4 July 2017

RM plc
Interim Results for the period ending 31 May 2017

RM plc ("RM"), the leading education resources, IT software and services group, reports its interim results for the 6 months ended 31 May 2017.

HIGHLIGHTS

Financial	**2017**	2016	Change
Revenue[1]	£71.3m	£76.6m	- 6.9%
RM Resources	£25.5m	£29.3m	- 12.9%
RM Results	£13.5m	£13.2m	+ 2.2%
RM Education	£32.4m	£34.2m	- 5.4%
Adjusted* operating profit	£7.1m	£7.1m	+ 0.2%
Adjusted* operating profit margin	10.0%	9.3%	+0.7pp
Adjusted* diluted EPS	7.5p	6.1p	+ 23.7%
Interim dividend	1.65p	1.50p	+ 10.0%

[1] Excludes the results of the exited Space Kraft business in 2016, H1 2016 revenue was £0.2m and operating loss was £0.0m.

Operational

- Revenue[1] down 6.9% to £71.3m reflecting continued reduction in UK Resources revenues and lower infrastructure and project spend in RM Education
- Adjusted* operating profit of £7.1m is in line with prior year
- Increased adjusted* operating margins of 10.0%
- Cash balance of £29.3m (31 May 2016: £32.1m) as at 31 May 2017
- Pension deficit reduced to £22.2m (30 Nov 2016: £34.8m) primarily reflecting positive assets performance
- The acquisition of the Connect Education and Care business was completed on 30 June 2017 supported by a £75m unsecured revolving credit facility
- Interim dividend increased by 10% to 1.65p

Commenting on the interim results, David Brooks, Chief Executive of RM, said:

“Trading in the first six months has been as expected. We have grown our margins to 10.0% with improvements in RM Results and RM Education. RM Resources experienced a more difficult period as demand for discretionary curriculum products continued to be impacted by increased pressure on school budgets. We welcome the Connect Education and Care business into the Group and are presently planning for integration. The Board’s expectations for the full year results remain unchanged.”

Contacts

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* Throughout this statement, adjusted profit and adjusted EPS are stated before adjustments to profit which are considered exceptional in nature or with potential significant variability year on year in non-cash items which might mask underlying trading performance: the amortisation of acquisition related intangible assets; the gain on sale of operations; share-based payment charges; acquisition costs; restructuring costs and changes in the provisions for dilapidations and onerous lease contracts. Exited businesses are excluded.

RM plc

Interim results for the 6 months ended 31 May 2017

Results

	6 months to May 2017	6 months to May 2016	12 months to November 2016
Revenue	**£71.3m**	£76.8m	£167.6m
Adjusted* operating profit	**£7.1m**	£7.1m	£18.8m
Adjusted* profit before tax	**£6.6m**	£6.5m	£18.1m
Adjusted* profit after tax	**£6.2m**	£5.2m	£14.2m
Statutory operating profit	**£4.3m**	£6.6m	£15.9m
Statutory tax credit/(charge)	**£0.1m**	£(1.4)m	£(3.5)m
Adjusted* diluted Earnings per share	**7.5p**	6.1p	17.4p
Ordinary dividend per share	**1.65p**	1.50p	6.00p
Cash and short term deposits	**£29.3m**	£32.1m	£40.0m

Revenue declined by 7.1% to £71.3m versus the same period last year (or by 6.9% when excluding the exited business, SpaceKraft which was sold in December 2015), with growth in the RM Results division being more than offset by decline in the RM Resources and RM Education divisions.

Adjusted* operating profit was in line with the prior year at £7.1m. Adjusted* profit before tax was £6.6m.

Cash used in operations of £4.1m (H1 2016: cash used £0.4m) primarily reflected the utilisation of the 2016 restructuring provision (£1.8m) and higher inventory (£1.8m). Net cash and short-term deposits at 31 May 2017 were £29.3m.

The adjusted tax charge in the period was £0.4m with an effective tax rate of 5.7% (H1 2016: 21.0%). The reduction in the tax rate reflects the one-time benefit of a reduction in the transfer pricing tax provision of £1.0m associated with cross border intra-group transactions between the UK and India.

Adjusted* diluted earnings per share increased by 23.7% to 7.5p

Pension

The IAS 19 deficit relating to RM's defined benefit pension scheme has decreased since 30 November 2016 by £12.6m to £22.2m (30 November 2016: £34.8m), primarily reflecting positive assets performance and changes in demographic assumptions which more than offset the impact of lower discount rates. During the period the methodology used in establishing discount rates was changed to better reflect management's estimate of the long-dated credit risk implied in bond yields appropriate for the cash flow liabilities in the scheme.

