RM plc

Interim Results

Six months to 31 March 2009

RM announces interim results for the six months to 31 March 2009

RM plc, the education solutions group, announces results in line with management's expectations for the six months to 31 March 2009.

Headlines

- Revenue up 21%: £141.9m (2008: £117.7m)
- Order intake ahead of revenue in the period
- Record committed revenues: £425m (Sep 2008: £410m; Mar 2008: £380m)
- Dividend per share up 5%: 1.32p (2008: 1.26p)
- Progress in line with strategy

Results

- Adjusted* profit before tax: £1.0m (2008: £0.6m)
- Profit before tax: £0.2m (2008: £0.2m)
- Adjusted* EPS: 0.8p (2008: 0.5p)
- Cash and cash equivalents: £12.0m (2008: £13.8m)

*Adjusted profit and EPS is before amortisation of acquisition related intangible assets

Commenting on the results, Terry Sweeney, Chief Executive of RM, said:

"With revenues up 21%, order intake ahead of management's plan, and further growth in committed revenues, the first half of 2009 has been a successful period for the RM Group and has reinforced our confidence in our plan for the year. Strong market positions in each of our chosen business areas, along with our financial position, mean we are well-placed for further strategic development.

"As we always comment at this stage, the first half of RM's financial year is not a good indicator of results for the year as a whole. However, with the UK education budget for government year 2009/10 up 6% in cash terms, and revenue growth anticipated from BSF, Computrac and general education resources, management's expectations for FY-2009 are unchanged.

"RM is a resilient business, with growing committed revenues, long-term contracts, repeat customers, and diverse funding streams and geographies. The Group has a strong balance sheet and is financially conservative, with prudent management of costs and cash. With a strong and growing range of educationally-valuable products which help teachers to teach and learners to learn, and solutions that help our customers achieve efficiency savings, we see opportunities ahead for all of our businesses."

For further information, please contact:

Terry Sweeney, Chief Executive Officer Mike Greig, Chief Financial Officer Phil Hemmings, Director of Corporate Affairs	RM plc	08450 700300
Andrew Fenwick Chris Blundell Franziska Boehnke	Brunswick	020 7404 5959

A briefing to analysts will take place at 9:30am on Monday 11 May 2009 at Brunswick, 16 Lincoln's Inn Fields, London, WC2A 3ED. A live audio feed will be available to those analysts and shareholders unable to attend this meeting in person. To access this facility, call +44 (0) 1452 561263, conference ID 98072913.

A copy of the presentation will be available at www.rm.com from 8.30am on 11 May 2009.

11 May 2009

Interim Management Report

With revenues up 21%, order intake ahead of management's plan, and further growth in committed revenues, the first half of 2009 has been a successful period for the RM Group and has reinforced our confidence in our plan for the year. Strong market positions in each of our chosen business areas, along with our financial position, mean we are well-placed for further strategic development.

Results

RM's business is seasonal, reflecting buying patterns in the education market. Profit in the first half of the year is small relative to that for the year as a whole and is not a good indicator of the outcome for the full year.

	Six months to Mar 2009	2008	Year to Sep 2008
Revenue	£141.9m	£117.7m	£289.5m
Adjusted* profit/(loss) from operations	£0.8m	£(0.5)m	£14.6m
Adjusted* profit before tax	£1.0m	£0.6m	£16.4m
Profit before tax	£0.2m	£0.2m	£15.4m
Adjusted* EPS	0.8p	0.5p	13.1p
Dividend per share	1.32p	1.26p	5.81p
Operating cash flows	£5.9m	£4.9m	£24.0m
Cash and cash equivalents	£12.0m	£13.8m	£18.3m
Net cash	£4.0m	£13.8m	£17.3m
Committed revenues	£425m	£410m	£380m

*Adjusted profit and EPS are before amortisation of acquisition related intangible assets

Total Group revenue grew strongly in the period, increasing 21% to £141.9m (2008: £117.7m). Each of our three divisions contributed to the increase, with RM Learning Technologies growing particularly rapidly.

Adjusted profit from operations was up £1.3m to £0.8m (2008: loss of £0.5m).

Investment income net of finance costs in the period reduced by £1.0m to £0.2m, as a consequence of both a net interest expense and the previously-indicated impact of the defined benefit pension scheme finance expense.

Adjusted profit before tax was up to £1.0m (2008: £0.6m) and profit before tax was £0.2m (2008: £0.2m).

Cash and cash equivalents at the end of the period stood at £12.0m (March 2008: £13.8m). Net cash was £4.0m (March 2008: £13.8m), reflecting £8.0m of long-term borrowings relating to acquisitions. Operating cash flows in the period were ahead of last year at £5.9m (2008: £4.9m).

