

RM plc

INTERIM REPORT AND ACCOUNTS 2007



WHERE TECHNOLOGY AND EDUCATION MEET



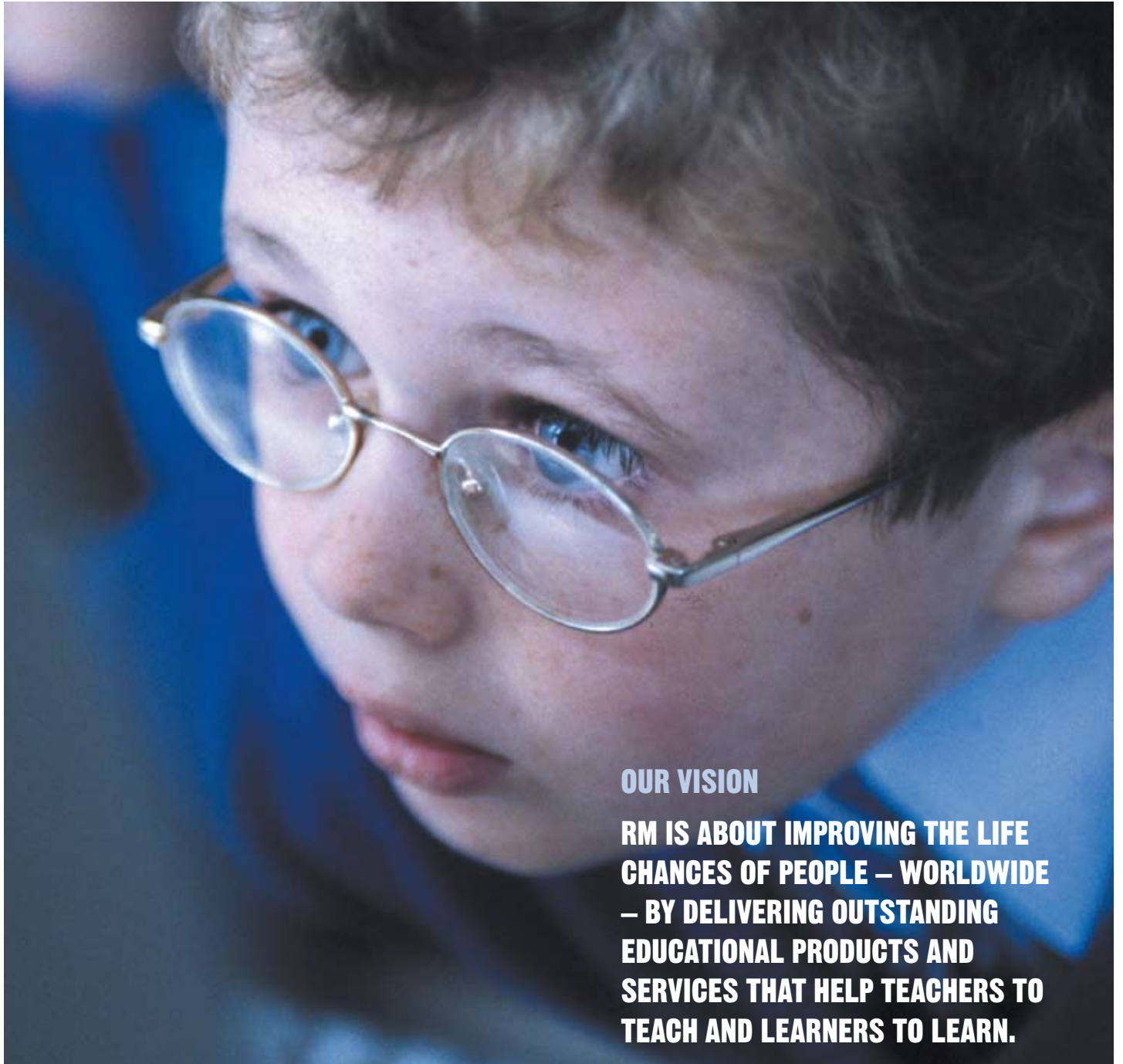


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VALUES

- CUSTOMER SUCCESS**
- HIGH STANDARDS**
- INNOVATION AND IMPROVEMENT**
- OPENNESS**
- RESPECT FOR OTHERS**
- ENJOYING OURSELVES**