The current deficit recovery plan agreed in May 2015 includes payments of £3.6m per annum until 2024. The next triennial valuation is in May 2018.

Dividend

The interim dividend per share has been increased by 10.0% to 1.65p. The dividend will be payable on 8 September 2017 to shareholders on the register on 11 August 2017.

RM Resources

This division provides education resources used in schools in the UK and internationally through a mainly direct marketing business. Products supplied are a mix of third party branded and TTS branded items manufactured from a network of third party suppliers.

	6 months to May 2017	6 months to May 2016	12 months to November 2016
RM Resources revenue	**£25.5m**	£29.3m	£58.8m
RM Resources adjusted* operating profit	**£2.8m**	£4.3m	£10.2m

The above excludes the exited SpaceKraft business which was sold in December 2015.

RM Resources reported a revenue decline of 12.9% to £25.5m (H1 2016: £29.3m). UK direct marketing revenues decreased by 20% with schools continuing to focus on buying essentials as a result of ongoing tightened UK budgets for schools.

International revenues grew by 29% primarily driven by increased sales of proprietary products.

Online ordering continues to grow and now represents 44% of UK orders (H1 2016: 34%).

Operating margins reduced to 11.1% (2016: 14.6%) impacted by lower UK revenues and adverse foreign exchange movements which more than offset a £1.1m reduction in operating costs in the period.

The acquisition of the Connect Education and Care business was concluded on 30 June 2017. The focus is on successfully combining this highly complementary business within RM Resources to create scale and a market leading position and to deliver meaningful synergies.

RM Results

The RM Results business provides IT software and e-Assessment services to enable onscreen exam marking (e-marking), onscreen testing (e-testing) and the management and analysis of educational data. Customers include government ministries, exam boards and professional awarding bodies in the UK and overseas.

	6 months to May 2017	6 months to May 2016	12 months to November 2016
RM Results revenue	**£13.5m**	£13.2m	£31.6m
RM Results adjusted* operating profit	**£2.8m**	£2.4m	£6.8m

Revenue increased by 2.2% to £13.5m (H1 2015: £13.2m). This growth reflects benefits from a new 5 year framework agreement signed with Oxford University Press to deliver a global assessment platform and the timing of revenues accounted for in the first half that more than offset lower Data contract revenues.

Adjusted* operating profit increased to £2.8m (H1 2016: £2.4m) due to improved operating margins of 20.5% (H1 2016: 18.0%).

RM Education

RM Education is a UK focused business supplying ICT software and services to schools and colleges.

	6 months to May 2017	6 months to May 2016	12 months to November 2016
RM Education revenue	**£32.4m**	£34.2m	£77.0m
RM Education adjusted* operating profit	**£3.1m**	£2.3m	£5.8m

As expected, revenues in RM Education reduced by 5.4% reflecting the continued transition away from legacy offerings. These included reduced Building Schools for the Future infrastructure spend and lower warranty and network revenues.

In the period we were selected by Education Scotland to continue to deliver our largest Digital platform contract providing Glow authentication and portal services over 5 years. We were also awarded a 3 year contract for Connectivity services for over 500 schools in Hertfordshire.

Despite the reduction in revenue, the division significantly improved operating margins to 9.6% (H1 2016: 6.6%) reflecting the benefits of the cost action taken in the prior year.

Corporate Costs

Corporate costs have reduced to £1.6m (H1 2016: £1.8m) reflecting reduced administration and project costs associated with the defined benefit pension scheme.

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 2016 Annual Report remain applicable. This is available from the RM website: www.rmplc.com.

Following the acquisition of Connect Education and Care, one further risk has been added as below:

> Risk - Acquisition
>
> Description and likely impact - RM plc acquisition fails to generate anticipated revenues, synergies and/or cost savings.
>
> Mitigation – RM performed pre-transaction due diligence, has engaged an integration specialist to support the process and will closely monitor actual performance to ensure we are meeting operational and financial targets. Any divergence from these plans will result in management action to improve performance and minimise the risk of financial impact. Executive management and the Board will receive regular reports on the status of the acquisition with formal reviews supported by the Group's internal audit function.

