9 July 2012

**RM plc announces interim results for the 6 months ended 31 May 2012**

**Change in year end**

RM changed its financial year end in 2011 from 30 September to 30 November. As a result, the prior year periods were for the 6 months to 31 March 2011 and 14 months to 30 November 2011. However, to aid period to period comparisons, proforma information for the 6 months to 31 May 2011 and the 12 months to 30 November 2011 is also provided.

**Headlines**

- Revenue from retained operations increased by 3.7% to £122.0m (2011 for the 6 months to May: £117.5m), benefitting from the Building Schools for the Future programme (BSF). Total revenues including exited operations decreased to £124.7m (2011: £133.0m for the 6 months to March; £128.5m for the 6 months to May)
- Adjusted* operating profit of £3.9m benefitting from the disposal of loss-making operations (2011: profit of £1.6m for the 6 months to March; £1.7m for the 6 months to May)
- Adjusted* profit before tax of £3.4m (2011: £1.6m for the 6 months to March; £1.7m for the 6 months to May). Profit before tax of £0.6m (2011: loss of £1.8m for the 6 months to March; loss of £1.5m for the 6 months to May)
- Strong cash flow with cash generated from operations of £11.6m
- Net cash of £25.3m compared to net funds less deferred consideration of £(7.6)m at 31 May 2011. Net cash position highest since September 2007
- Pension deficit increased to £29.5m (2011: £7.4m at 31 March; £11.7m at 31 May; £21.2m at 30 November). Deficit net of deferred tax was £22.6m
- Adjusted* EPS: 2.9p (2011: 1.3p for the 6 months to March; 1.7p for the 6 months to May)
- Interim dividend per share 0.75p (2011: 1.47p)
- New business initiatives launched
- Disposals programme completed following September 2011 Strategic Review

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

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


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**RM plc**

**Interim Results for the 6 Month Period ended 31 May 2012**

Following the restructuring at the end of the last financial year, the first half of 2012 has been a period with three primary objectives:

- Completion of the restructuring programme, including the disposals of non-core business operations,
- Stabilisation following the restructuring programme, and
- Innovation and development of new offerings

Progress against the Board's objectives has been very positive. The disposal of loss-making and non-core business activities has been completed and the redundancy programme achieved the necessary streamlining of the Group, reducing headcount from 2,747 in May 2011 to 2,280 in May 2012. The Group is trading profitably and cash flow has been strong, enhanced by the disposal programme, such that net funds at 31 May 2012 increased substantially to £25.3m the highest level since September 2007 (31 May 2011: net funds less deferred consideration of £(7.6)m).

Operational delivery will be a major focus for the second half, with 2012 being the most significant year in terms of new school openings under the BSF programme. Thereafter, the Board anticipates Group revenue will continue to decline for some period due to the phased conclusion of the BSF programme and the continued pressure on hardware and IT infrastructure. Furthermore, the education sector remains challenging with continued budgetary pressure and uncertainty due to Government policy changes (including School Funding Reform and Curriculum and Examination changes), an environment that the Board anticipates will continue for the foreseeable future.

However, over the past 6 months, the focus of the Group has evolved from operational restructuring to reinvigorating innovation to develop new offerings for the education sector. The future strategy of the Group will be based around RM's unparalleled distribution channel into UK schools, comprising both a direct marketing and a direct sales capability. Through these channels, RM will launch three new initiatives in the second half of the year: RM Books, RM Unify and RM At Home. While all costs associated with the development of these offerings have been expensed, continued investment will be required in the next few years to build on these opportunities. In the medium term, RM's new offerings potentially provide an exciting channel for distribution of digital content and applications. Building on the Group's leading position in the UK education sector, these new revenue streams reposition RM at the forefront of providing innovative solutions to the education market.