OUR VISION

**RM IS ABOUT IMPROVING THE LIFE
CHANCES OF PEOPLE – WORLDWIDE
– BY DELIVERING OUTSTANDING
EDUCATIONAL PRODUCTS AND
SERVICES THAT HELP TEACHERS TO
TEACH AND LEARNERS TO LEARN.**

HIGHLIGHTS

FINANCIAL HEADLINES

- **PROFIT BEFORE TAX: £5.6M (2006: £2.0M)**
- **PROFIT BEFORE TAX (BEFORE AMORTISATION OF ACQUISITION RELATED INTANGIBLES OF £0.1M AND EXCEPTIONAL PENSION CREDIT OF £3.5M): £2.2M (2006: £2.0M)**
- **PROFIT IS AFTER EXPENSING BSF BID COSTS IN THE PERIOD OF £1.6M**
- **REVENUE: £115.6M (2006: £114.2M)**
- **DIVIDEND PER SHARE UP 6% TO 1.19P (2006: 1.12P)**
- **NET FUNDS LESS DEFERRED CONSIDERATION: £21.4M (2006: £21.6M)**
- **GOOD PROGRESS IN ADDRESSING PENSION DEFICIT**

OPERATIONAL HEADLINES

- **COMMITTED REVENUES EXCEED £300M; A THREE-FOLD INCREASE SINCE 2002**
- **SIGNIFICANT DEVELOPMENTS IN EACH OF OUR FOUR FOCUS AREAS:**
 - LEARNING TECHNOLOGIES**
 - ASSESSMENT AND DATA SERVICES**
 - EDUCATION MANAGEMENT SYSTEMS**
 - EDUCATION RESOURCES AND SOFTWARE**
- **FURTHER IMPROVEMENT IN CUSTOMER SATISFACTION SCORE TO 7.51 (2006 FULL YEAR: 7.41)**
- **BSF WIN RATE AHEAD OF TARGET**

CHAIRMAN'S STATEMENT

INTERIM RESULTS – 2007

RM has made further good progress in the first half of 2007. We are establishing a strong track record in the Building Schools for the Future programme, with three more project wins in the period; customer satisfaction levels in our schools business increased further; and we are building up real momentum in our Assessment and Data Services, Education Management Systems and Education Resources and Software businesses.

RESULTS

RM's business mix continues to improve, with an increasing proportion of the Group's revenues coming from longer term contracts. Committed revenues (order book, deferred revenue and projects at preferred bidder stage) at the end of the period exceeded £300m, a three-fold increase since September 2002. Revenue in the period was £115.6m (2006: £114.2m).

Profit before tax was £5.6m (2006: £2.0m); this includes an exceptional credit of £3.5m related to a reduction in the Group's pension deficit. Profit before tax before this exceptional credit and before amortisation of acquisition related intangibles of £0.1m was up 11% to £2.2m (2006: £2.0m).

Operating costs (before amortisation of acquisition related intangibles and the exceptional pension credit) were £30.1m (2006: £29.3m) and reflect increased investment in business development and product development across the Group. The cost of bidding for Building Schools for the Future (BSF) projects expensed during the period was £1.6m (2006: £2.0m).

Net funds less deferred consideration were £21.4m at the end of the period (2006: £21.6m). Significant cash outflows during the period included: a £2.0m payment to the pension scheme

(the first part of a special payment of £3.5m); and a £2.7m investment in a new building for TTS, the Group's specialist education resources business.

The interim dividend will increase by 6% to 1.19p per share (2006: 1.12p per share); the dividend is payable on 29 June 2007 to shareholders on the register at 1 June 2007.

BUSINESS CONTEXT

RM is wholly focused on serving the education market; we provide products and services that help teachers to teach and learners to learn. Our strategy is to grow shareholder returns by developing businesses which build on and reinforce our three competitive advantages: education focus, technical ability and relative scale.



John Leighfield – Chairman

The Government's March 2007 Budget confirmed the importance of education in the UK, with real terms growth of 2.5% in public spending on education planned for the next three government years. Education is also a key priority across the world; OECD statistics show that, on average, between 1995 and 2003, education spend increased as a percentage of GDP in the group of 24 countries for which data was available.

The education market presents a wide range of opportunities for RM. In each of our four focus areas – Learning Technologies, Assessment and Data Services, Education Management Systems, and Education Resources and Software – we have made good progress in the first half of the year, both in the UK and increasingly in international markets.