Outlook

Whilst market conditions in the UK Education sector continue to be challenging as a result of pressure on school budgets the Board's expectations for the full year results remain unchanged. Our balance sheet remains strong and the Board is focusing on the integration of the Connect Education and Care business and investing in the three divisions while ensuring that margins can be maintained or improved in the current year.

Condensed Consolidated Income Statement
for the 6 months ended 31 May 2017

		6 months ended 31 May 2017			6 months ended 31 May 2016			Year ended 30 November 2016		
		Adjusted	Adjustments	Total	Adjusted	Adjustments	Total	Adjusted	Adjustments	Total
	Note	£000	£000	£000	£000	£000	£000	£000	£000	£000
Revenue		71,285	-	71,285	76,759	-	76,759	167,615	-	167,615
Cost of sales		(41,628)	-	(41,628)	(44,774)	-	(44,774)	(100,365)	-	(100,365)
Gross profit		29,657	-	29,657	31,985	-	31,985	67,250	-	67,250
Operating expenses	4	(22,551)	(2,766)	(25,317)	(24,910)	(493)	(25,403)	(48,421)	(2,907)	(51,328)
Profit from operations		7,106	(2,766)	4,340	7,075	(493)	6,582	18,829	(2,907)	15,922
Investment income		170	-	170	114	-	114	279	-	279
Finance costs		(716)	(36)	(752)	(657)	(38)	(695)	(1,012)	(74)	(1,086)
Profit before tax		6,560	(2,802)	3,758	6,532	(531)	6,001	18,096	(2,981)	15,115
Tax	5	(373)	435	62	(1,372)	(9)	(1,381)	(3,941)	472	(3,469)
Profit for the period		6,187	(2,367)	3,820	5,160	(540)	4,620	14,155	(2,509)	11,646
Earnings per ordinary share:	6									
Basic		7.6p		4.7p	6.4p		5.7p	17.4p		14.4p
Diluted		7.5p		4.6p	6.1p		5.4p	17.4p		14.4p
Paid and proposed dividends per share:	7									
Interim				1.65p			1.50p			1.50p
Final				-			-			4.50p

Adjustments to results have been presented to give a better guide to business performance (see note 4).
All amounts were derived from continuing operations.

Condensed Consolidated Statement of Comprehensive Income
for the 6 months ended 31 May 2017

	6 months ended 31 May 2017 £000	6 months ended 31 May 2016 £000	Year ended 30 November 2016 £000
Profit for the period	3,820	4,620	11,646
Items that will not be reclassified subsequently to profit or loss:			
Defined benefit pension scheme remeasurements	11,366	(10,279)	(23,555)
Tax on items that will not be reclassified subsequently to profit or loss	(1,905)	1,932	3,970
Items that are or may be reclassified subsequently to profit or loss:			
Fair value (loss)/gain on hedged instruments	(553)	56	515
Exchange gain on translation of overseas operations	60	60	261
Tax on items that are or may be reclassified subsequently to profit or loss	51	17	32
Other comprehensive income/(expense)	9,019	(8,214)	(18,777)
Total comprehensive income/(expense)	12,839	(3,594)	(7,131)

Condensed Consolidated Balance Sheet
At 31 May 2017

	Note	6 months ended 31 May 2017 £000	6 months ended 31 May 2016 £000	Year ended 30 November 2016 £000
Non-current assets				
Goodwill		14,067	14,067	14,067
Other intangible assets		762	812	704
Property, plant and equipment		5,112	6,950	6,219
Other receivables	10	1,144	1,166	1,153
Deferred tax assets		6,706	7,189	8,793
		27,791	30,184	30,936
Current assets				
Inventories		12,501	10,805	10,689
Trade and other receivables	10	24,899	25,815	24,403
Cash and short-term deposits	8	29,268	32,118	39,987
		66,668	68,738	75,079
Total assets	3	94,459	98,922	106,015
Current liabilities				
Trade and other payables	11	(48,119)	(56,719)	(54,521)
Tax liabilities		(403)	(1,280)	(1,259)
Provisions	12	(1,748)	(1,132)	(3,536)
		(50,270)	(59,131)	(59,316)
Net current assets		16,398	9,607	15,763
Non-current liabilities				
Other payables	11	(1,051)	(690)	(971)
Provisions	12	(3,367)	(2,948)	(3,157)
Defined Benefit Pension Scheme obligation	13	(22,238)	(22,958)	(34,775)
		(26,656)	(26,596)	(38,903)
Total liabilities		(76,926)	(85,727)	(98,219)
Net assets		17,533	13,195	7,796
Equity attributable to shareholders				
Share capital		1,890	1,890	1,890
Share premium account		27,035	27,035	27,035
Own shares		(1,987)	(2,510)	(1,987)
Capital redemption reserve		94	94	94
Hedging reserve		326	420	879
Translation reserve		(63)	(324)	(123)
Retained earnings - (deficit)		(9,762)	(13,410)	(19,992)
Total equity		17,533	13,195	7,796