## Financial Summary

| | **6 months to May 2012** | 6 months to May 2011 | 6 months to Mar 2011 | 12 months to Nov 2011 |
|---|---|---|---|---|
| Revenue | **£124.7m** | £128.5m | £133.0m | £310.1m |
| Adjusted* operating profit | **£3.9m** | £1.7m | £1.6m | £14.1m |
| Adjusted* profit before tax | **£3.4m** | £1.7m | £1.6m | £14.6m |
| Profit/(loss) before tax | **£0.6m** | £(1.5)m | £(1.8)m | £(18.5)m |
| Adjusted* basic EPS | **2.9p** | 1.7p | 1.3p | 10.8p |
| Dividend per share | **0.75p** | n/a | 1.47p | 3.0p |
| Net cash / (debt) at period end | **£25.3m** | £(6.9)m | £8.0m | £11.5m |
| Net funds less deferred consideration at period end | **£25.3m** | £(7.6)m | £7.3m | £11.3m |

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

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

Revenue from retained operations rose 3.7% to £122.0m compared with £117.5m for the same period last year, due to the anticipated benefit from the Building Schools for the Future (‘BSF’) programme being offset by declines in the Education Technology and Education Software divisions. On a statutory basis, including businesses sold/exited, Group revenue declined to £124.7m (2011: £133.0m for the 6 months to 31 March; £128.5m for the 6 months to 31 May).

Adjusted* profit before tax was £3.4m (2011: profit of £1.6m for the 6 months to March; £1.7m for the 6 months to May). Adjusted* operating profit from retained operations was £4.5m (2011: profit of £6.0m for the 6 months to March; £5.5m for the 6 months to May) although comparison is affected by one-off factors. Further comments are provided in the operational overview. Profit before tax was £0.6m (2011: loss of £1.8m for the 6 months to March; loss of £1.5m for the 6 months to May).

Balance sheet management has improved significantly. For example, inventory (excluding that held by exited businesses) reduced by 14% year on year. As a result, cash generated from operations was strong and, including the cash generated from the disposal programme, net cash at 31 May 2012 was £25.3m (2011: £8.0m at 31 March; net debt of £(6.9)m at 31 May). The Group’s new £30m Barclays committed debt facility has not been utilised since it was signed in January 2012. The former HSBC acquisition facility, from which £13.0m had been drawn, was repaid in the period.

The IAS 19 deficit related to RM’s defined benefit pension scheme has increased to £29.5m primarily due to changes in market derived actuarial assumptions, particularly bond yields (2011: £7.4m at 31 March; £11.7m at 31 May and £21.2m at 30 November). The deficit net of deferred tax was £22.6m. The next triennial valuation of the pension scheme, which determines the level of future deficit reduction payments, will be based on the position at 31 May 2012. It is expected that the scheme deficit under this statutory valuation basis will have increased materially since the last valuation at 31 May 2009. Consultation with the trustees with respect to closure of the scheme to future accrual of benefits is continuing in conjunction with discussion regarding the deficit reduction plan associated with the triennial valuation. It is anticipated that the level of cash payments required to recover the deficit, once it is agreed, will increase materially.

Adjusted* earnings per share was 2.9p (2011: 1.3p for the 6 months to March; 1.7p for the 6 months to May).

In line with the realignment of the dividend policy in 2011, the interim dividend per share has been reduced to 0.75p (2011: 1.47p). The dividend will be payable on 14 September 2012 to shareholders on the register on 17 August 2012.

## Operational Overview

Since 1 December 2011, RM has been structured in four operating divisions. In order to maximise the benefits of the Group's operational scale, the four divisions are supported by shared service functions located in the UK and India.

### Education Technology

The Education Technology division is a UK focused business supplying IT hardware, networks, internet services and related installation and support. This division provides a material sales channel for some of the other operating businesses.

| | **6 months to May 2012** | 6 months to May 2011 | 6 months to Mar 2011 | 12 months to Nov 2011 |
|---|---|---|---|---|
| Education Technology revenue | **£47.6m** | £49.3m | £51.6m | £125.7m |
| Education Technology adjusted* operating profit / (loss) | **£0.9m** | £(0.3)m | £(0.3)m | £8.3m |

As anticipated given public sector budgetary constraints, overall revenue in the Education Technology Division declined by 3.6% to £47.6m (2011: £49.3m for the 6 months to May). Revenue from the UK classroom technology and implementation services businesses declined compared to the same period in 2011 with the networks and internet hosting activities remaining broadly flat on the prior year.

