before tax	**£5.0m**	£0.6m	£8.4m
Adjusted* Earnings Per Share	**4.1p**	2.9p	10.9p
Earnings/(loss) Per Share	**4.2p**	(0.2p)	5.4p
Dividend per share	**0.84p**	0.75p	3.0p
Net cash at period end	**£51.8m**	£25.3m	£37.8m

*Throughout this statement, adjusted profit and EPS are before amortisation of acquisition related intangible assets; share-based payment charges; restructuring costs; impairment of goodwill, acquisition related intangible assets, other intangible assets and investments; the loss on sale of operations; release of deferred consideration; credit on settlement; exceptional net credit on defined benefit pension scheme and the increase/(decrease) in provision for dilapidations on leased properties and onerous lease contracts.

Revenue excluding exited businesses declined 2.6% to £118.8m compared with £122.0m for the same period last year, with modest growth in the ADS division being offset by declines in the Education Technology and Education Resources divisions.

Adjusted* profit before tax was £4.9m (2012: £3.4m). Adjusted* operating profit excluding exited businesses was £5.2m (2012: £4.4m); further comments are provided in the operational overview. Profit before tax was £5.0m (2012: £0.6m).

Group headcount reduced to 2,201 at 31 May 2013 compared with 2,280 at 31 May 2012.

Operating capital efficiency remained strong with another period of cash generation in excess of operating profit. Cash generated by operations was £19.6m (2012: £11.9m), net cash at 31 May 2013 was £51.8m (2012: £25.3m at 31 May, £37.8m at 30 November) ahead of the Board's expectations reflecting a year on year improvement in receivables, inventory and lower levels of working capital associated with long term contracts.

The IAS 19 deficit relating to RM's defined benefit pension scheme has increased since 30 November 2012 to £25.3m (2012: £29.5m at 31 May and £20.4m at 30 November), which is primarily due to increases in the value of investments being more than offset by adverse changes in actuarial assumptions, particularly bond yields. The deficit net of deferred tax was £19.5m (2012: £22.6m at 31 May and £15.7m at 30 November). A 15 year deficit recovery plan was agreed with the scheme trustees last year with future contributions at £3.6m p.a.

Adjusted* earnings per share were 4.1p (2012: 2.9p).Unadjusted earnings per share were 4.2p (2012: loss of (0.2p)).

Given the strong rate of cash generation, the interim dividend per share has been increased by 12% to 0.84p (2012: 0.75p). The dividend will be payable on 13 September 2013 to shareholders on the register on 16 August 2013.

Operational Overview

Since 1 December 2012, RM has been structured in three operating divisions.

Education Technology

The Education Technology division now includes Managed Services and the school focused elements of Education Software. It is a UK focused business supplying ICT managed services, internet services, network software, digital platforms, hardware and related services, including implementation and support. Products and services are sold through common sales channels to UK educational establishments.

	6 months to May 2013	6 months to May 2012	12 months to Nov 2012
Education Technology revenue	**£82.6m**	£83.9m	£202.7m
Education Technology adjusted* operating profit	**£2.7m**	£1.6m	£6.1m

Overall revenue in the Education Technology Division declined by 1.5% to £82.6m (2012: £83.9m) against a backdrop of public sector budgetary constraints. Revenue from Managed Services increased by £1.5m to £33.9m with other business areas experiencing a greater impact from austerity measures. Demand for differentiated PC devices reduced with the commoditisation of the hardware market offset by a movement to tablet and consumer led devices.

The business generated an adjusted operating profit of £2.7m (2012: £1.6m) and remains seasonal, with the majority of profit earned in the second half of the year including the impact of Building Schools for the Future ('BSF') new school openings.

Annual revenue from BSF contracts within Managed Services is expected to fall by c.£40m between 2013 and 2015.

While the competitive environment remains challenging, the Board considers that RM has held its market share in these activities, including winning new Academies and Free Schools. As such, despite the market environment and the restructuring over the past year, RM has maintained its position as a leading supplier of ICT products and services to schools in the UK.

Progress continues to be made with new propositions initiated last year, though revenue from them is insignificant and is likely to remain so for the foreseeable future. RM Unify, the school level 'Launch Pad to the Cloud', has been rolled out to all state-maintained schools in Scotland and was released for use in the rest of the UK in April 2013. In May 2013 RM signed a contract to provide RM Unify to Staffordshire schools. 168 Staffordshire schools have signed up for the service to date.

Following continued further positive engagement from publishers, at the end of May over 3,700 titles were available via the RM Books e-books platform. We anticipate that widespread adoption by schools will lag behind e-book penetration in the consumer market but that RM Books, as a solution specifically tailored to schools' needs, will be well positioned when the transition from physical print comes.

Oxfordshire selected Integris, RM's cloud based School Management System, in a local authority wide tender in January. By the end of May 146 schools had successfully transitioned from their previous systems.