Committed revenues (order book, deferred revenues and strategic projects at preferred or selected bidder stage) increased further to £425m (September 2008: £410m; March 2008: £380m). Approximately 50% of committed revenues fall within one year, 20% in one-to-two years, and 30% beyond two years.

Reflecting continued confidence in the Group's progress, the Board has increased the interim dividend by 5% to 1.32p per share (2008: 1.26p). The dividend is payable on 3 July 2009 to shareholders on the register on 5 June 2009.

Our strategy

RM's strategy is:

- Focus on education markets only – reflecting education customers' need for suppliers with understanding of their specialist needs.
- Operate as a broadly-based education group – allowing us to target wider educational opportunities, as well as the Group's traditional ICT market.
- Seek international market opportunities – enabling us to exploit our unique educational intellectual property in multiple geographies.

During the period we made further progress in line with our strategy: we continued to broaden our product range, particularly in the RM Education Resources business; and international business doubled year-on-year and now represents 12% of Group revenues (2008: 7%).

Market environment

We reported in our pre-close update that we saw no evidence of reductions in spending in the Group's education markets during the period as a result of economic conditions.

In the UK and the USA policy makers have confirmed their immediate spending plans. In the UK, education capital spending has been brought forward into the current government year; the Treasury has committed to providing capital backing for education PFI schemes; and the April 2009 Budget retained previously-anticipated education budget levels for this year and next. In the USA, the Obama administration, through the American Recovery and Reinvestment Act, has allocated $100bn for education spending, reversing previous budget reductions and providing targeted funding for school modernisation, special education needs and technology. Across the rest of the world, we continue to see enthusiasm for products and services that help teachers to teach and learners to learn.

We are planning on the basis that, as a result of economic conditions, medium-term education spending growth in the UK will be less than it has been over the last ten years. We are positioning the Group for this by managing costs and cash prudently. However, RM's strong market positions in its chosen business areas and its financial strength mean we are well-positioned to enhance our business through the current economic downturn and beyond.

RM Learning Technologies

RM Learning Technologies revenues increased by 26% to £106.1m (2008: £84.5m). Excluding the first-time contribution of Computrac, underlying UK RM Learning Technologies revenues increased by 16%. Growth in the UK was driven by BSF revenue, which was up £9.2m at £11.3m (2008: £2.1m), and other organic growth across the division.

Divisional profit was £1.7m (2008: loss of £0.8m). This reflects the increasing maturity of our software-as-a-service businesses, particularly Kaleidos Learning Platform and Integris[G2], and successful management of the impact of sterling's decline against the US-dollar on the hardware business.

We continue to build a strong committed revenue stream for RM Learning Technologies. During the period we won £26m of BSF business, and secured extensions worth £29m for our Dudley and South Lanarkshire contracts. Our success in winning contract renewals demonstrates the attractiveness of the long-term contracts we have won in recent years, and is a result of our excellent delivery track record.

BSF, where we are the ICT market leader, remains an important long-term market opportunity for RM. During the period, we secured a new BSF contract with Southwark, as well as a contract extension in Lambeth, and two One-School Pathfinder projects. Looking ahead, we will adopt a more selective bidding approach for BSF projects. We are confident that we have a very strong ICT solution to offer to BSF projects; however, the consortium nature of most bids means that having a superior educational solution does not guarantee success.

BSF bid costs expensed in the period were £2.0m (2008: £2.5m). We anticipate full-year bid costs of c.£4.5m, which will exceed the profit recognised on projects in delivery in the year and means that the BSF programme continues to be a significant investment. In FY-2010, we expect BSF to make a net contribution, with profit recognised in the year exceeding bid costs.

RM Learning Technologies' principal software products – Community Connect 4 and Kaleidos Learning Platform – both performed well in H1-2009. The introduction and roll-out of Community Connect 4 is progressing, with the product now chosen by over 1,000 schools. Kaleidos Learning Platform is now used by two million pupils, across individual schools and through the Glow and South West Grid for Learning projects.

During the period we also introduced a new version of RM One, our robust, all-in-one computer designed specifically for education.

RM Education Resources

RM Education Resources revenues increased by 7% to £27.9m (2008: £26.1m). This reflects good growth in general resources, partially offset by continued toughness in the UK curriculum software market. Underlying general resources revenue growth was 17%; we anticipate increased second-half weighting this year, including the effect of a change in timing for the supermarket schemes we supply.

Divisional profit was £1.0m (2008: £3.1m), reflecting the tough market conditions in the UK curriculum software market, the previously-indicated £0.4m reorganisation costs related to Lightbox Education, and the anticipated increase in second-half weighting in general education resources.