Condensed Consolidated Statement of Changes in Equity

for the 6 months ended 31 May 2017	Note	Share capital	Share premium	Own shares	Capital redemption reserve	Hedging reserve	Translation reserve	Retained earnings	Total
		£000	£000	£000	£000	£000	£000	£000	£000
At 1 December 2016		1,890	27,035	(1,987)	94	879	(123)	(19,992)	7,796
Profit for the period		-	-	-	-	-	-	3,820	3,820
Other comprehensive income/(expense)		-	-	-	-	(553)	60	9,512	9,019
Total comprehensive income/(expense)		-	-	-	-	(553)	60	13,332	12,839
Transactions with owners of the Company:									
Share-based payment fair value adjustments		-	-	-	-	-	-	558	558
Ordinary dividends paid	7	-	-	-	-	-	-	(3,660)	(3,660)
At 31 May 2017		1,890	27,035	(1,987)	94	326	(63)	(9,762)	17,533

for the 6 months ended 31 May 2016	Note	Share capital	Share premium	Own shares	Capital redemption reserve	Hedging reserve	Translation reserve	Retained earnings	Total
		£000	£000	£000	£000	£000	£000	£000	£000
At 1 December 2015		1,890	27,035	(2,510)	94	364	(384)	(7,342)	19,147
Profit for the period		-	-	-	-	-	-	4,620	4,620
Other comprehensive expense		-	-	-	-	56	60	(8,330)	(8,214)
Total comprehensive income/(expense)		-	-	-	-	56	60	(3,710)	(3,594)
Transactions with owners of the Company:									
Sale of shares held in staff share scheme		-	-	-	-	-	-	21	21
Share-based payment fair value adjustments		-	-	-	-	-	-	700	700
Ordinary dividends paid	7	-	-	-	-	-	-	(3,079)	(3,079)
At 31 May 2016		1,890	27,035	(2,510)	94	420	(324)	(13,410)	13,195

for the year ended 30 November 2016	Note	Share capital	Share premium	Own shares	Capital redemption reserve	Hedging reserve	Translation reserve	Retained earnings	Total
		£000	£000	£000	£000	£000	£000	£000	£000
At 1 December 2015		1,890	27,035	(2,510)	94	364	(384)	(7,342)	19,147
Profit for the year		-	-	-	-	-	-	11,646	11,646
Other comprehensive income/(expense)		-	-	-	-	515	261	(19,553)	(18,777)
Total comprehensive income/(expense)		-	-	-	-	515	261	(7,907)	(7,131)
Transactions with owners of the Company:									
Share-based payment awards exercised		-	-	840	-	-	-	(1,450)	(610)
Purchase of own shares		-	-	(317)	-	-	-	-	(317)
Share-based payment fair value adjustments		-	-	-	-	-	-	1,006	1,006
Ordinary dividends paid	7	-	-	-	-	-	-	(4,299)	(4,299)
At 30 November 2016		1,890	27,035	(1,987)	94	879	(123)	(19,992)	7,796