Education Resources

The Education Resources division comprises two operating businesses: TTS and RM SpaceKraft. TTS is a value-added distribution business offering a wide range of curriculum products and materials to schools for both general and departmental use. RM SpaceKraft supplies products and installation services for the Special Educational Needs market.

	6 months to May 2013	6 months to May 2012	12 months to Nov 2012
Education Resources revenue	**£26.4m**	£28.6m	£59.8m
Education Resources adjusted* operating profit	**£3.0m**	£3.9m	£8.8m

The Education Resources Division reported revenue of £26.4m, a decline of 7.9% over the same period last year (2012: £28.6m). Both TTS, the curriculum resources business and RM SpaceKraft, had lower orders than last year in the first half, against the background of continued budgetary pressures.

Adjusted operating margins remained strong at 11.3%. A new warehouse management system went live in TTS in May which should enhance operational efficiencies and enable improvements in delivery performance.

For many years, TTS has had a significant, annually renewable, contract providing educational products for a corporate and social responsibility programme sponsored by a major UK Group. This represents over 10% of TTS's revenues. A decision by the customer to delay and change the scheme is expected to result in minimal revenues in the second half of the year.

Assessment and Data Services

The Assessment and Data Services ('ADS') division comprises Assessment e-marking and e-testing services and Data Solutions.

	6 months to May 2013	6 months to May 2012	12 months to Nov 2012
Assessment and Data Services revenue	**£9.8m**	£9.5m	£23.3m
Assessment and Data Services adjusted* operating profit	**£0.9m**	£0.6m	£2.6m

Revenue in this division increased modestly by 3.8% to £9.8m (2012: £9.5m). Adjusted operating profit increased from £0.6m for the first half of 2012 to £0.9m for the first half of 2013.

Revenue in the Assessment (e-marking and e-testing) business grew due to an increase in examination volumes processed. A pilot e-marking project was successfully completed in Singapore.

The data contract to provide the National Pupil Database for England has been extended to December 2014. RM is preferred bidder under a new procurement for the successor School Performance Data Programme to 2018, with an option to extend to 2020.

Statement on Principal Risks and Uncertainties

Pursuant to the requirements of the Disclosure and Transparency Rules the Group provides the following information on its principal risks and uncertainties. The Group considers strategic, operational and financial risks and identifies actions to mitigate those risks. These risk profiles are updated at least annually. The principal risks and uncertainties detailed within the Group's 2012 Annual Report remain applicable. The Group's 2012 Annual Report is available from the RM website: www.rm.com.

Related party transactions during the period are disclosed in Note 12.

Outlook

RM continues to trade profitably and has a strong balance sheet. However, the UK education sector is, and will remain, under financial constraint and revenue is expected to decline.

The largest division within RM, Education Technology ('ET'), is the focus of immediate attention by the new CEO and his team. New school openings under the Building Schools for the Future ('BSF') programme in the current year are likely to produce good second-half trading but the programme is expected to result, in itself, in a reduction in annual revenue of c.£40m between 2013 and 2015.

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The full year is expected to benefit from a positive bias to the second half, although not to the extent experienced last year.