The market in UK schools for general education resources is similar in size to that for educational technology. It is an attractive market, providing opportunities for high-quality earnings and cash generation. There are complex barriers to entry: successful suppliers require strong customer relationships which lead to a high level of repeat purchases, a broad range of products and catalogues, exclusive educationally-valuable products, and effective operational delivery.

Since the acquisition of TTS Group in 2004, we have been broadening our product range both through internal entrepreneurial activity and acquisition. Most recently, we acquired the business of Pisces Art, which provides specialist arts and crafts products, and has strong relationships with the independent schools sector.

The consolidation and reorganisation of our education software activities into Lightbox Education is now complete and delivering annual cost savings of £1.0m. Lightbox Education is focused on developing educational software tools that have international sales potential, particularly in the USA, and on providing development services to government departments and agencies and publishing partners. During the period, we secured a £6m, two-year contract with the Department for Children, Schools and Families to develop an online learning resource to support language teaching in schools.

RM Assessment and Data

RM Assessment and Data revenue was £7.9m (2008: £7.1m). Divisional profit was £0.4m (2008: £0.5m).

The proportion of scripts our examination board partners are choosing to process on screen continues to increase. During the first half of the year we processed 1.9 million exam scripts on-screen (2008: 1.4 million) and during the summer marking period we anticipate processing a further 3.2 million scripts (summer 2008: 2.7 million).

Continued growth in this area will be driven by building and developing long-term relationships with qualification providers and education departments & agencies, and by ensuring that our outsourced services are delivered effectively and efficiently.

We continue to successfully provide a wide range of key educational performance data to teachers, school leaders and policy makers through our relationships with Ofsted, the DCSF and the National Consortium for Education Results.

We are now providing outsourced services to 17 long-term customers. During the period we signed a memorandum of understanding with the International Baccalaureate (an international provider of education programmes), which we anticipate developing into a multi-year outsourced on-screen marking contract. We are also developing other opportunities, including on-screen marking for professional associations and education data services.

International

We acquired US learning technology provider Computrac in November 2008 for a net cost of £5.0m. Computrac contributed £7.5m of revenue in the period, which is included in the RM Learning Technologies divisional result.

The initial integration of Computrac with RM Educational Software Inc, our existing US-based business, is now complete. The two sales teams have been brought together under single management and are now selling a combined product range, and we have recruited both a new Chief Operating Officer and Chief Financial Officer.

We announced in January 2009 that Computrac had secured a framework agreement worth up to $32m with Cobb County School District in Georgia. Across this contract and other customer relationships, we anticipate that Computrac will install interactive learning technology in more than 6,000 classrooms this summer.

We have strengthened the operational team in our Australian business, with the intention of broadening the range of Group intellectual property we market in the Asia-Pacific region.

Pensions

The IAS19 deficit in the Group's defined benefit pension scheme, which has been closed to new entrants since 2002, was valued at £8.3m at March 2009 (September 2008: deficit of £0.6m). This change primarily reflects poor investment returns on the scheme's assets. Employee contributions to the scheme were increased by one percentage point in March 2009, and the Group continues to make cash contributions in excess of the IAS19 service cost. The valuation of the scheme's liabilities is sensitive to market movements and the scheme's financial position will continue to be volatile.

Risks

A statement of risks is included our most recent Annual Report, which is available on the Group's investor relations Web site.

Specific risks which affect H2-2009 are:

- Education budgets – Policy makers have indicated that, in the near term, education budgets are likely to remain unchanged. However, with economic uncertainty, customers may change their spending plans.
- BSF execution – We anticipate installing equipment in, and beginning service delivery for, 18 BSF schools over summer. This is a complex operational activity and requires significant working capital investment.

As is always the case with RM, the seasonal nature of our business, which results from schools scheduling major installations of ICT equipment during their summer holiday, means that a very large proportion of the year's profit occurs in the second half. Achieving the result for the year requires a substantial amount of order intake in the second half.

Corporate responsibility

In November 2008, RM won the **techMARK Sustainability Award** at the techMark Awards, subsequently the Group was also nominated in the **Achievement in Sustainability** category in the annual PLC Awards. The techMark Sustainability Award is a new award, which recognises achievement in the three key areas of economic, environmental and social sustainability. We are pleased that RM's commitment in these areas is recognised externally.

People

Over the last six years, RM has been transformed from an educational technology business, largely dependent on supplying commodity technology for UK classrooms, to a diverse group of businesses with a broad range of education solutions and an increasing international footprint. It is the talent and commitment of our people that have allowed us to make this progress and the Board thanks everyone who works for the Group for their contribution.