Condensed Consolidated Cash Flow Statement
for the 6 months ended 31 May 2017

	Note	6 months ended 31 May 2017 £000	6 months ended 31 May 2016 £000	Year ended 30 November 2016 £000
Profit before tax		3,758	6,001	15,115
Investment income		(170)	(114)	(279)
Finance costs		752	695	1,086
Profit from operations		4,340	6,582	15,922
Adjustments for:				
Impairment of acquisition related intangible assets		-	-	77
Amortisation of acquisition related intangible assets		-	8	8
Amortisation of other intangible assets		101	120	239
Depreciation and impairment of property, plant and equipment		1,237	1,057	2,223
Gain on sale of operations		-	(136)	(135)
Loss/(gain) on disposal of property, plant and equipment		7	42	(5)
(Gain)/loss on foreign exchange derivatives		(491)	133	684
Share-based payment fair value adjustment		558	700	1,006
Increase/(decrease) in provisions	12	482	(79)	2,557
Defined Benefit Pension Scheme administration cost	13	318	480	845
Operating cash flows before movements in working capital		6,552	8,907	23,421
(Increase)/decrease in inventories		(1,812)	57	173
(Increase)/decrease in receivables		(422)	(353)	1,056
Movement in payables:				
- decrease in trade and other payables		(6,392)	(8,233)	(10,338)
- utilisation of onerous lease and dilapidations provisions	12	(15)	(306)	(345)
- utilisation of employee-related restructuring provisions	12	(1,752)	(94)	(184)
- utilisation of other provisions	12	(295)	(381)	(396)
Cash (used in)/generated by operations		(4,136)	(403)	13,387
Defined Benefit Pension Scheme cash contributions		(1,992)	(9,992)	(11,984)
Tax paid		(563)	(1,882)	(3,567)
Borrowing facilities arrangement and commitment fees		(193)	(365)	(422)
Income on sale of finance lease debt		-	16	6
Net cash (outflow)/inflow from operating activities		(6,884)	(12,626)	(2,580)
Investing activities				
Interest received		89	98	255
Repayment of loans by third parties		8	-	16
Proceeds from sale of operations		-	759	759
Proceeds on disposal of property, plant and equipment		18	13	43
Purchases of property, plant and equipment		(110)	(1,019)	(1,333)
Purchases of other intangible assets		(158)	(369)	(456)
Amounts transferred from short-term deposits		3,014	-	2,986
Net cash generated by/(used in) investing activities		2,861	(518)	2,270
Financing activities				
Ordinary dividends paid	7	(3,660)	(3,079)	(4,299)
Proceeds from sale of shares held in Staff Share Scheme		-	21	-
Purchase of own shares		-	-	(317)
Satisfaction of share-based payment awards		-	-	(610)
Net cash used in financing activities		(3,660)	(3,058)	(5,226)
Net (decrease) in cash and cash equivalents		(7,683)	(16,202)	(5,536)
Cash and cash equivalents at the beginning of the period/year		36,973	42,320	42,320
Effect of foreign exchange rate changes		(22)	-	189
Cash and cash equivalents at the end of period/ year	8	29,268	26,118	36,973

Notes to the Condensed Interim Financial Statements

1. General information

RM plc ('Company') is incorporated in the United Kingdom and listed on the London Stock Exchange. The unaudited Condensed Consolidated Interim Financial Statements as at 31 May 2017 and for the 6 months then ended comprise those of the Company and its subsidiaries (together 'the Group').

Condensed Consolidated Income Statement presentation

The income statement is presented in three columns. This presentation is intended to give a better guide to business performance by separately identifying adjustments to profit which are considered exceptional in nature or with potential significant variability year on year in non-cash items which might mask underlying trading performance.

The columns extend down the income statement to allow the tax and earnings per share impacts of these transactions to be disclosed. Equivalent adjustments to profit arising in future years, including increases in or reversals of items recorded, will be disclosed in a consistent manner.

Adjustments to profit

See note 4 for further details in respect of adjustments to profit, which have been analysed as recurring and non-recurring items.

Other Comprehensive Income

During the period, £11.4m of actuarial gains relating to the defined benefit pension scheme deficit have been recognised in Other Comprehensive Income. These include deficit reduction payments of £2.0m.

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 2016.

The preparation of the Condensed Consolidated Interim Financial Statements, in conformity with generally accepted accounting principles, requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Interim Financial Statements and the reported amounts of revenues and expenses during the reporting period.

Although these estimates are based on the Directors' best knowledge of current events and actions, actual results ultimately may differ from those 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 2016.

Going concern

The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that therefore it is appropriate to adopt the going concern basis in preparing the Interim Financial Statements.

In relation to the proposed acquisition of the Education & Care business of Connect Group PLC, the Directors have, as part of the acquisition working capital due diligence, considered the additional risks that could arise as a result. These include considering the impact of the additional £75 million facility that will be used to finance the acquisition. Having completed the analysis and considered those risks, the Directors have a reasonable expectation that the Company will continue in operation and meet its liabilities as they fall due over the three year period of assessment and are not aware of any reason why the Company's viability would be an issue for the foreseeable period after this.

At the point of signing the New Facility will be in use as referred to in note 15.