However, the business returned to profitability due to the restructuring actions taken following the Strategic Review in 2011, reporting an adjusted operating profit of £0.9m (2011: loss of £(0.3)m for the 6 months to May). Adjusted operating margins improved from a (0.5)% loss for the 6 months to May 2011 to a 1.8% operating profit.

While the competitive environment remains challenging, the Board considers that RM has maintained its market share in these activities, winning c.25-30% of new Academies and Free Schools. As such, despite the market environment and the restructuring over the past year, RM has maintained its position as a leading supplier of ICT products and services to schools in the UK.

### Managed Services

The Managed Services division comprises implementation, management and support of IT infrastructure within schools and colleges, including the Building Schools for the Future ('BSF') contracts.

| | **6 months to May 2012** | 6 months to May 2011 | 6 months to Mar 2011 | 12 months to Nov 2011 |
|---|---|---|---|---|
| Managed Services revenue | **£29.9m** | £22.2m | £23.1m | £61.5m |
| Managed Services adjusted* operating profit / (loss) | **£1.0m** | £3.0m | £3.4m | £6.1m |

The Managed Services Division reported revenue of £29.9m (2011: £22.2m for the 6 months to May), reflecting the increased BSF activity in the current year, which, as previously reported, is expected to be the peak of BSF revenues. These are expected to decline materially in 2013 and beyond as the BSF programme winds down.

Adjusted operating profit was £1.0m (2011: profit of £3.0m for the 6 months to May). The decline in profit reflects a strong performance in 2011, benefitting from a customer whose original contract ended last year with lower margins now being recognised in the early stages of the new follow-on contract. A few contracts had the benefit of small scope extensions offset by higher costs to complete forecast for others.

### Education Resources

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

| | **6 months to May 2012** | 6 months to May 2011 | 6 months to Mar 2011 | 12 months to Nov 2011 |
|---|---|---|---|---|
| Education Resources revenue | **£28.6m** | £28.2m | £28.5m | £58.0m |
| Education Resources adjusted* operating profit | **£4.0m** | £1.8m | £1.7m | £5.4m |

The Education Resources Division reported revenue of £28.6m, an increase of 1.6% over the comparable period last year (2011: £28.2m for the 6 months to May). TTS, the curriculum resources business, had a very satisfactory first half, growing revenue by 3.9% against the background of a continued UK market decline. TTS's international growth from a modest base was recognised by receiving a Queen's Award for Export. RM SpaceKraft reported a decline in revenue but maintained stable margins and profitability.

Adjusted operating margins increased strongly to 13.8% compared with 6.5% for the 6 months to May 2011, reflecting the benefits of new systems implemented in TTS last year, reduced overheads and the continuous operational improvement programme.

Working capital utilisation in TTS also improved with inventory levels 9% lower at 31 May 2012 compared with the prior year while increasing revenue and improving on-time delivery performance.

During the period, TTS continued to extend its marketing reach outside of its core UK primary and early years' market with new initiatives including the launch of a new Key Stage 3 catalogue aimed at the secondary school market. In addition, a new 'RM At Home' website was launched in June 2012 initially offering a focused range of products directly to parents and a free online service, RM Schoolfinder, has been launched to help parents evaluate prospective schools for their children. A number of other extensions to the Education Resources product offerings are currently being evaluated.