LEARNING TECHNOLOGIES

BSF – the Government's £45 billion programme to renew all English secondary schools – is the largest single opportunity available to RM. We are ahead of our target of winning 30% of BSF projects: with preferred bidder appointments in Knowsley, Leeds and Lambeth in the first half, we have won five of the fourteen ICT projects awarded so far. These five contracts represent future business worth over £70m in the next seven years. We are currently bidding on a further twelve projects, with bidding for an additional seven projects expected to start in the second half. BSF bid costs expensed in the year as a whole are likely to be £3.5m (2006 full year: £3.8m).

Learning Platforms – which provide communication and collaboration, online content delivery and secure access to school information – are a natural evolution of the sophisticated ICT infrastructure software and services we already supply to schools. We are leading the way in this new area with the £37.5m Glow project, a national intranet for all learners in Scotland which we believe to be the largest Learning Platform in the world and which entered phase 2 pilots during the period.

Community Connect – the most widely used school network product in the UK – will now be used in all state schools in

Northern Ireland. It is being provided for use in primary schools as part of Lot 6 of the C2K programme and was already used in secondary schools as a result of an earlier phase of the C2K programme.

Pupils at 20 schools in Newham routinely use RM-supplied computers at home, with encouraging educational results. The experience gained from this project positions us well for the Government's Computers for Pupils programme, which is intended to provide personal access to ICT equipment for the most disadvantaged pupils. In March, we were chosen as preferred supplier of computing devices and connectivity services for the London Computers for Pupils programme, a contract which is likely to be worth approximately £5m.



ASSESSMENT AND DATA SERVICES

We have made excellent progress in our assessment and data business, securing long-term managed service agreements with two key partners: Cambridge Assessment and the Assessment and Qualifications Alliance (AQA). These two partnerships, along with our work with other exam boards and professional associations, position us as a leader in the provision of e-Assessment services.

Our £21m, five-year education process outsourcing contract with Cambridge Assessment confirms us as their on-screen marking partner, providing a complete marking service which includes: scanning and hosting of examination scripts; electronic distribution of exam scripts to individual markers; on-screen marking; electronic return of marks; workflow; and improving control and monitoring of the whole process.

The Cambridge Assessment service is built on scoris®, the third-generation of RM's innovative e-Marking platform, which we are also using to provide services to other exam boards and other organisations (such as professional associations) that provide examinations and assessments.

For AQA we are providing a range of computer-based test authoring and delivery services. The agreement will allow AQA to make its GCSE and A Level qualifications increasingly available for students to take "on-screen" using an Internet-connected computer. The technology used to distribute tests to test centres builds on the work we have done with the QCA on the groundbreaking Key Stage 3 ICT test.

EDUCATION MANAGEMENT SYSTEMS

Our Integris^{G2} school management software is now in use in 100 schools and recent authority-wide project wins in Powys and Wakefield will substantially increase the installed base. We introduced Integris^{G2} Finance, a school financial management system developed in partnership with CODA, at BETT 2007 in January and already have a good pipeline for this product. The benefits of a Web-based, centrally-hosted delivery model to

Local Authorities are clear: reduced cost and complexity, saved time for teachers and administrators and easier access to better information.

In Australia, CAZ Software, which we acquired just under a year ago, has been successfully integrated. There are a range of interesting opportunities for RM in Australia, including state-wide contracts for both education management software and for Learning Platforms.



EDUCATION RESOURCES AND SOFTWARE

The supply of specialist education resources for use in the classroom has been an increasingly important part of our business since we acquired TTS in September 2004. We have expanded the range of products TTS offers, principally by the

introduction of new catalogues (most notably addressing special educational needs and sports equipment), but also with the targeted acquisition of MES last year.

We have also extended our relationship with Tesco, securing the contract to supply the Tesco Sport for Schools and Clubs scheme which will run in Autumn 2007.

TTS' revenues in FY2007 are on course to have grown by more than 80% since it joined the RM Group. There is scope for significant further growth: organically, through acquisition, and internationally.

Education software in the UK is a more interesting market than it has been at any time for the last five years, following the suspension of BBC jam in March by the BBC Trust (the regulator of the BBC). It will be some time before it becomes clear what the BBC's future activities in the education area will be. In the meantime, we are reviewing our plans in this area, with the intention of identifying areas for renewed investment.