3. Segmental results

The Group's business is supplying products, services and solutions to the UK and international education markets. Information reported to the Group's Chief Executive for the purposes of resource allocation and assessment of segmental performance is focussed on the nature of each type of activity.

The Group is structured into three operating divisions: RM Resources, RM Results and RM Education.

Corporate Services consists of central business costs associated with being a listed company and non-division specific pension costs.

This segmental analysis shows the results and assets of these divisions. Revenue is that earned by the Group from third parties. Net financing costs and tax are not allocated to segments as the funding, cash and tax management of the Group are activities carried out by the central treasury and tax functions.

6 months ended 31 May 2017	RM Resources £000	RM Results £000	RM Education £000	Corporate Services £000	Exited Businesses £000	Total £000
Revenue	25,480	13,450	32,355	-	-	71,285
Adjusted profit/(loss) from operations	2,827	2,751	3,098	(1,570)	-	7,106
Adjusted investment income						170
Adjusted finance costs						(716)
Adjusted profit before tax						6,560
Adjustments (see note 4)						(2,802)
Profit before tax						3,758

6 months ended 31 May 2016	RM Resources £000	RM Results £000	RM Education £000	Corporate Services £000	Exited Businesses £000	Total £000
Revenue	29,265	13,155	34,188	-	151	76,759
Adjusted profit/(loss) from operations	4,272	2,364	2,264	(1,806)	(19)	7,075
Adjusted investment income						114
Adjusted finance costs						(657)
Adjusted profit before tax						6,532
Adjustments (see note 4)						(531)
Profit before tax						6,001

Year ended 30 November 2016	RM Resources £000	RM Results £000	RM Education £000	Corporate Services £000	Exited Businesses £000	Total £000
Revenue	58,835	31,580	77,049	-	151	167,615
Adjusted profit/(loss) from operations	10,156	6,798	5,820	(3,926)	(19)	18,829
Investment income						279
Adjusted finance costs						(1,012)
Adjusted profit before tax						18,096
Adjustments (see note 4)						(2,981)
Profit before tax						15,115

3. Segmental results (continued)

Segmental assets

At 31 May 2017	RM Resources £000	RM Results £000	RM Education £000	Corporate Services £000	Exited Businesses £000	Total £000
Segmental	33,533	6,912	17,682	138	-	58,265
Other						36,194
Total assets						94,459

At 31 May 2016	RM Resources £000	RM Results £000	RM Education £000	Corporate Services £000	Exited Businesses £000	Total £000
Segmental	34,444	5,662	15,949	3,362	-	59,417
Other						39,505
Total assets						98,922

At 30 November 2016	RM Resources £000	RM Results £000	RM Education £000	Corporate Services £000	Exited Businesses £000	Total £000
Segmental	31,968	7,085	17,803	217	-	57,073
Other						48,942
Total assets						106,015

Other non-segmented assets includes tax assets, cash and short-term deposits and other non division-specific assets.

4. Adjustments to Consolidated Income Statement

Operating expenses	6 months ended 31 May 2017 £000	6 months ended 31 May 2016 £000	Year ended 30 November 2016 £000
Amortisation of acquisition related intangible assets	-	(8)	(8)
Gain on sale of operations	-	136	135
Share-based payment charges	(558)	(700)	(1,006)
(Increase)/decrease of provisions for dilapidations on leased properties and onerous lease contracts	(884)	79	90
Acquisition costs	(1,324)	-	(525)
Restructuring costs	-	-	(1,593)
	(2,766)	(493)	(2,907)
Finance costs	(36)	(38)	(74)
	(2,802)	(531)	(2,981)
Tax	435	(9)	472
	(2,367)	(540)	(2,509)

In the 6 months ended 31 May 2017 notable adjustments to profit include:

Recurring items:

These are items which occur regularly but which management judge to have a distorting effect on the underlying results of the Group or are not regularly monitored for the purpose of determining business performance. These items include the amortisation of acquisition related intangible assets, share-based payment charges, finance costs and changes in the provision for dilapidations and onerous lease contracts.

Recurring items are adjusted each year irrespective of materiality to ensure consistent treatment.

Non-recurring items:

These are items which are non-recurring and are identified by virtue of their size or their nature. These items can include, but are not restricted to, impairment of held for sale assets and related transition costs, the gain/loss on sale of operations and restructuring and acquisition costs. As these items are one-off or non-operational in nature, management considers that they would distort the Group's underlying business performance.