**Education Software**

The Education Software division comprises Assessment Services, Data Solutions, School Management Systems ("SMS"), Learning Platforms, Software Publishing (including Easiteach and RM Easimaths) and other software (excluding network-related software which is within the Education Technology division).

| | **6 months to May 2012** | 6 months to May 2011 | 6 months to Mar 2011 | 12 months to Nov 2011 |
|---|---|---|---|---|
| Education Software revenue | **£15.9m** | £17.8m | £18.6m | £38.5m |
| Education Software adjusted* operating (loss)/profit | **£(0.1)m** | £2.6m | £2.7m | £3.2m |

The market for education software is changing rapidly and overall revenue in this division declined by 10.9% from the comparable period in 2011 to £15.9m (2011: £17.8m for the 6 months to May). Adjusted operating profit decreased from a profit of £2.6m for the 6 months to May 2011 to a loss of £0.1m. The comparable period in 2011 benefited from high margins realised at the end of a long term ADS contract and there has been a significant decline in revenues in other areas.

Revenue in the Assessment (e-marking and e-testing) business grew over 20% due to the increase in examination volumes processed. While RM is progressing a number of international opportunities in this business, the Board anticipates a period of uncertainty as the Government reviews the policy on GCSE examinations and Examining Boards.

Revenue from School Management Systems declined by 8% following customer losses in 2011, although RM has increased the customer base in 2012. The Learning Software and other business declined by more than 50% reflecting the significant changes in this market.

The UK market for Learning Platform software is changing rapidly in the current budgetary environment, and there is a trend away from adoption of large, integrated Learning Platform applications which are expensive to deploy and maintain. As a result, this product line experienced further revenue decline in the period, a trend that is anticipated to continue, although a 15 month extension has been awarded to RM by the Scottish Government to extend the Glow platform until December 2013. However, schools and other educational establishments do still require the benefits of a single secure point of access to their systems and resources and RM Unify, a new product being developed by RM, provides an exciting opportunity for a cloud-based service to enable technology solutions to replace Learning Platforms. RM Unify provides a 'launchpad' and secure single sign on to a wide variety of applications, including cloud-based offerings. As part of the Glow extension, RM Unify will be made available to schools in Scotland over the winter and will be available more widely across the UK from 2013.

RM is also launching another new growth initiative, RM Books, a new cloud-based channel for accessing electronic text books for schools. RM Books will be available across the UK from September 2012 and provides the first e-book solution designed for UK schools. The Publishers Association reports that e-book adoption in schools is currently just 2% compared to the wider market where adoption is currently around 8% and increasing rapidly. With the many benefits to be derived from digital textbooks, demand in schools for this exciting technology change is anticipated to accelerate; for example, some States in the USA are targeting 100% e-books adoption by 2015. However, there are a number of inhibitors to this transition in the UK education market, and RM has used its experience to develop a differentiated solution that could enable a more rapid transition to digital format. As part of the service offering, RM is providing all schools that register for RM Books, access to several hundred free e-books, including English Literature classics.

RM Books and RM Unify are exciting new opportunities for RM, where medium term success will be dependent on near-term investment to maximise adoption of these offerings. The costs to date of developing RM Unify and RM Books have been expensed in the period and the Board anticipate continuing to invest in these new business opportunities over the next few years.

**Exited operations**

The disposal programme announced as part of the Strategic Review in September 2011 has been completed in the period with transactions related to the Lego joint venture, the remaining element of the DACTA business, AMI (Easytrace) and ISIS.

Total cash receipts received and expected from the six disposals, including the sale of the US hardware and Australian businesses last year were £6.1m.

The trading results of all exited businesses included in operating results for the period were £2.7m revenues and adjusted operating losses of £(0.6)m (2011: £(3.8)m loss on £11.0m revenues for the 6 months to May including US hardware and Australian results).

**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 2011 Annual Report remain applicable. The Group's 2011 Annual Report is available from the RM website: www.rm.com.

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

In addition, new risks to RM include:

**Medium-term investments -** RM has invested in new initiatives such as RM Books, RM At Home and RM Unify. Since these products are being launched in unproven markets, there is a risk that these do not produce returns sufficient to make these activities profitable.

**Board Structure**

After 9 years of service, Sir Bryan Carsberg retired from the Board as a non Executive Director and Chair of the Audit Committee at the 2012 Annual General Meeting. Ms Deena Mattar has succeeded him as Chair of the Audit Committee.