There are also international opportunities for our education software products. We established RM Educational Software Inc. in the US in 2004 and now employ 15 people there selling a range of products including Easiteach, Maths Alive and Podium Podcasting. Revenue doubled year-on-year (albeit from a small base) and we expect this business to move into a profit during the second half.

CUSTOMER SATISFACTION

Our people's continuing commitment to delivering the highest levels of customer satisfaction is notable. In the first half, the customer satisfaction score – our most important non-financial measure – increased further to 7.51 (2006 full year: 7.41), putting us ahead of our target for the year. We have also received external recognition as the UK's best help desk by receiving the Help Desk Institute's Support Team Excellence Award for 2007.



PENSIONS

The deficit on the Group's defined benefit pension scheme decreased by £9.8m in the period (IAS 19 deficit March 2007: £8.9m; September 2006: £18.7m). Management actions accounted for £6.3m of this reduction and included: agreeing with active scheme members a 5% cap on future pensionable salary increases, which reduced the deficit by £3.5m; paying the first £2.0m of a special pension payment of £3.5m; and the continuation of £1.7m pa additional cash contributions. The balance of £3.5m resulted from market-related movements. Further details are provided in note 9 to the Accounts.



Systems has established momentum in a conservative market. For the moment, BSF remains an investment activity with bid costs continuing to reduce reported profit; however, we expect BSF to contribute positively to profit from 2010/11.

Education is a national and an international priority and RM is one of a very few companies dedicated to delivering educational improvement. The opportunities available to us are extremely exciting and with an increasingly strong and broad portfolio of businesses, RM is in good shape to respond to them.

JOHN LEIGHFIELD

Chairman

14 May 2007

OUTLOOK

Each year we note in our interim results statement that half-year performance is not necessarily a good indicator of the outcome for the year as a whole; schools' purchasing patterns mean that the majority of revenues and profit occurs in the second half of the Group's financial year. Nonetheless, we have made a good start to the year and our expectations for 2007 are unchanged.

Our new structure is allowing us to develop newer areas of the business, whilst at the same time retaining focus on the needs of our existing customers. Education Resources and Software and Assessment and Data Services are now significant contributors to the overall success of RM, whilst Education Management

CONSOLIDATED INCOME STATEMENT

FOR THE HALF-YEAR ENDED 31 MARCH 2007

£'000	Notes			Half-year ended		Year ended
				31 March 2007	31 March 2006	30 September 2006
	2	Before amortisation of acquisition related intangible assets and exceptional pension credit	Amortisation of acquisition related intangible assets and exceptional pension credit	Total		
REVENUE		115,562	-	115,562	114,185	262,310
Cost of sales		(84,276)	-	(84,276)	(83,719)	(191,177)
GROSS PROFIT		31,286	-	31,286	30,466	71,133
Selling and distribution costs		(16,570)	-	(16,570)	(16,159)	(33,166)
Research and development expenses		(8,097)	-	(8,097)	(7,514)	(14,918)
Administrative expenses		(5,436)	-	(5,436)	(5,633)	(10,193)
Amortisation of acquisition related intangible assets		-	(119)	(119)	-	(53)
Exceptional pension credit	9	-	3,500	3,500	-	-
		(30,103)	3,381	(26,722)	(29,306)	(58,330)
PROFIT FROM OPERATIONS		1,183	3,381	4,564	1,160	12,803
Investment income		1,007	-	1,007	893	1,876
Finance costs		-	-	-	(86)	(135)
PROFIT BEFORE TAX		2,190	3,381	5,571	1,967	14,544
Tax	3	(596)	(1,014)	(1,610)	(544)	(4,055)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		1,594	2,367	3,961	1,423	10,489
EARNINGS PER ORDINARY SHARE:	4					
Basic		1.7p	2.6p	4.3p	1.6p	11.6p
Diluted		1.7p	2.6p	4.3p	1.6p	11.5p
PROPOSED DIVIDEND PER SHARE:	5					
Interim				1.19p	1.12p	1.12p
Final				-	-	4.05p

All activities relate to continuing operations.