Condensed consolidated income statement
For the half-year ended 31 May 2013

	Notes	**Adjusted**	**Adjust-ments**	**Half-year ended 31 May 2013 Total**	Adjusted	Adjust-ments	Half-year ended 31 May 2012 Total	Adjusted	Adjust-ments	Year ended 30 November 2012 Total
		£000	**£000**	**£000**	£000	£000	£000	£000	£000	£000
Revenue		**118,806**	**-**	**118,806**	124,671	-	124,671	288,688	-	288,688
Cost of sales		**(85,349)**	**-**	**(85,349)**	(92,135)	-	(92,135)	(217,868)	-	(217,868)
Gross profit		**33,457**	**-**	**33,457**	32,536	-	32,536	70,820	-	70,820
Operating expenses		**(28,298)**		**(28,298)**	(28,670)	-	(28,670)	(57,249)	-	(57,249)
- Amortisation of acquisition related intangible assets		**-**	**(98)**	**(98)**	-	(123)	(123)	-	(244)	(244)
- Impairment of goodwill, acquisition related intangible assets, other intangible assets and investments		**-**	**-**	**-**	-	-	-	-	(3,212)	(3,212)
- Gain/(loss) on sale of operations	11	**-**	**244**	**244**	-	(2,903)	(2,903)	-	(2,448)	(2,448)
- Share-based payment charges		**-**	**(186)**	**(186)**	-	(436)	(436)	-	(129)	(129)
- Restructuring (charge)/release		**-**	**(309)**	**(309)**	-	217	217	-	(312)	(312)
- Release/(increase) in provision for dilapidations on leased properties and onerous lease contracts		**-**	**-**	**-**	-	300	300	-	(457)	(457)
- Exceptional credit on settlement		**-**	**543**	**543**	**-**	**-**	**-**	-	715	715
- Release of deferred consideration		**-**	**-**	**-**	-	195	195		195	195
- Exceptional net credit on defined benefit pension scheme		**-**	**-**	**-**	**-**	**-**	**-**	-	1,324	1,324
		(28,298)	**194**	**(28,104)**	(28,670)	(2,750)	(31,420)	(57,249)	(4,568)	(61,817)
Profit from operations		**5,159**	**194**	**5,353**	3,866	(2,750)	1,116	13,571	(4,568)	9,003
Investment income		**221**	**-**	**221**	334	-	334	926	-	926
Finance costs		**(446)**	**(88)**	**(534)**	(758)	(89)	(847)	(1,359)	(181)	(1,540)
Profit before tax		**4,934**	**106**	**5,040**	3,442	(2,839)	603	13,138	(4,749)	8,389
Tax	4	**(1,174)**	**(33)**	**(1,207)**	(773)	15	(758)	(3,160)	(301)	(3,461)
Profit/(loss) for the period attributable to equity holders of the parent		**3,760**	**73**	**3,833**	2,669	(2,824)	(155)	9,978	(5,050)	4,928
Earnings/(loss) per ordinary share:	5									
Basic		**4.1p**	**0.1p**	**4.2p**	2.9p	(3.1)p	(0.2)p	10.9p	(5.5)p	5.4p
Diluted		**4.1p**	**0.1p**	**4.2p**	2.9p	(3.1)p	(0.2)p	10.9p	(5.5)p	5.4p
Paid and proposed dividend per share:	6									
Interim				**0.84p**			0.75p			0.75p
Final				-			-			2.25p

Adjustments to profit have been presented to give a better guide to business performance (refer to note 1).

All activities relate to continuing operations.

Condensed consolidated statement of comprehensive income
For the half-year ended 31 May 2013

	Half-year ended 31 May 2013 £000	Half-year ended 31 May 2012 £000	Year ended 30 November 2012 £000
Profit / (loss) for the period	**3,833**	(155)	4,928
Exchange differences on translation of foreign operations	**19**	(188)	(171)
Actuarial losses on defined benefit pension scheme	**(6,936)**	(8,809)	(7,603)
Fair value gain on hedged financial instruments	**147**	49	5
Current tax on items taken directly to equity	**466**	(57)	2,086
Deferred tax on items taken directly to equity	**1,129**	1,788	(605)
Other comprehensive expense for the period	**(5,175)**	(7,217)	(6,288)
Total comprehensive expense for the period attributable to equity holders of the parent	**(1,342)**	(7,372)	(1,360)

Total tax credited to equity was £1,595,000 (2012: half-year to 31 May credit of £1,731,000; year ended 30 November 2012 credit of £1,481,000).

Condensed consolidated balance sheet
As at 31 May 2013

	Notes	**31 May 2013 £000**	31 May 2012 £000	30 November 2012 £000
Non-current assets				
Goodwill		**14,395**	17,349	14,395
Acquisition related intangible assets		**862**	1,081	960
Other intangible assets		**1,868**	3,296	2,278
Property, plant and equipment		**10,853**	13,449	11,440
Interest in associate		**58**	316	58
Other receivables	8	**1,911**	1,881	1,911
Deferred tax assets		**7,410**	8,522	6,331
		37,357	45,894	37,373
Current assets				
Inventories		**17,012**	20,378	14,787
Trade and other receivables	8	**42,170**	56,484	58,000
Tax asset		**315**	854	847
Cash and cash equivalents	7	**51,795**	25,274	37,823
		111,292	102,990	111,457
Total assets		**148,649**	148,884	148,830
Current liabilities				
Trade and other payables	9	**(87,326)**	(82,250)	(87,343)
Provisions		**(3,837)**	(4,929)	(4,108)
		(91,163)	(87,179)	(91,451)
Net current assets		**20,130**	15,811	20,006
Non-current liabilities				
Retirement benefit obligation		**(25,341)**	(29,524)	(20,433)
Other payables	9	**(5,769)**	(7,242)	(6,785)
Provisions		**(4,363)**	(4,756)	(4,929)
		(35,473)	(41,522)	(32,147)
Total liabilities		**(126,636)**	(128,701)	(123,598)
Net assets		**22,013**	20,183	25,232
Equity attributable to equity holders of the parent				
Share capital		**1,870**	1,869	1,870
Share premium account		**26,997**	26,966	26,997
Own shares		**(2,972)**	(2,972)	(2,972)
Capital redemption reserve		**94**	94	94
Hedging reserve		**108**	5	(39)
Translation reserve		**(37)**	(73)	(56)
Retained earnings		**(4,047)**	(5,706)	(662)
Total equity		**22,013**	20,183	25,232