The Board announced the appointment of Mr David Brooks as Chief Operating Officer and a Director of RM plc, with effect from 1 July 2012. David Brooks originally joined RM as a graduate and has gained extensive experience in the education sector across many parts of the RM Group. Most recently, he has been the Managing Director of the Education Software Division and has worked closely with Martyn Ratcliffe, Chairman, on the Group's new initiatives.

## Outlook

Due to the seasonality of RM's business, interim results are not a good indicator of full year performance. Operational delivery will be a major focus area for the second half, with 2012 being the most significant year in terms of new school openings under the BSF programme. Furthermore, the education sector remains challenging with continued budgetary pressure and uncertainty due to Government policy changes (including School Funding Reform and Curriculum and Examination changes), an environment that the Board anticipates will continue for the foreseeable future.

However, following the Strategic Review in September 2011 and the resulting actions, RM is trading profitably and has a strong balance sheet, with cash at the highest level since September 2007. Over the past 6 months, the focus of the Group has evolved from operational restructuring to reinvigorating innovation to develop exciting new offerings for the education sector. While the Board anticipates Group revenue will continue to decline for some period due to the phased conclusion of the BSF programme and the continued pressure on hardware and IT infrastructure, in the medium term, RM's new offerings potentially provide an exciting channel for distribution of digital content and applications, built on the Group's leading position in the UK education sector.

**Condensed consolidated income statement**
for the half-year ended 31 May 2012

| | | **Half-year ended 31 May 2012** | | | Half-year ended 31 March 2011 | | | 14 months ended 30 November 2011 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Notes | **Adjusted £000** | **Adjust-ments £000** | **Total £000** | Adjusted (restated) £000 | Adjust-ments (restated) £000 | Total (restated) £000 | Adjusted £000 | Adjust-ments £000 | Total £000 |
| Revenue | 3 | **124,671** | **-** | **124,671** | 132,971 | - | 132,971 | 350,785 | - | 350,785 |
| Cost of sales | | **(92,135)** | **-** | **(92,135)** | (94,334) | - | (94,334) | (260,113) | - | (260,113) |
| **Gross profit** | | **32,536** | **-** | **32,536** | 38,637 | - | 38,637 | 90,672 | - | 90,672 |
| Operating expenses | | **(28,670)** | **-** | **(28,670)** | (37,126) | - | (37,126) | (80,655) | - | (80,655) |
| - Amortisation of acquisition related intangible assets | | **-** | **(123)** | **(123)** | - | (400) | (400) | - | (728) | (728) |
| - Impairment of goodwill, acquisition related intangible assets, other intangible assets and investments | | **-** | **-** | **-** | - | - | - | - | (12,370) | (12,370) |
| - Loss on sale of operations | | **-** | **(2,903)** | **(2,903)** | - | - | - | - | (4,391) | (4,391) |
| - Share-based payment charges | | **-** | **(436)** | **(436)** | - | (1,235) | (1,235) | - | (1,378) | (1,378) |
| - Restructuring release/(charge) | | **-** | **217** | **217** | - | (1,693) | (1,693) | - | (8,773) | (8,773) |
| - Release/(increase) in provision for dilapidations on leased properties and onerous lease contracts | | **-** | **300** | **300** | - | - | - | - | (5,986) | (5,986) |
| - Release of deferred contingent consideration | | **-** | **195** | **195** | - | - | - | - | - | - |
| Share of results of associate and joint venture | | **-** | **-** | **-** | 52 | (13) | 39 | 32 | (32) | - |
| | | **(28,670)** | **(2,750)** | **(31,420)** | (37,074) | (3,341) | (40,415) | (80,623) | (33,658) | (114,281) |
| **Profit/(loss) from operations** | | **3,866** | **(2,750)** | **1,116** | 1,563 | (3,341) | (1,778) | 10,049 | (33,658) | (23,609) |
| Investment income | | **334** | **-** | **334** | 428 | - | 428 | 1,079 | - | 1,079 |
| Finance costs | | **(758)** | **(89)** | **(847)** | (435) | - | (435) | (850) | - | (850) |
| **Profit/(loss) before tax** | | **3,442** | **(2,839)** | **603** | 1,556 | (3,341) | (1,785) | 10,278 | (33,658) | (23,380) |
| Tax | 4 | **(773)** | **15** | **(758)** | (340) | 830 | 490 | (3,616) | 3,887 | 271 |
| **Profit/(loss) for the period attributable to equity holders of the parent** | | **2,669** | **(2,824)** | **(155)** | 1,216 | (2,511) | (1,295) | 6,662 | (29,771) | (23,109) |
| **Earnings/(loss) per ordinary share:** | 5 | | | | | | | | | |
| Basic | | **2.9p** | **(3.1)p** | **(0.2)p** | 1.3p | (2.7)p | (1.4)p | 7.3p | (32.6)p | (25.3)p |
| Diluted | | **2.9p** | **(3.1)p** | **(0.2)p** | 1.3p | (2.7)p | (1.4)p | 7.3p | (32.6)p | (25.3)p |
| **Paid and proposed dividend per share:** | 6 | | | | | | | | | |
| Interim | | | | **0.75p** | | | 1.47p | | | 1.47p |
| Final | | | | **-** | | | - | | | 1.53p |