5. Tax

Corporation tax for the interim period is charged at the expected effective tax rate for the financial year ending 30 November 2017, based upon adjusted profit as explained within note 4. The charge incorporates both current and deferred taxation:

	6 months ended 31 May 2017			6 months ended 31 May 2016			Year ended 30 November 2016		
	Adjusted	Adjustments	Total	Adjusted	Adjustments	Total	Adjusted	Adjustments	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Profit before tax	6,560	(2,802)	3,758	6,532	(531)	6,001	18,096	(2,981)	15,115
Tax charge	(373)	435	62	(1,372)	(9)	(1,381)	(3,941)	472	(3,469)
Effective tax rate	5.7%	15.5%	(1.6%)	21.0%	(1.7%)	23.0%	21.8%	15.8%	23.0%

The reduction in our tax rate reflects the one-time benefit of £978,000, due to a reduction in the transfer pricing tax provision associated with cross border intra-group transactions between the UK and India.

6. Earnings per ordinary share

	6 months ended 31 May 2017			6 months ended 31 May 2016			Year ended 30 November 2016		
	Profit after tax	Weighted average number of shares	Pence per share	Profit after tax	Weighted average number of shares	Pence per share	Profit after tax	Weighted average number of shares	Pence per share
	£000	'000		£000	'000		£000	'000	
Basic earnings per ordinary share:									
Basic earnings	3,820	81,324	4.7	4,620	80,954	5.7	11,646	81,144	14.4
Adjustments (see note 4)	2,367	-	2.9	540	-	0.7	2,509	-	3.0
Adjusted basic earnings	6,187	81,324	7.6	5,160	80,954	6.4	14,155	81,144	17.4
Diluted earnings per ordinary share:									
Basic earnings	3,820	81,324	4.7	4,620	80,954	5.7	11,646	81,144	14.4
Effect of dilutive potential ordinary shares: share-based payment awards	-	1,248	(0.1)	-	4,245	(0.3)	-	-	-
Diluted earnings per ordinary share	3,820	82,572	4.6	4,620	85,199	5.4	11,646	81,144	14.4
Adjustments (see note 4)	2,367	-	2.9	540	-	0.7	2,509	-	3.0
Adjusted diluted earnings	6,187	82,572	7.5	5,160	85,199	6.1	14,155	81,144	17.4

7. Dividends

Amounts recognised as distributions to equity holders were:

	6 months ended 31 May 2017 £000	6 months ended 31 May 2016 £000	Year ended 30 November 2016 £000
Final dividend for the year ended 30 November 2016 - 4.50p per share (2015: 3.80p)	3,660	3,079	3,079
Interim dividend for the year ended 30 November 2016 - 1.50p per share (2015: 1.20p)	-	-	1,220
	3,660	3,079	4,299

The proposed interim dividend of 1.65p per share was approved by the Board on 30 June 2017. The anticipated cost of £1,342,000 has not been included as a liability at 31 May 2017.

8. Cash and short-term deposits

	6 months ended 31 May 2017 £000	6 months ended 31 May 2016 £000	Year ended 30 November 2016 £000
Cash and cash equivalents	29,268	26,118	36,973
Short-term deposits	-	6,000	3,014
	29,268	32,118	39,987

9. Long-term contracts

	Note	6 months ended 31 May 2017 £000	6 months ended 31 May 2016 £000	Year ended 30 November 2016 £000
Amounts due from contract customers included in trade and other receivables	10	206	1	-
Amounts due to contract customers included in trade and other payables	11	(12,389)	(21,664)	(16,766)
		(12,183)	(21,663)	(16,766)

10. Trade and other receivables

	Note	6 months ended 31 May 2017 £000	6 months ended 31 May 2016 £000	Year ended 30 November 2016 £000
Current				
Financial assets				
Trade receivables		16,896	18,319	15,060
Long-term contract balances	9	206	1	-
Other receivables		1,214	1,796	1,294
Derivative financial instruments		362	-	685
Accrued income		1,681	762	1,824
		20,359	20,878	18,863
Non-financial assets				
Prepayments		4,540	4,937	5,540
		24,899	25,815	24,403
Non-current				
Financial assets				
Other receivables		1,144	1,166	1,153
		26,043	26,981	25,556