Condensed consolidated cash flow statement
For the half-year ended 31 May 2013

	Notes	**Half-year ended 31 May 2013 £000**	Half-year ended 31 May 2012 £000	Year ended 30 November 2012 £000
Profit from operations		**5,353**	1,116	9,003
Adjustments for:				
Gain on foreign exchange derivatives		**(16)**	(53)	(250)
Impairment of investment in associate		**-**	-	258
Amortisation of acquisition related intangible assets		**98**	123	244
Impairment of goodwill		**-**	-	2,954
Amortisation of other intangible assets		**316**	561	1,254
Depreciation of property, plant and equipment		**1,804**	3,243	5,701
Impairment of property, plant and equipment		**-**	-	144
(Gain)/loss on disposal of property, plant and equipment		**(209)**	(231)	302
Loss on disposal of other intangible assets		**372**	1	496
(Gain)/loss on sale of operations		**(244)**	2,903	2,448
Increase/(decrease) in provisions		**306**	(444)	841
Release of deferred consideration		**-**	(195)	(195)
Share-based payment charges		**186**	436	129
Exceptional pension credit		**-**	-	(1,824)
Operating cash flows before movements in working capital		**7,966**	7,460	21,505
(Increase)/decrease in inventories		**(2,225)**	(1,981)	3,610
Decrease in receivables		**16,300**	5,556	3,895
(Decrease)/increase in payables		**(2,405)**	835	4,529
Cash generated by operations		**19,636**	11,870	33,539
Defined benefit pension contribution in excess of current service cost		**(2,224)**	(893)	(7,279)
Tax (paid)/received		**(121)**	696	(59)
Income on sale of finance lease debt		**79**	226	644
Interest paid:				
- bank overdrafts and loans		**(2)**	(63)	(92)
- borrowing facility arrangement fee and commitment fee		**(263)**	(480)	(658)
Net cash inflow from operating activities		**17,105**	11,356	26,095
Investing activities				
Interest received		**142**	84	258
Proceeds on disposal of property, plant and equipment		**265**	399	856
Purchases of property, plant and equipment		**(1,257)**	(300)	(1,852)
Purchases of other intangible assets		**(278)**	(229)	(400)
Proceeds from sale of operations		**-**	2,572	2,481
Amounts advanced to third party		**-**	(600)	(919)
Amounts received from joint venture undertaking		**-**	1,878	1,878
Net cash (outflow)/inflow from investing activities		**(1,128)**	3,804	2,302
Financing activities				
Dividends paid	6	**(2,063)**	(1,402)	(2,090)
Proceeds from share capital issue, net of share issue costs		**-**	3	35
Repayment of borrowings		**-**	(13,005)	(13,005)
Net cash used in financing activities		**(2,063)**	(14,404)	(15,060)
Net increase in cash and cash equivalents		**13,914**	756	13,337
Cash and cash equivalents at the beginning of period		**37,823**	24,529	24,529
Effect of foreign exchange rate changes		**58**	(11)	(43)
Cash and cash equivalents at the end of period	7	**51,795**	25,274	37,823

Condensed consolidated statement of changes in equity
For the half-year ended 31 May 2013

	Notes	Share capital £000	Share premium account £000	Own shares £000	Capital redemption reserve £000	Hedging reserve £000	Translation reserve £000	Retained earnings £000	Total equity £000
At 1 December 2012		**1,870**	**26,997**	**(2,972)**	**94**	**(39)**	**(56)**	**(662)**	**25,232**
Profit for the period		**-**	**-**	**-**	**-**	**-**	**-**	**3,833**	**3,833**
Other comprehensive income									
Exchange differences on translation of foreign operations		**-**	**-**	**-**	**-**	**-**	**19**	**-**	**19**
Actuarial losses on defined benefit scheme		**-**	**-**	**-**	**-**	**-**	**-**	**(6,936)**	**(6,936)**
Fair value gain on hedged financial instruments		**-**	**-**	**-**	**-**	**147**	**-**	**-**	**147**
Tax charge on items taken directly to equity		**-**	**-**	**-**	**-**	**-**	**-**	**1,595**	**1,595**
Total other comprehensive income						**147**	**19**	**(5,341)**	**(5,175)**
Share issues		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Share-based payment awards exercised in period		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Share-based payment charges		**-**	**-**	**-**	**-**	**-**	**-**	**186**	**186**
Dividends paid	6	**-**	**-**	**-**	**-**	**-**	**-**	**(2,063)**	**(2,063)**
At 31 May 2013		**1,870**	**26,997**	**(2,972)**	**94**	**108**	**(37)**	**(4,047)**	**22,013**

Condensed consolidated statement of changes in equity (continued)