Looking ahead

As we always comment at this stage, the first half of RM's financial year is not a good indicator of results for the year as a whole. However, with the UK education budget for government year 2009/10 up 6% in cash terms, and revenue growth anticipated from BSF, Computrac and general education resources, management's expectations for FY-2009 are unchanged.

RM is a resilient business, with growing committed revenues, long-term contracts, repeat customers, and diverse funding streams and geographies. The Group has a strong balance sheet and is financially conservative, with prudent management of costs and cash. With a strong and growing range of educationally-valuable products which help teachers to teach and learners to learn, and solutions that help our customers achieve efficiency savings, we see opportunities ahead for all of our businesses.

Condensed consolidated income statement
for the half-year ended 31 March 2009

	Notes	**Half-year ended 31 March 2009**			Half-year ended 31 March 2008			Year ended 30 September 2008		
	1	**Before amortisation of acquisition related intangible assets**	**Amortisation of acquisition related intangible assets**	**Total**	Before amortisation of acquisition related intangible assets	Amortisation of acquisition related intangible assets	Total	Before amortisation of acquisition related intangible assets	Amortisation of acquisition related intangible assets	Total
		£000	**£000**	**£000**	£000	£000	£000	£000	£000	£000
Revenue	3	**141,922**	**-**	**141,922**	117,663	-	117,663	289,473	-	289,473
Cost of sales		**(104,252)**	**-**	**(104,252)**	(84,556)	-	(84,556)	(211,713)	-	(211,713)
Gross profit		**37,670**	**-**	**37,670**	33,107	-	33,107	77,760	-	77,760
Selling and distribution costs		**(20,560)**	**-**	**(20,560)**	(18,653)	-	(18,653)	(35,131)	-	(35,131)
Research and development expenses		**(7,594)**	**-**	**(7,594)**	(7,626)	-	(7,626)	(13,180)	-	(13,180)
Administrative expenses		**(8,713)**	**(731)**	**(9,444)**	(7,311)	(450)	(7,761)	(14,813)	(1,026)	(15,389)
Share of results of associates		**18**	**(14)**	**4**	-	-	-	(36)	(14)	(50)
		(36,849)	**(745)**	**(37,594)**	(33,590)	(450)	(34,040)	(63,160)	(1,040)	(64,200)
Profit / (loss) from operations		**821**	**(745)**	**76**	(483)	(450)	(933)	14,600	(1,040)	13,560
Investment income		**632**	**-**	**632**	1,132	-	1,132	1,994	-	1,994
Finance costs		**(480)**	**-**	**(480)**	(15)	-	(15)	(167)	-	(167)
Profit before tax		**973**	**(745)**	**228**	634	(450)	184	16,427	(1,040)	15,387
Tax	4	**(253)**	**217**	**(36)**	(171)	131	(40)	(4,331)	270	(4,061)
Profit for the period attributable to equity holders of the parent		**720**	**(528)**	**192**	463	(319)	144	12,096	(770)	11,326
Earnings per ordinary share:	5									
Basic		**0.8p**	**(0.6)p**	**0.2p**	0.5p	(0.3)p	0.2p	13.1p	(0.8)p	12.3p
Diluted		**0.8p**	**(0.6)p**	**0.2p**	0.5p	(0.3)p	0.2p	13.0p	(0.8)p	12.2p
Paid and proposed dividend per share:	6									
Interim				**1.32p**			1.26p			1.26p
Final				**-**			-			4.55p

All activities relate to continuing operations.

Condensed consolidated statement of recognised income and expense
for the half-year ended 31 March 2009

	Half-year ended 31 March 2009 £000	Half-year ended 31 March 2008 £000	Year ended 30 September 2008 £000
Exchange gains/(losses) on translation of foreign operations	**950**	(30)	(23)
Actuarial (losses)/gains on defined benefit pension scheme	**(8,899)**	948	(1,532)
Current tax on items taken directly to equity	**121**	125	147
Deferred tax on items taken directly to equity	**2,297**	(359)	398
Net (loss)/income recognised directly in equity	**(5,531)**	684	(1,010)
Profit for the period	**192**	144	11,326
Total recognised income and expense for the period attributable to equity holders of the parent	**(5,339)**	828	10,316

Total tax credited/(charged) to equity was £2,418,000 (2008: period to 31 March £(234,000); year to 30 September £545,000)