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

FOR THE HALF-YEAR ENDED 31 MARCH 2007

£'000	Notes	Half-year ended		Year ended
		31 March 2007	31 March 2006	30 September 2006
Exchange differences on translation of foreign operations	10	21	40	(48)
Actuarial gains/(losses) on defined benefit pension scheme	10	3,200	4,211	(3,914)
Tax on items taken directly to equity	10	(913)	(1,283)	1,287
NET INCOME/(LOSS) RECOGNISED DIRECTLY IN EQUITY		2,308	2,968	(2,675)
PROFIT FOR THE PERIOD		3,961	1,423	10,489
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		6,269	4,391	7,814

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2007

£'000	Notes	31 March 2007	31 March 2006	30 September 2006
NON-CURRENT ASSETS				
Goodwill		22,450	20,771	22,332
Acquisition related intangible assets		1,001	-	1,002
Other intangible assets		2,140	1,478	2,460
Property, plant and equipment		22,119	26,134	22,483
Deferred tax assets		5,076	5,504	7,394
		52,786	53,887	55,671
CURRENT ASSETS				
Inventories		9,446	9,555	10,815
Trade and other receivables	7	42,474	40,000	51,361
Cash and cash equivalents		22,323	24,503	30,092
		74,243	74,058	92,268
NON-CURRENT ASSETS HELD FOR SALE				
		1,094	-	1,094
TOTAL ASSETS				
		128,123	127,945	149,033
CURRENT LIABILITIES				
Trade and other payables	8	(68,796)	(68,964)	(78,871)
Tax liabilities		-	(45)	(1,416)
		(68,796)	(69,009)	(80,287)
NET CURRENT ASSETS				
		5,447	5,049	11,981
NON-CURRENT LIABILITIES				
Retirement benefit obligation	9	(8,950)	(11,136)	(18,707)
Deferred tax liabilities		(158)	-	(234)
Other payables		(3,681)	(6,721)	(6,793)
Provisions		(601)	(970)	(737)
		(13,390)	(18,827)	(26,471)
TOTAL LIABILITIES				
		(82,186)	(87,836)	(106,758)
NET ASSETS				
		45,937	40,109	42,275
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT				
Share capital	10	1,851	1,836	1,836
Share premium account		25,297	23,818	23,877
Own shares		(855)	(654)	(954)
Capital redemption reserve		94	94	94
Translation reserve		17	84	(4)
Retained earnings		19,533	14,931	17,426
TOTAL EQUITY				
		45,937	40,109	42,275

CONSOLIDATED CASH FLOW STATEMENT

FOR THE HALF-YEAR ENDED 31 MARCH 2007

£'000	Notes	Half-year ended		Year ended
		31 March 2007	31 March 2006	30 September 2006
PROFIT FROM OPERATIONS		4,564	1,160	12,803
Adjustments for:				
Loss/(gain) on derivatives		120	41	(14)
Depreciation of property, plant and equipment		4,410	4,348	9,071
Amortisation of acquisition related intangible assets		119	-	53
Amortisation of other intangible assets		520	282	342
(Gain)/loss on disposal of property, plant and equipment		(99)	125	77
Decrease in provisions		(136)	-	(233)
Share-based payment charge		545	588	803
Pension charge		2,100	885	2,358
Pension contribution		(2,631)	(1,504)	(3,554)
Exceptional pension credit		(3,500)	-	-
OPERATING CASH FLOWS BEFORE MOVEMENTS IN WORKING CAPITAL		6,012	5,925	21,706
Decrease in inventories		1,369	2,312	1,211
Decrease in receivables		8,395	14,260	3,035
(Decrease)/increase in payables		(12,390)	(10,712)	585
CASH GENERATED BY OPERATIONS		3,386	11,785	26,537
Additional special pension contribution	9	(2,000)	-	-
Tax paid		(1,729)	(1,493)	(3,110)
Income from sale of finance lease debt		397	399	854
Interest paid		-	(10)	(36)
NET CASH INFLOW FROM OPERATING ACTIVITIES		54	10,681	24,245
INVESTING ACTIVITIES				
Interest received		515	376	784
Proceeds on disposal of property, plant and equipment		518	425	743
Purchases of property, plant and equipment		(4,465)	(6,392)	(8,903)
Purchases of other intangible assets		(558)	(47)	(803)
Acquisition of subsidiaries, net of cash acquired		-	-	(2,281)
NET CASH USED IN INVESTING ACTIVITIES		(3,990)	(5,638)	(10,460)
FINANCING ACTIVITIES				
Dividends paid	5	(3,707)	(3,399)	(4,473)
Proceeds from share capital issue, net of share issue costs		927	797	831
Repayment of borrowings assumed in acquisitions		-	-	(322)
Purchase of own shares		(416)	(516)	(816)
Share buy backs		-	-	(65)
Repayment of loan notes and deferred consideration		(642)	(367)	(1,790)
NET CASH USED IN FINANCING ACTIVITIES		(3,838)	(3,485)	(6,635)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(7,774)	1,558	7,150
Cash and cash equivalents at the beginning of period		30,092	22,942	22,942
Effect of foreign exchange rate changes		5	3	-
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	6	22,323	24,503	30,092

NOTES TO THE INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 MARCH 2007

1. GENERAL INFORMATION

RM plc is a company incorporated in the United Kingdom. The unaudited consolidated interim financial statements as at 31 March 2007 and for the six months then ended comprise those of the Company and its subsidiaries (together referred to as the “Group”).