	Notes	Share capital £000	Share premium account £000	Own shares £000	Capital redemption reserve £000	Hedging reserve £000	Translation reserve £000	Retained earnings £000	Total equity £000
At 1 December 2011		1,869	26,963	(3,202)	94	(44)	115	2,723	28,518
Loss for the period		-	-	-	-	-	-	(155)	(155)
Other comprehensive income									
Exchange differences on translation of foreign operations		-	-	-	-	-	(188)	-	(188)
Actuarial losses on defined benefit scheme		-	-	-	-	-	-	(8,809)	(8,809)
Fair value gain on hedged financial instruments		-	-	-	-	49	-	-	49
Tax charge on items taken directly to equity		-	-	-	-	-	-	1,731	1,731
Total other comprehensive income						49	(188)	(7,078)	(7,217)
Share issues		-	3	-	-	-	-	-	3
Share-based payment awards exercised in period		-	-	230	-	-	-	(230)	-
Share-based payment charges		-	-	-	-	-	-	436	436
Dividends paid	6	-	-	-	-	-	-	(1,402)	(1,402)
At 31 May 2012		1,869	26,966	(2,972)	94	5	(73)	(5,706)	20,183

	Notes	Share capital £000	Share premium account £000	Own shares £000	Capital redemption reserve £000	Hedging reserve £000	Translation reserve £000	Retained earnings £000	Total equity £000
At 1 December 2011		1,869	26,963	(3,202)	94	(44)	115	2,723	28,518
Profit for the period								4,928	4,928
Other comprehensive income									
Exchange differences on translation of foreign operations		-	-	-	-	-	(171)	-	(171)
Actuarial losses on defined benefit scheme		-	-	-	-	-	-	(7,603)	(7,603)
Fair value gain on hedged financial instruments		-	-	-	-	5	-	-	5
Tax charge on items taken directly to equity		-	-	-	-	-	-	1,481	1,481
Total other comprehensive income		-	-	-	-	5	(171)	(6,122)	(6,288)
Share issues		1	34	-	-	-	-	-	35
Share-based payment awards exercised in period		-	-	230	-	-	-	(230)	-
Share-based payment charges		-	-	-	-	-	-	129	129
Dividends paid	6	-	-	-	-	-	-	(2,090)	(2,090)
At 30 November 2012		1,870	26,997	(2,972)	94	(39)	(56)	(662)	25,232

Notes to the condensed interim financial statements

1. General information
RM plc is a company incorporated in England and Wales. The unaudited condensed consolidated interim financial statements as at 31 May 2013 and for the 6 months then ended comprise those of the Company and its subsidiaries (together the Group).

Income statement presentation
The income statement for the half-year ended 31 May 2013 has been presented in three columns. This presentation is intended to give a better guide to business performance by separately identifying: amortisation of acquisition related intangible assets; share-based payment charges; restructuring costs; impairment of goodwill, acquisition related intangible assets, other intangible assets and investments; the loss on sale of operations; release of deferred consideration; credit on settlement; exceptional net credit on defined benefit pension scheme and the increase/(decrease) in provision for dilapidations on leased properties and onerous lease contracts. The columns extend down the income statement to allow the tax and earnings per share impacts of these transactions to be understood.

2. Accounting policies
This condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union.

The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. As required by the Disclosure and Transparency Rules of the Financial Conduct Authority (FCA), the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Group's published consolidated financial statements for the year ended 30 November 2012.

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 November 2012.

Going concern
The Directors have assessed forecast future cash flows over the coming year and are satisfied that the Group's cash position and agreed working capital facilities are sufficient to meet these cash flows. Given the Group's continued seasonality and long term education project contractual commitments, cash flows are forecast to be at their highest outflow between July and September.

Considering the above, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook and have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis of accounting in preparing the interim financial statements.

3. Business segments
The Group's business is supplying products, services and solutions to the UK and international education markets.

Following a review of the Group's divisional structure in November 2012, from 1 December 2012 the Group was restructured into three operating divisions: Education Technology, Education Resources and Assessment and Data Services. From 1 December 2012, the Group changed the presentation of financial information included in the consolidated management accounts to reflect the new reporting structure with this information being presented to the chief operating decision maker. Segmental information for the Group is reported on this basis for the half year ended 31 May 2013 and prior period financial information has been restated to be in line with this new basis.

The nature of the products/services sold within each segment is explained below:
- Education Technology – a UK focused business supplying schools with ICT managed services, internet services, network software, digital platforms, hardware and related services, including implementation and support. The division also includes the implementation, management and support of IT infrastructure as part of the Building schools for the Future contracts.
- Education Resources – provides schools with curriculum focussed classroom resources including teaching equipment and materials.
- Assessment and Data Services – comprises Assessment Services and Data Solutions with the largest contributor of revenue being the Assessment business, providing e-marking and e-testing solutions and services for examining boards.