Condensed consolidated balance sheet
as at 31 March 2009

	Notes	**31 March 2009 £000**	31 March 2008 £000	30 September 2008 £000
Non-current assets				
Goodwill		**31,581**	27,803	29,662
Acquisition related intangible assets		**5,262**	4,016	4,941
Other intangible assets		**2,332**	2,346	2,242
Property, plant and equipment		**17,912**	20,115	19,882
Retirement benefit surplus	10	**-**	500	-
Interest in associates		**968**	-	964
Deferred tax asset		**3,596**	1,503	1,532
		61,651	56,283	59,223
Current assets				
Inventories		**18,418**	13,499	18,254
Trade and other receivables	8	**59,635**	45,174	70,303
Tax asset		**657**	997	-
Cash and cash equivalents		**12,048**	13,838	18,291
		90,758	73,508	106,848
Non-current assets held for sale		**2,580**	-	2,580
Total assets		**154,989**	129,791	168,651
Current liabilities				
Trade and other payables	9	**(76,752)**	(67,219)	(93,200)
Tax liabilities		**-**	-	(920)
		(76,752)	(67,219)	(94,120)
Net current assets		**14,006**	6,289	12,728
Non-current liabilities				
Retirement benefit obligation	10	**(8,300)**	-	(561)
Bank loans		**(8,037)**	-	(1,000)
Deferred tax liabilities		**(203)**	(104)	(83)
Other payables		**(8,353)**	(4,879)	(9,112)
Provisions		**(500)**	(2,653)	(488)
		(25,393)	(7,636)	(11,244)
Total liabilities		**(102,145)**	(74,855)	(105,364)
Net assets		**52,844**	54,936	63,287
Equity attributable to equity holders of the parent	12			
Share capital		**1,863**	1,861	1,863
Share premium account		**26,642**	26,319	26,578
Own shares		**(1,045)**	(976)	(1,323)
Capital redemption reserve		**94**	94	94
Translation reserve		**1,117**	160	167
Retained earnings		**24,173**	27,478	35,908
Total equity		**52,844**	54,936	63,287

Condensed consolidated cash flow statement
for the half-year ended 31 March 2009

	Notes	**31 March 2009 £000**	31 March 2008 £000	30 September 2008 £000
Profit / (loss) from operations		**76**	(933)	13,560
Adjustments for:				
Gain on foreign exchange derivatives		**(98)**	(55)	(653)
Amortisation of acquisition related intangible assets		**745**	450	1,040
Amortisation of other intangible assets		**465**	466	912
Depreciation of property, plant and equipment		**4,462**	4,794	8,869
Gain on disposal of property, plant and equipment		**(51)**	(227)	(300)
Loss on disposal of other intangible assets		**72**	-	-
Share-based payment charge		**208**	357	600
Operating cash flows before movements in working capital		**5,879**	4,852	24,028
Decrease/(increase) in inventories		**1,952**	932	(3,813)
Decrease/(increase) in receivables		**13,146**	14,422	(9,736)
(Decrease)/increase in payables		**(18,061)**	(20,588)	4,965
Cash generated / (used) by operations		**2,916**	(382)	15,444
Defined benefit pension contribution in excess of current service cost	10	**(1,360)**	(2,508)	(3,627)
Tax paid		**(937)**	(1,571)	(3,103)
Income on sale of finance lease debt		**338**	393	651
Interest paid		**(280)**	(15)	(167)
Net cash inflow / (outflow) from operating activities		**677**	(4,083)	9,198
Investing activities				
Interest received		**122**	325	521
Proceeds on disposal of property, plant and equipment		**215**	367	663
Purchases of property, plant and equipment		**(3,053)**	(3,872)	(10,458)
Purchases of other intangible assets		**(597)**	(347)	(691)
Acquisition of investment in associate		**-**	-	(1,014)
Acquisition of subsidiaries, net of cash acquired		**(2,094)**	(3,008)	(3,999)
Net cash used in investing activities		**(5,407)**	(6,535)	(14,978)
Financing activities				
Dividends paid	6	**(4,206)**	(3,964)	(5,126)
Proceeds from share capital issue, net of share issue costs		**53**	327	460
Repayment of borrowings assumed in acquisitions		**(2,477)**	(491)	(554)
Increase in borrowings		**6,419**	-	1,000
Purchase of own shares		**(1,146)**	(527)	(874)
Repayment of loan notes and deferred consideration		**(681)**	(246)	(246)
Net cash used in financing activities		**(2,038)**	(4,901)	(5,340)
Net decrease in cash and cash equivalents		**(6,768)**	(15,519)	(11,120)
Cash and cash equivalents at the beginning of period		**18,291**	29,321	29,321
Effect of foreign exchange rate changes		**525**	36	90
Cash and cash equivalents at the end of period	7	**12,048**	13,838	18,291

Notes to the condensed interim financial statements

1. General information

RM plc is a company incorporated in the United Kingdom. The unaudited condensed consolidated interim financial statements as at 31 March 2009 and for the six months then ended comprise those of the Company and its subsidiaries (together the Group).

The information for the year ended 30 September 2008 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.