The information for the year ended 30 September 2006 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors’ report on those accounts was not qualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985. The consolidated financial statements of the Group as at and for the year ended 30 September 2006 are available upon request from the Company’s registered office or at www.rm.com/investors

The consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The Group has chosen not to apply IAS 34 Interim Financial Reporting in the preparation of these consolidated interim financial statements. The accounting policies applied by the Group in the consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 30 September 2006. The preparation of 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 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 September 2006.

This interim report was approved by the Board of Directors on 14 May 2007.

2. INCOME STATEMENT PRESENTATION

The income statement for the half-year ended 31 March 2007 has been presented in three columns. This presentation is intended to give a better guide to business performance by separately identifying the amortisation charge relating to acquisition related intangible assets and, for the half-year, the exceptional pension credit. The columns extend down the income statement to allow the tax and earnings per share impacts of these transactions to be understood.

3. TAX

Corporation tax for the interim period is charged at the expected effective tax rate for the full financial year, based upon profit before acquisition related intangible asset amortisation and the exceptional pension credit and incorporates both current and deferred taxation:

£'000	Before amortisation of acquisition related intangible assets and exceptional pension credit	Amortisation of acquisition related intangible assets and exceptional pension credit	Half-year ended		Year ended
			31 March 2007	31 March 2006	30 September 2006
			Total		
Profit before tax	2,190	3,381	5,571	1,967	14,597*
Tax charge	596	1,014	1,610	(544)	(4,055)
Effective rate	27.2%	30.0%	28.9%	27.6%	27.8%

* before £53,000 amortisation of acquisition related intangibles.

4. EARNINGS PER ORDINARY SHARE

The calculation of the basic and diluted earnings per ordinary share is shown below. As explained in note 2, adjusted diluted earnings per share have also been presented which remove the impact of the exceptional pension credit and also amortisation of acquisition related intangible assets.

	31 March 2007			Half-year ended			Year ended		
	Profit after tax £'000	Number of shares '000	Pence per share	Profit after tax £'000	Number of shares '000	Pence per share	Profit after tax £'000	Number of shares '000	Pence per share
Basic earnings per ordinary share	3,961	91,747	4.3	1,423	90,820	1.6	10,489	90,755	11.6
Effect of dilutive potential ordinary shares: share options	-	518	-	-	560	-	-	560	(0.1)
Diluted earnings per ordinary share	3,961	92,265	4.3	1,423	91,380	1.6	10,489	91,315	11.5
Exceptional pension credit and amortisation of acquisition related intangible assets	(2,367)	-	(2.6)	-	-	-	53	-	-
Diluted earnings per ordinary share adjusted for exceptional pension credit and amortisation of acquisition related intangible assets	1,594	92,265	1.7	1,423	91,380	1.6	10,542	91,315	11.5

5. DIVIDENDS

Amounts recognised as distributions to equity holders in the period:

£'000	Half-year ended		Year ended
	31 March 2007	31 March 2006	30 September 2006
Interim dividend for the half-year ended 31 March 2006 of 1.12p per share	-	-	1,022
Final dividend for the year ended 30 September 2006 of 4.05p (2005: 3.80p) per share	3,688	3,399	3,399
	3,688	3,399	4,421

The proposed interim dividend of 1.19p per share was approved by the Board on 11 May 2007. The expected cost of £1,094,000 has not been included as a liability at 31 March 2007.