The November 2012 review also identified certain central costs and assets which had previously been allocated across the divisions and were considered more appropriately reported within Corporate Services. The segmental results for the half year ended 31 May 2013 include these costs and assets within Corporate Services and the segmental results for the half year ended 31 May 2012 and year ended 30 November 2012 have been restated to be in line with this new basis.

The following disclosure shows the result and total assets of these segments:

Half-year ended 31 May 2013	**Education Technology £000**	**Education Resources £000**	**Assessment and Data Services £000**	**Corporate Services £000**	**Exited operations** £000**	**Total £000**
Revenue	**82,594**	**26,358**	**9,820**	**-**	**34**	**118,806**
Adjusted operating profit/(loss)*	**2,695**	**2,987**	**857**	**(1,385)**	**5**	**5,159**
Investment income						**221**
Finance costs						**(446)**
Adjusted profit before tax*						**4,934**
Adjustments*						**106**
Profit before tax						**5,040**

Half-year ended 31 May 2012	Education Technology £000 (restated)	Education Resources £000 (restated)	Assessment and Data Services £000 (restated)	Corporate Services £000 (restated)	Exited operations** £000 (restated)	Total £000
Revenue	83,868	28,609	9,457	-	2,737	124,671
Adjusted operating profit/(loss)*	1,592	3,914	648	(1,709)	(579)	3,866
Investment income						334
Finance costs						(758)
Adjusted profit before tax*						3,442
Adjustments*						(2,839)
Profit before tax						603

Year ended 30 November 2012	Education Technology £000 (restated)	Education Resources £000 (restated)	Assessment and Data Services £000 (restated)	Corporate Services £000 (restated)	Exited operations** £000 (restated)	Total £000
Revenue	202,731	59,809	23,335	-	2,813	288,688
Adjusted operating profit/(loss)*	6,143	8,825	2,608	(3,554)	(451)	13,571
Investment income						926
Finance costs						(1,359)
Adjusted profit before tax*						13,138
Adjustments*						(4,749)
Profit before tax						8,389

* Adjustments to profit are as stated within the condensed consolidated income statement.
** Exited operations represent the results from operations sold following the September 2011 Strategic Review.

Inter-segment revenue has been eliminated in the segment in which it is generated hence the revenue disclosed above is that earned by the Group from third parties.

3. Business segments (continued)

Segmental assets
Segmental assets include all assets except for tax balances, balances due from joint venture and investment undertakings and cash and cash equivalents which are shown as non-segmental balances:

As at 31 May 2013	Education Technology £000	Education Resources £000	Assessment and Data Services £000	Corporate Services £000	Exited operations ** £000	Total £000
Total assets						
- Segmental	**49,567**	**32,499**	**5,552**	**157**	**74**	**87,849**
- Other						**60,800**
						148,649

As at 31 May 2012	Education Technology £000 (restated)	Education Resources £000 (restated)	Assessment and Data Services £000 (restated)	Corporate Services £000 (restated)	Exited operations ** £000 (restated)	Total £000
Total assets						
- Segmental	63,790	38,184	5,637	23	291	107,925
- Other						40,959
						148,884

As at 30 November 2012	Education Technology £000 (restated)	Education Resources £000 (restated)	Assessment and Data Services £000 (restated)	Corporate Services £000 (restated)	Exited operations ** £000 (restated)	Total £000
Total assets						
- Segmental	60,302	36,438	6,957	48	168	103,913
- Other						44,917
						148,830

** Exited operations represent the assets attributable to operations sold following the September 2011 Strategic Review.

4. Tax
Corporation tax for the interim period is charged at the expected effective tax rate for the full financial period, which is the year ending 30 November 2013, based upon adjusted profit as explained within the condensed consolidated income statement. The charge incorporates both current and deferred taxation:

			Half-year ended 31 May			Half-year ended 31 May			Year ended 30 November
	Adjusted	**Adjust-ments**	**2013 Total**	Adjusted	Adjust-ments	2012 Total	Adjusted	Adjust-ments	2012 Total
	£000	**£000**	**£000**	£000	£000	£000	£000	£000	£000
Profit before tax	**4,934**	**106**	**5,040**	3,442	(2,839)	603	13,138	(4,749)	8,389
Tax charge	**1,174**	**33**	**1,207**	773	(15)	758	3,160	301	3,461
Effective rate	**23.8%**	**31.1%**	**23.9%**	22.5%	0.5%	125.7%	24.1%	(6.3)%	41.3%

5. Earnings per ordinary share
The calculation of the basic and diluted earnings per ordinary share is shown below. As explained in note 1, adjusted basic and diluted earnings per share have also been presented.