Results for the half-year ended 31 March 2011 have been restated to reflect current period treatment of restructuring costs and share-based payment charges as adjustments with costs of £1,693,000 and £1,235,000 being reallocated respectively, and is consistent with the treatment of the results for the 14 months ending 30 November 2011. These costs had previously been allocated to adjusted cost of sales (£340,000) or adjusted operating expenses (£2,588,000) according to the employee's role. The restatement is a reallocation only and there is no change to profit from operations, profit before tax or profit attributable to equity holders of the parent as a result.

Adjustments to profit have been presented to give a better guide to business performance.

**Condensed consolidated statement of comprehensive income**
for the half-year ended 31 May 2012

| | **Half-year ended 31 May 2012 £000** | Half-year ended 31 March 2011 £000 | 14 months ended 30 November 2011 £000 |
|---|---|---|---|
| **Loss for the period** | **(155)** | (1,295) | (23,109) |
| Exchange differences on translation of foreign operations | **(188)** | 110 | (105) |
| Transfer of exchange reserves to income statement on sale of foreign operations | **-** | - | (1,409) |
| Actuarial gains/(losses) on defined benefit pension scheme | **(8,809)** | 4,383 | (10,215) |
| Fair value gain on hedged financial instruments | **49** | 54 | 145 |
| Current tax on items taken directly to equity | **(57)** | 14 | (67) |
| Deferred tax on items taken directly to equity | **1,788** | (1,194) | 2,049 |
| **Other comprehensive (expense)/income for the period** | **(7,217)** | 3,367 | (9,602) |
| **Total comprehensive (expense)/income for the period attributable to equity holders of the parent** | **(7,372)** | 2,072 | (32,711) |

Total tax credited to equity was £1,731,000 (2011: half-year to 31 March debit of £1,180,000; 14 months ended 30 November 2011 credit of £1,982,000)