6. NOTES TO THE CASH FLOW STATEMENT

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

NET FUNDS

£'000	Year ended 30 September 2006	Cash flow	Non-cash movements	Half-year ended 31 March 2007
Cash and cash equivalents	30,092	(7,774)	5	22,323
Loan notes	(884)	-	-	(884)
Net funds	29,208	(7,774)	5	21,439
Deferred consideration	(703)	642	-	(61)
	28,505	(7,132)	5	21,378

7. TRADE AND OTHER RECEIVABLES

£'000	Half-year ended		Year ended
	31 March 2007	31 March 2006	30 September 2006
Trade receivables	33,646	29,707	41,863
Long-term contract balances	1,655	5,115	5,490
Other receivables	494	750	725
Prepayments and accrued income	6,679	4,428	3,283
	42,474	40,000	51,361

8. TRADE AND OTHER PAYABLES

£'000	Half-year ended		Year ended
	31 March 2007	31 March 2006	30 September 2006
Trade payables	15,249	16,914	20,544
Other taxation and social security	5,450	5,370	9,682
Other payables – deferred consideration	61	1,000	703
Other payables – other	6,053	3,915	1,624
Accruals	21,535	21,480	24,527
Amounts due from long term contract customers	-	-	43
Deferred income	19,564	18,353	20,864
Loan notes	884	1,932	884
	68,796	68,964	78,871

9. PENSIONS

As described in the report and accounts for the year ended 30 September 2006, the Group conducted a consultation exercise with active members of the Group's defined benefit pension scheme. Following conclusion of the exercise in January 2007, members voted for the introduction of a 5% cap on pensionable salary inflation which has been implemented from February 2007. The impact of this is a reduction of £3.5m in the pension scheme deficit, which has been reflected as an exceptional credit in the income statement, in line with IAS 19 Employee Benefits.

In the half-years ended 31 March 2007 and 2006 the deficit on the Group's defined benefit pension scheme has been rolled forward from the respective prior year end. The roll forward includes actual investment returns for the periods and market derived discount rates on liabilities of 5.40% at 31 March 2007 (5.05% at 31 March 2006 and 30 September 2006) and market derived inflation assumptions. Mortality assumptions have not been updated at the half-years. The roll forward includes the impact of the pensionable salary inflation cap. The latest triennial valuation of the scheme took place as at 31 May 2006 and was used as a basis for the 30 September 2006 and 31 March 2007 IAS 19 valuations.

Additionally, the Group paid a special contribution of £2.0m into the pension scheme in March 2007 and has agreed to pay an additional special contribution of £1.5m into the scheme later in calendar year 2007. The £1.5m has not been recorded against the scheme deficit at 31 March 2007. These cash payments are in addition to the Group's current service contributions and £1.7m per annum deficit catch up payments agreed with the scheme's trustees in 2006.

Following the above actions and updating to reflect current market conditions, the deficit in the scheme has fallen by £9.75m to £8.95m (September 2006: £18.7m) with the related deferred tax asset also falling. This represents significant progress in stabilising the financial position of the scheme and limiting risk to the Group.

10. RECONCILIATION OF SHAREHOLDERS' EQUITY

£'000	Half-year ended		Year ended
	31 March 2007	31 March 2006	30 September 2006
Equity brought forward	42,275	38,248	38,248
Profit for the period	3,961	1,423	10,489
Exchange differences on translation of foreign operations	21	40	(48)
Actuarial gains/(losses) on retirement benefit scheme	3,200	4,211	(3,914)
Tax (charge)/credit on items taken directly to equity	(913)	(1,283)	1,287
Share-based payment transactions	545	588	803
Dividends paid	(3,688)	(3,399)	(4,421)
Other reserve movements	536	281	(169)
Equity carried forward	45,937	40,109	42,275

INDEPENDENT REVIEW REPORT TO RM PLC

INTRODUCTION

We have been instructed by the company to review the financial information for the half-year ended 31 March 2007 which comprises the consolidated income statement, consolidated statement of recognised income and expense, consolidated balance sheet, the consolidated cash flow statement and related notes 1 to 10. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review 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 formed.

DIRECTORS' RESPONSIBILITIES

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

REVIEW WORK PERFORMED

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom.

A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

REVIEW CONCLUSION

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the half-year ended 31 March 2007.

Deloitte & Touche LLP

Chartered Accountants

Reading

14 May 2007

This document has been made available as a .pdf download from RM's investor relations Web site (www.rm.com/investors) as well as in printed form. If you have obtained this document as a download, please note the following:

Neither an audit nor a review provides assurance on the maintenance and integrity of the Web site, including controls used to achieve this, and in particular whether any changes may have occurred to the financial information since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area.

Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.



NOTES

A series of horizontal dotted lines provided for writing notes.