Basic earnings per ordinary share:

	Half-year ended 31 May 2013			Half-year ended 31 May 2012			Year ended 30 November 2012		
	Profit after tax £000	**Weighted average number of shares 000**	**Pence per share**	Loss after tax £000	Weighted average number of shares 000	Pence per share	Profit after tax £000	Weighted average number of shares 000	Pence per share
Basic profit/(loss) per ordinary share	**3,833**	**91,718**	**4.2**	(155)	91,614	(0.2)	4,928	91,543	5.4
Effect of adjustments*	**(73)**	**-**	**(0.1)**	2,824	-	3.1	5,050	-	5.5
Adjusted basic earnings per ordinary share*	**3,760**	**91,718**	**4.1**	2,669	91,614	2.9	9,978	91,543	10.9

Diluted earnings per ordinary share:

	Half-year ended 31 May 2013			Half-year ended 31 May 2012			Year ended 30 November 2012		
	Profit after tax £000	**Weighted average number of shares 000**	**Pence per share**	Loss after tax £000	Weighted average number of shares 000	Pence per share	Profit after tax £000	Weighted average number of shares 000	Pence per share
Basic profit/(loss) per ordinary share	**3,833**	**91,718**	**4.2**	(155)	91,614	(0.2)	4,928	91,543	5.4
Effect of dilutive potential ordinary shares: share based payment awards	**-**	**-**	**-**	-	2	-	-	116	-
Diluted profit/(loss) per ordinary share	**3,833**	**91,718**	**4.2**	(155)	91,616	(0.2)	4,928	91,659	5.4
Effect of adjustments*	**(73)**	**-**	**(0.1)**	2,824	-	3.1	5,050	-	5.5
Adjusted diluted earnings per ordinary share*	**3,760**	**91,718**	**4.1**	2,669	91,616	2.9	9,978	91,659	10.9

* Adjustments made to Profit after tax are explained within the condensed consolidated income statement.

6. Dividends
Amounts recognised as distributions to equity holders in the period:

	Half-year ended 31 May 2013 £000	Half-year ended 31 May 2012 £000	Year ended 30 November 2012 £000
Final dividend for the 12 months ended 30 November 2012 of 2.25p (14 months ended 30 November 2011: 1.53p) per share	**2,063**	1,402	1,402
Interim dividend for the 6 months ended 31 May 2012 of 0.75p per share	**-**	-	688
	2,063	1,402	2,090

The proposed interim dividend of 0.84p per share was approved by the Board on 5 July 2013. The expected cost of £770,000 has not been included as a liability at 31 May 2013.

7. Net funds
Cash and cash equivalents comprise cash held by the Group and other short-term bank deposits with an original maturity of three months or less.

The Group meets its seasonal working capital requirements through two facilities. On 23 January 2013 the Group signed a one year extension to its £30m committed revolving credit facility with Barclays Bank which will now expire in March 2016 (£nil drawn down at 31 May 2013). The group also has a £3m uncommitted Barclays overdraft facility giving a combined £33m of working capital funding.

The covenants under the Group's £30m Barclays Bank facility contain measurements against net debt, which is to be less than 2.5 times earnings before interest, tax, depreciation and amortisation (EBITDA) and net debt interest, which is to be less than 0.25 times EBITDA. Based on the results to 31 May 2013 and management's plan for 2013 and subsequent years, there is adequate headroom over these covenant measures.

The Group's cash and cash equivalents of £51.8m (31 May 2012: £25.3m, 30 November 2012: £37.8m) comprises £50.6m in Sterling, £0.9m in US dollars and £0.3m in other operating currencies (31 May 2012: £24.2m, £0.6m and £0.5m respectively, 30 November 2012: £36.6m, £1.0m and £0.2m respectively).

8. Trade and other receivables

Current	**31 May 2013 £000**	31 May 2012 £000	30 November 2012 £000
Financial assets:			
Trade receivables	**29,365**	36,685	41,978
Long-term contract balances	**4,374**	10,332	8,748
Other receivables	**819**	3,395	759
Derivative financial instruments: forward foreign exchange contracts	**311**	-	1
Accrued income	**1,018**	400	334
	35,887	50,812	51,820
Non-financial assets:			
Prepayments	**6,283**	5,672	6,180
	42,170	56,484	58,000
Non-current			
Other receivables - other	**1,911**	1,881	1,911
	44,081	58,365	59,911

The directors consider that the carrying value of trade and other receivables approximates their fair values.

9. Trade and other payables

Current	**31 May 2013 £000**	31 May 2012 £000	30 November 2012 £000
Financial liabilities:			
Trade payables	**14,452**	16,616	14,302
Other taxation and social security	**5,270**	7,064	5,857
Other payables	**2,453**	3,606	574
Derivative financial instruments:			
- Forward foreign exchange contracts	**178**	-	31
Accruals	**21,316**	18,463	22,533
Long-term contract balances	**20,741**	11,282	17,646
	64,410	57,031	60,943
Non-financial assets:			
Deferred income	**22,916**	25,219	26,400
	87,326	82,250	87,343

9. Trade and other payables (continued)

	31 May 2013 £000	31 May 2012 £000	30 November 2012 £000
Non-current			
Non-financial assets:			
Deferred income:			
Due after one year but within two years	**3,095**	3,766	3,799
Due after two years but within five years	**2,674**	3,476	2,986
	5,769	7,242	6,785

The directors consider that the carrying value of trade and other payables approximates their fair values.