Income statement presentation

The income statement for the half-year ended 31 March 2009 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. 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

The annual financial statements of RM plc are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The condensed set of financial statements included within this interim report has been prepared in accordance with International Accounting Standard (IAS) 34 - Interim Financial Reporting, as required by the UK Listing Authority's December 2006 Disclosure and Transparency Rules.

The accounting policies applied by the Group in the condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 30 September 2008. The Directors, having considered the current uncertain economic climate and after making enquiries, maintain a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the interim report and accounts.

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 September 2008.

3. Business segments

The Group's business is supplying products and services to education. The Group is structured into three operational divisions: Learning Technologies (which includes Education Management Systems); Education Resources; and Assessment and Data Services. Although a US and Rest of World division is emerging and will form part of the Group's future strategy, its results are not yet analysed separately and are included below within Learning Technologies and Education Resources according to product and service offerings.

The following disclosure shows the results and net assets of these divisions, with the results being shown before Building Schools for the Future (BSF) bid costs:

Divisional result

	Learning Technologies £000	Education Resources (and Curriculum software) £000	Assessment and Data Services £000	Total £000
Half year ended 31 March 2009				
Revenue	**106,148**	**27,881**	**7,893**	**141,922**
Divisional profit	**1,721**	**965**	**436**	**3,122**
BSF bid costs	**(1,991)**	**-**	**-**	**(1,991)**
	(270)	**965**	**436**	**1,131**
Net bank and loan note interest payable				**(158)**
Profit before tax*				**973**
Amortisation of acquisition related intangible assets				**(745)**
Profit before tax				**228**
Group profit before tax				**224**
Share of associate result				**4**
				228

Half year ended 31 March 2008				
Revenue	84,468	26,096	7,099	117,663
Divisional profit/(loss)	(830)	3,133	503	2,806
BSF bid costs	(2,483)	-	-	(2,483)
	(3,313)	3,133	503	323
Net bank and loan note interest receivable				311
Profit before tax*				634
Amortisation of acquisition related intangible assets				(450)
Profit before tax				184
Group profit before tax				184
Share of associate result				-
				184

Year ended 30 September 2008				
Revenue	213,094	57,032	19,347	289,473
Divisional profit	11,613	7,070	2,140	20,823
BSF bid costs	(4,750)	-	-	(4,750)
	6,863	7,070	2,140	16,073
Net bank and loan note interest receivable				354
Profit before tax*				16,427
Amortisation of acquisition related intangible assets				(1,040)
Profit before tax				15,387
Group profit before tax				15,437
Share of associate result				(50)
				15,387

* before amortisation of acquisition related intangible assets

3. Business segments cont.

Divisional assets
Divisional total assets include all assets except for tax asset balances, cash and cash equivalents and the defined benefit pension scheme which are shown as non-divisional balances:

	Learning Technologies £000	Education Resources (and Curriculum software) £000	Assessment and Data Services £000	Total £000
Half year ended 31 March 2009				
Total assets				
- Divisional	**89,549**	**41,771**	**7,368**	**138,688**
- Other	**-**	**-**	**-**	**16,301**
				154,989
Half year ended 31 March 2008				
Total assets				
- Divisional	64,892	41,285	6,776	112,953
- Other	-	-	-	16,838
				129,791
Year ended 30 September 2008				
Total assets				
- Divisional	99,212	42,568	7,048	148,828
- Other	-	-	-	19,823
				168,651

4. 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 incorporates both current and deferred taxation:

			Half-year ended 31 March 2009 £000			Half-year ended 31 March 2008 £000			Year ended 30 September 2008 £000
	Before amortisation of acquisition related intangible assets	**Amortisation of acquisition related intangible assets**	**Total**	Before amortisation of acquisition related intangible assets	Amortisation of acquisition related intangible assets	Total	Before amortisation of acquisition related intangible assets	Amortisation of acquisition related intangible assets	Total
Profit before tax	**973**	**(745)**	**228**	634	(450)	184	16,427	(1,040)	15,387
Tax charge/(credit)	**253**	**(217)**	**36**	171	(131)	40	4,331	(270)	4,061
Effective rate	**26.0%**	**29.1%**	**15.8%**	27.0%	29.0%	21.7%	26.4%	26.0%	26.4%

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 diluted earnings per share have also been presented which remove the impact of amortisation of acquisition related intangible assets.