SHAREHOLDER INFORMATION

FINANCIAL CALENDAR

RECORD DATE FOR 2007 INTERIM DIVIDEND

1 June 2007

PAYMENT DATE FOR 2007 INTERIM DIVIDEND

29 June 2007

PRELIMINARY ANNOUNCEMENT OF 2007 RESULTS

November 2007

CORPORATE WEBSITE

Information about the Group's activities is available from RM at www.rm.com

INVESTOR INFORMATION

Information for investors is available at www.rm.com/investors. Enquiries can be directed to Phil Hemmings, Director of Corporate Affairs, at the Group head office address or at phehmings@rm.com

REGISTRARS AND SHAREHOLDING INFORMATION

Shareholders can access the details of their holdings in RM plc via the Shareholder Services option within the investor section of the corporate Web site at www.rm.com/investors. Shareholders can also make changes to their address details and dividend mandates online.

All enquiries about individual shareholder matters should be made to the Registrars either via email at ssd@capitaregistrars.com or telephone: 0870 162 3131. To help shareholders, the Capita Web site at www.capitaregistrars.com contains a shareholders' frequently asked questions section.

ELECTRONIC COMMUNICATION

Following approval of the special resolution at the January 2007 AGM, we are able to offer shareholders the ability to receive company communication via email. By registering your email address, you will receive emails with a web link to information posted on our website. This can include our report and accounts, notice of meetings and other information we communicate to our shareholders.

There are numerous benefits including:

- Environmental: help us reduce our impact on the environment
- Security: your documents cannot be lost in the post or read by others
- Faster notification of information and updates
- Easy access: check your shareholding and account transactions online at any time
- Convenience: change your name, address or dividend mandate details online

To sign-up to receive e-communications simply go to Capita Registrars' Share Portal at www.capitaregistrars.com/shareholders and follow the instructions.

MULTIPLE ACCOUNTS ON THE SHAREHOLDER REGISTER

If you have received two or more copies of this document, it may be because there is more than one account in your name on the shareholder register. This may be due to either your name or address appearing on each account in a slightly different way. For security reasons, Capita will not amalgamate the accounts without your written consent. If you would like to amalgamate your multiple accounts into one account, please write to Capita Registrars.

DIRECTORS

J.P. LEIGHFIELD Chairman
T.R. PEARSON Chief Executive Officer
M.D. GREIG Group Finance Director
R.A. SIRS Chief Operating Officer
S.L. COUTU Senior Independent Non-Executive Director
B. CARBERG Independent Non-Executive Director
J.R. WINDELER Independent Non-Executive Director
M.J. TOMLINSON Independent Non-Executive Director
T.R.P. BRIGHOUSE Independent Non-Executive Director

COMPANY SECRETARY

A.J. Robson

GROUP HEAD OFFICE AND REGISTERED OFFICE

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 183 Milton Park
 Abingdon
 Oxfordshire OX14 4SE
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 Telephone: 08450 700300
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REGISTERED NUMBER

RM plc's registered number is 1749877

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ENVIRONMENTAL STATEMENT

Cyclus Print is a 100% recycled stock (100% post consumer waste and is totally chlorine free). Residual products from the de-inking process are environmentally friendly and used for paper fibres, fertiliser, or as raw material for the building industry. Water used is treated and usually returned to source in better condition. The mill has both ISO 9001 and ISO 14001 accreditations, so all responsibilities to the local environment and manufacturing processes are strictly monitored. Cyclus Print incorporates the following environmental credentials:

- 100% Recycled Paper
- Totally Chlorine Free
- NAPM Recycled Certification (National Association of Paper Merchants)
- Blue Angel (RAL UZ 14)
- Nordic Swan (Licence 544.021)
- Flower (Licence DK/11/1)
- ISO 9001 (Quality management)
- EMAS, ISO 14001 (EU environmental management/certification scheme)



Green RM

RM'S PRODUCTS

RM's products are protected by a comprehensive portfolio of registered patents or patent applications including the following: European patents – 1300171.4, 1300172.2, 1303887.2, 100278.1, 02250059.9 02250058.1, 02250061.5, 90313679.4, 90305354.4, 89310209.5 and GB patents – 100278.1, 0200321.8, 0220230.7, 0226880.3, 0225796.2, 9017491.3, 8917648.1, 8913600.6, 8911622.2, 8823628.6, 0119923.1, 0415108.0.