10. Defined benefit pension scheme
In the half-years ended 31 May 2013 and 31 May 2012 the financial position of the Group's defined benefit pension scheme has been rolled forward from the respective prior period end. The roll forward includes updating for actual investment returns for the periods; market derived discount rates on liabilities; and market derived inflation assumptions. Mortality assumptions have not been updated at the half-years.

The last triennial valuation at 31 May 2012 was used as the basis for the 30 November 2012 IAS 19 valuation and the roll-forward to 31 May 2013. As at 31 May 2012, the triennial valuation for statutory funding purposes showed a deficit of £53.5 million (31 May 2009: £16.6 million). The Group agreed with the Scheme Trustees to repay this amount via deficit catch up payments of £4 million per annum until 31 May 2013 and thereafter at £3.6m per annum until 31 May 2027. In addition the Group pays the administration costs of the scheme including the Payment Protection Fund levy. In the half-year to 31 May 2013 total payments of £2.2m were made in excess of the current service cost.

Following employee consultation and negotiation with Scheme Trustees, the Group announced on 31 October 2012 that the scheme would close to future accrual of benefits. As a result of the closure to accruals, a £1.8m curtailment gain was recognised in the consolidated income statement or the year to 30 November 2012.

11. Sale of operations
As a result of the September 2011 Strategic Review, the Board concluded that it would dispose of several Group subsidiaries and businesses. These were determined to not meet the IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations definition of discontinued operations.

A gain on sale of £0.2m has been recognised in the consolidated income statement in the half-year ended 31 May 2013 and is attributable to adjustments to estimates made on disposals transacted in a prior period. This is allocated as follows:

	Half-year ended 31 May 2013 £000	Half-year ended 31 May 2012 £000	Year ended 30 November 2012 £000
Loss on sale of operations transacted in the period	**-**	2,238	2,448
(Gain)/loss on sale of operations transacted in a prior period	**(244)**	665	-
	(244)	2,903	2,448

The loss/ (gain) on sale of operations is calculated using management's best estimate of the outcome of sale. Certain of the disposals have elements of the sales proceeds that are calculated based on the working capital or net assets at the date of sale and estimates have been made where financial information is not finalised at the reporting date.

In the half-year ended 31 May 2013, an additional £0.2m gain on the January 2012 sale of AMI Education Solutions Ltd was recognised under the sale and purchase agreement as a result of an adjustment to the estimated net assets at completion.

In the year ended 30 November 2012, the following disposals were completed:

- 19 January 2012, 100% of the equity of AMI Education Solutions Ltd, containing the Easytrace business was sold to Jonas Computing (UK) Ltd for £0.7m plus an adjustment for net assets at completion
- On 4 January 2012, the Group entered into a sale agreement to dispose of its 49% stake in Lego Education Europe Ltd and the business assets including employment contracts of Dacta Ltd to Lego A/S for €4.4m, which included repayment of a loan of €2.2m
- On 10 May 2012, the Group entered into a sale agreement to dispose of its subsidiary Isis Concepts Limited for a cash consideration of £0.2m.

12. Related party transactions
Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

Microgen plc
As disclosed in the financial statements for the period ended 30 November 2012, RM plc has engaged Microgen Aptitude Limted to perform certain accounting software development services. Former RM Chairman, Martyn Ratcliffe, is Chairman of, and equity holder in, Microgen plc the controlling party of Microgen Aptitude Limited. During the 6 months ended 31 May 2013, RM incurred costs from Microgen Aptitude Limted of £0.1m (2012: £0.2m). Further, RM has entered into a contract with Microgen to utilise its software and services for RM Books and RM Unify some of whose fees are contingent on transaction volumes.

Responsibility statement of the directors in respect of the half-yearly financial report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;
- the interim management report includes a fair review of the information required by:
  - (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial period and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the period; and
  - (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial period and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board,

David Brooks	Iain McIntosh
Chief Executive Officer	Chief Financial Officer

8 July 2013

INDEPENDENT REVIEW REPORT TO RM PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 May 2013 which comprises the Condensed Consolidated Income Statement, Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Balance Sheet, Condensed Consolidated Cash Flow Statement, Condensed Consolidated Statement of Changes in Equity and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA"). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 May 2013 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

Tudor Aw
For and on behalf of KPMG Audit Plc
Chartered Accountants
Arlington Business Park, Theale
Reading RG7 4SD
8 July 2013