Basic earnings per ordinary share:

	Half-year ended 31 March 2009			Half-year ended 31 March 2008			Year ended 30 September 2008		
	Profit 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	Profit after tax £'000	Weighted average number of shares '000	Pence per share
Basic earnings per ordinary share	**192**	**92,439**	**0.2**	144	92,300	0.2	11,326	92,297	12.3
Effect of amortisation of acquisition related intangible assets	**528**	**-**	**0.6**	319	-	0.3	770	-	0.8
Basic earnings per ordinary share adjusted for amortisation of acquisition related intangible assets	**720**	**92,439**	**0.8**	463	92,300	0.5	12,096	92,297	13.1

Diluted earnings per ordinary share:

	Half-year ended 31 March 2009			Half-year ended 31 March 2008			Year ended 30 September 2008		
	Profit 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	Profit after tax £'000	Weighted average number of shares '000	Pence per share
Basic earnings per ordinary share	**192**	**92,439**	**0.2**	144	92,300	0.2	11,326	92,297	12.3
Effect of dilutive potential ordinary shares: share options	**-**	**273**	**-**	-	498	-	-	409	(0.1)
Diluted earnings per ordinary share	**192**	**92,712**	**0.2**	144	92,798	0.2	11,326	92,706	12.2
Effect of amortisation of acquisition related intangible assets	**528**	**-**	**0.6**	319	-	0.3	770	-	0.8
Diluted earnings per ordinary share adjusted for amortisation of acquisition related intangible assets	**720**	**92,712**	**0.8**	463	92,798	0.5	12,096	92,706	13.0

6. Dividends

Amounts recognised as distributions to equity holders in the period:

	Half-year ended 31 March 2009 £000	Half-year ended 31 March 2008 £000	Year ended 30 September 2008 £000
Final dividend for the year ended 30 September 2008 of 4.55p (2007: 4.30p) per share	**4,206**	3,964	3,964
Interim dividend for the year ended 30 September 2008 of 1.26p per share	**-**	-	1,162
	4,206	3,964	5,126

The proposed interim dividend of 1.32p per share was approved by the Board on 8 May 2009. The expected cost of £1.2m has not been included as a liability at 31 March 2009.

7. Notes to the cash flow statement

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.

Net funds

	Year ended 30 September 2008	Cash flow	Non-cash movements Foreign exchange	Non-cash movements Other	**Half-year ended 31 March 2009**
	£000	£000	£000	£000	**£000**
Cash and cash equivalents	18,291	(6,768)	525	-	**12,048**
Borrowing	(1,000)	(6,419)	(618)	-	**(8,037)**
Net cash	17,291	(13,187)	(93)	-	**4,011**
Loan notes	(4,464)	681	-	-	**(3,783)**
Net funds	12,827	(12,506)	(93)	-	**228**
Deferred consideration	(440)	-	(59)	(434)	**(933)**
	12,387	(12,506)	(152)	(434)	**(705)**

The Group meets its seasonal working capital requirements through overdraft facilities. The Group has an annual unsecured overdraft facility of $45m (set at a minimum of £25m at November 2008 exchange rates and being £32m at March 2009 exchange rates) with HSBC, which is due for renewal in November 2009 and a further annual facility of £3m with Barclays Bank plc.

The Group also has a committed acquisition borrowing facility of £25m with HSBC which expires in July 2013. At 31 March 2009 £8.0m of this facility was drawn down, with the increase in the period being used to fund the acquisition of Computrac (note 11). The drawn down facility of £8.0m comprises £1.0m in Sterling and £7.0m in US dollars ($10.0m). The facility can be repaid before expiry, at the discretion of the Group.

The Group's cash and cash equivalents of £12.0m comprise £4.9m in Sterling, £4.6m in US dollars ($6.6m) and £2.5m in other currencies.

8. Trade and other receivables

Current	**31 March 2009 £000**	31 March 2008 £000	30 September 2008 £000
Trade receivables	**41,382**	33,083	54,423
Long-term contract balances	**10,262**	7,120	8,036
Other receivables	**1,448**	488	208
Prepayments	**6,196**	4,458	7,200
Accrued income	**347**	25	436
	59,635	45,174	70,303

9. Trade and other payables

Current	**31 March 2009 £000**	31 March 2008 £000	30 September 2008 £000
Trade payables	**21,325**	16,572	30,173
Other taxation and social security	**6,768**	7,612	10,408
Other payables - other	**637**	674	692
Accruals	**24,423**	20,695	29,054
Long-term contract payments on account	**1,010**	-	-
Deferred income	**21,755**	21,031	22,192
Loan notes	**397**	635	681
Deferred consideration	**437**	-	-
	76,752	67,219	93,200

10. Defined benefit pension scheme

In the half-years ended 31 March 2009 and 2008 the financial position of 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; market derived discount rates on liabilities; and market derived inflation assumptions. Mortality assumptions have not been updated at the half-years. At 31 March 2009 the market derived discount rate, given by the iBoxx £ Corporates AA 15+ index yield, was 6.7% and this has been adjusted down to 6.5% to reflect significant risk premiums in the index. Each 0.1% reduction in the discount rate increases liabilities by approximately £1.8m.