11. Trade and other payables

	Note	6 months ended 31 May 2017 £000	6 months ended 31 May 2016 £000	Year ended 30 November 2016 £000
Current				
Financial liabilities				
Trade payables		11,525	11,707	13,777
Other payables		964	315	2,284
Derivative financial instruments		45	-	45
Accruals		8,336	8,813	9,096
Long-term contract balances	9	12,389	21,664	16,766
		33,259	42,499	41,968
Non-financial liabilities				
Deferred income		10,993	10,214	9,711
Other taxation and social security		3,867	4,006	2,842
		14,860	14,220	12,553
		48,119	56,719	54,521
Non-current				
Non-financial liabilities				
Deferred income:				
- due after one year but within two years		603	422	462
- due after two years but within five years		448	268	509
		1,051	690	971
		49,170	57,409	55,492

12. Provisions

	Onerous lease and dilapidations £000	Employee-related restructuring £000	Other £000	Total £000
At 1 December 2016	3,157	1,844	1,692	6,693
Utilisation of provisions	(15)	(1,752)	(295)	(2,062)
Release of provisions	(66)	-	(364)	(430)
Increase in provisions	870	-	3	873
Unwind of discount	41	-	-	41
At 31 May 2017	3,987	92	1,036	5,115

13. Defined Benefit Pension scheme

One Group sponsored defined benefit pension scheme is in operation, the Research Machines plc 1988 Pension Scheme ("Scheme").

The Scheme is a funded scheme. The Scheme provides benefits to qualifying employees and former employees of RM Education Limited, but was closed to new members with effect from 1 January 2003 and closed to future accrual of benefits from 31 October 2012.

The assets of the Scheme are held separately from RM Education Limited's in a trustee-administered fund. The Trustee is a limited company. Directors of the Trustee company are appointed by RM Education Ltd and by members.

The most recent actuarial valuation of Scheme assets and the present value of the defined benefit obligation was carried out for statutory funding purposes at 31 May 2015 by a qualified independent actuary, this was used as the basis for the 30 November 2016 IAS 19 valuation and the roll forward to 31 May 2017.

As at 31 May 2015, the triennial valuation for statutory funding purposes showed a deficit of £41.8m (31 May 2012: £53.5m). The Group agreed with the Scheme Trustees that it will repay this amount via deficit catch-up payments of £4.0m in December 2015 and £3.6m per annum until 30 September 2024. The next triennial valuation of the Scheme is due as at 31 May 2018 and may result in changes to the level of deficit catch-up payments required.

In the half year to 31 May 2017, total payments of £2.0m were paid into the Scheme under this arrangement. As at 31 May 2017 there is £7.0m in an escrow account which has been included in the calculation of the Scheme assets, the use of which within the Scheme is required to be agreed by RM Education Limited and the Scheme Trustee.

The entire deficit position of the Scheme is held within these financial statements on the balance sheet as RM Education Limited in substance bears all of the material risks associated with the Scheme.

The parent company RM plc has entered into a pension protection fund compliance guarantee in respect of scheme liabilities. No liability has been recognised for this within the Company as the Directors consider that the likelihood of it being called upon is remote.

14. Related party transactions

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

The Group encourages its Directors and employees to be Governors, Trustees or equivalent of educational establishments. The Group trades with these establishments in the normal course of its business.

15. Events after the reporting period

On 7 February 2017, the Company agreed to acquire the entire issued share capital of Hedgelane Limited (including its principal trading subsidiary known as The Consortium) from Smiths News Holdings Limited (the Education and Care part of the Connect Group PLC group of companies) (the “Acquisition”). In connection with the Acquisition, the Company has entered into a £75 million revolving credit facility (the “New Facility”) with Barclays Bank plc and HSBC Bank plc. The Acquisition received clearance from the Competition and Markets Authority on 1 June 2017 and the New Facility came into use as at 30th June 2017 and will expire 36 months from this date.

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 Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year 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 year; and

  b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year 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,

Neil Martin

Chief Financial Officer

4 July 2017

INDEPENDENT REVIEW REPORT TO RM PLC

Conclusion

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 2017 which comprises Condensed Consolidated Income Statement, Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Balance Sheet, Condensed Consolidation Cash Flow Statement, Condensed Consolidated Statement of Change in Equity and the related explanatory notes.

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 2017 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

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. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) 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. .

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 International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 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.

The purpose of our review work and to whom we owe our responsibilities

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 DTR of 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.

John Bennett

for and on behalf of KPMG LLP

Chartered Accountants

Arlington Business Park, Theale

Reading, RG7 4SD

4 July 2017