The latest triennial valuation of the scheme took place as at 31 May 2006 and was used as a basis for the above IAS 19 valuations. Except for the introduction of a pensionable salary cap in January 2007, which was described in detail in the Report and Accounts for 2007, there have not been any significant one-time events since that time which would require adjustment to the valuation.

In addition to current service contributions, the Group continues to make £1.7m per annum deficit catch up payments agreed with the scheme's trustees in 2006.

11. Acquisition of subsidiaries and business combinations

Computrac

On 3 November 2008, the Group acquired 100 per cent of the membership interest in Computrac LLC, a company registered in the United States of America, for an estimated total cost of £5.0m ($8.1m). The estimated total cost comprises: initial cash consideration of £1.9m ($3.0m), deferred consideration estimated at £0.4m ($0.7m), acquisition costs of £0.2m ($0.4m) and repayment of £2.5m ($4.0m) borrowings. Computrac is a leading provider of interactive classroom technology solutions to schools in the Southeastern United States. This transaction has been accounted for by the purchase method of accounting.

	Book value	Provisional fair value adjustments	Provisional fair value
	£000	£000	£000
Net assets acquired:			
Acquisition related intangible assets	-	927	927
Property, plant and equipment	473	-	473
Inventory	2,156	-	2,156
Trade and other receivables	1,315	-	1,315
Trade and other payables	(1,794)	-	(1,794)
Bank loans and overdrafts	(1,398)	-	(1,398)
Finance leases	(421)	-	(421)
Deferred tax liability	-	(259)	(259)
	331	668	999
Goodwill			1,529
Total consideration			2,528
Satisfied by:			
Initial cash consideration			1,861
Deferred consideration			434
Directly attributable costs			233
			2,528

Net cash outflow arising on acquisition:

£'000	
Initial cash consideration	1,861
Acquisition costs	233
Repayment of borrowings and finance obligations	2,477
	4,571

The goodwill arising is attributable to the anticipated future profit from expansion opportunities in the United States and operating the business with the Group's existing US operations. Fair value adjustments have been recognised for acquisition related intangible assets and related deferred tax. Acquisition related intangibles assets relate to the valuation of customer relationships, the Computrac brand and intellectual property purchased and are being amortised over five to seven years.

Computrac contributed £7.5m to the Group's revenue and £0.3m to the Group's profit before tax for the period between the date of acquisition and the balance sheet date. There would be no material changes to Group revenue or profit if Computrac had been acquired at the period start date of 1 October 2008.

Prior year acquisitions

For acquisitions completed in 2008 there have been no amendments to the provisional fair values.

12. Reconciliation of shareholders' equity

	Half-year ended 31 March 2009 £000	Half-year ended 31 March 2008 £000	Year ended 30 September 2008 £000
Equity brought forward	63,287	57,912	57,912
Profit for the period	192	144	11,326
Exchange differences on translation of foreign operations	950	(30)	(23)
Actuarial (losses) / gains on defined benefit scheme	(8,899)	948	(1,532)
Tax credited/(charged) on items taken directly to equity	2,418	(234)	545
Share-based payment transactions	208	357	600
Dividends paid	(4,206)	(3,964)	(5,126)
Other reserve movements	(1,106)	(197)	(415)
Equity carried forward	**52,844**	**54,936**	**63,287**

13. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation. There have been no other related party transactions in the period.

Responsibility statement

We confirm that to the best of our knowledge:

a) the condensed set of financial statements has been prepared in accordance with IAS 34 - Interim Financial Reporting;
b) the interim management report includes a fair review of the information required by the Disclosure and Transparency Rules 4.2.7R - indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year; and
c) the interim management report includes a fair review of the information required by the Disclosure and Transparency Rules 4.2.8R -disclosure of related parties' transactions and changes therein.

By order of the Board,

Terry Sweeney	Mike Greig
Chief Executive Officer	Group Finance Director

11 May 2009

Independent review report to RM plc

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 March 2009 which comprises the condensed consolidated income statement, condensed consolidated statement of recognised income and expense, the condensed consolidated balance sheet, the condensed consolidated cash flow statement and related notes 1 to 13. 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 International Standard on Review Engagements 2410 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 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 Disclosure and Transparency Rules of the United Kingdoms' Financial Services Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

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 United Kingdom. A review of interim financial information consists of making inquiries, 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 March 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditors
Reading, United Kingdom
11 May 2009

This document has been made available as a .pdf download from RM's investor relations Web site (www.rm.com/investors). 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