**Condensed consolidated balance sheet**
as at 31 May 2012

| | Notes | **31 May 2012 £000** | 31 March 2011 £000 | 30 November 2011 £000 |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Goodwill | | **17,349** | 34,302 | 17,349 |
| Acquisition related intangible assets | | **1,081** | 3,297 | 1,202 |
| Other intangible assets | | **3,296** | 3,821 | 3,607 |
| Property, plant and equipment | | **13,449** | 19,018 | 16,600 |
| Interest in associate and joint venture | | **316** | 1,055 | 316 |
| Other receivables | 8 | **1,881** | 1,880 | 2,590 |
| Deferred tax assets | | **8,522** | 3,588 | 6,973 |
| | | **45,894** | 66,961 | 48,637 |
| **Current assets** | | | | |
| Inventories | | **20,378** | 23,532 | 18,827 |
| Trade and other receivables | 8 | **56,484** | 65,900 | 62,270 |
| Tax asset | | **854** | 953 | 2,058 |
| Cash and cash equivalents | 7 | **25,274** | 20,193 | 24,529 |
| Assets held for sale | | **-** | - | 6,791 |
| | | **102,990** | 110,578 | 114,475 |
| **Total assets** | | **148,884** | 177,539 | 163,112 |
| **Current liabilities** | | | | |
| Trade and other payables | 9 | **(82,250)** | (86,179) | (77,781) |
| Provisions | | **(4,929)** | (1,302) | (7,752) |
| Tax liabilities | | **-** | (220) | - |
| Liabilities directly associated with assets held for sale | | **-** | - | (2,914) |
| | | **(87,179)** | (87,701) | (88,447) |
| **Net current assets** | | **15,811** | 22,877 | 26,028 |
| **Non-current liabilities** | | | | |
| Retirement benefit obligation | | **(29,524)** | (7,401) | (21,174) |
| Bank loans | 7 | **-** | (12,232) | (13,026) |
| Deferred tax liabilities | | **-** | (8) | - |
| Other payables | 9 | **(7,242)** | (5,029) | (6,286) |
| Provisions | | **(4,756)** | (676) | (5,661) |
| | | **(41,522)** | (25,346) | (46,147) |
| **Total liabilities** | | **(128,701)** | (113,047) | (134,594) |
| **Net assets** | | **20,183** | 64,492 | 28,518 |
| **Equity attributable to equity holders of the parent** | | | | |
| Share capital | | **1,869** | 1,869 | 1,869 |
| Share premium account | | **26,966** | 26,955 | 26,963 |
| Own shares | | **(2,972)** | (3,683) | (3,202) |
| Capital redemption reserve | | **94** | 94 | 94 |
| Hedging reserve | | **5** | (135) | (44) |
| Translation reserve | | **(73)** | 1,739 | 115 |
| Retained earnings | | **(5,706)** | 37,653 | 2,723 |
| **Total equity** | | **20,183** | 64,492 | 28,518 |

**Condensed consolidated cash flow statement**
for the half-year ended 31 May 2012

| | Notes | **Half-year ended 31 May 2012 £000** | Half-year ended 31 March 2011 £000 | 14 months ended 30 November 2011 £000 |
|---|---|---|---|---|
| **Profit/(loss) from operations** | | **1,116** | (1,778) | (23,609) |
| Adjustments for: | | | | |
| (Gain)/loss on foreign exchange derivatives | | **(53)** | (18) | 234 |
| Share of results of associates | | **-** | (39) | - |
| Impairment of investment in associate | | **-** | - | 660 |
| Amortisation of acquisition related intangible assets | | **123** | 400 | 728 |
| Impairment of acquisition related intangible assets | | **-** | - | 443 |
| Impairment of goodwill | | **-** | - | 10,992 |
| Amortisation of other intangible assets | | **561** | 509 | 1,272 |
| Impairment of other intangible assets | | **-** | - | 275 |
| Depreciation of property, plant and equipment | | **3,243** | 3,529 | 8,173 |
| Gain on disposal of property, plant and equipment | | **(231)** | (46) | (147) |
| Loss on disposal of other intangible assets | | **1** | 29 | 62 |
| Loss on sale of operations | | **2,903** | - | 4,391 |
| (Decrease)/increase in provisions | | **(444)** | 1,224 | 11,660 |
| Release of deferred consideration | | **(195)** | - | - |
| Share-based payment charges | | **436** | 1,235 | 1,378 |
| **Operating cash flows before movements in working capital** | | **7,460** | 5,045 | 16,512 |
| (Increase)/decrease in inventories | | **(1,981)** | 1,547 | 3,079 |
| Decrease in receivables | | **5,337** | 31,879 | 29,589 |
| Increase/(decrease) in payables | | **835** | (20,528) | (24,337) |
| **Cash generated by operations** | | **11,651** | 17,943 | 24,843 |
| Defined benefit pension contribution in excess of current service cost | | **(893)** | (759) | (1,768) |
| Tax received/(paid) | | **696** | (1,182) | (2,341) |
| Income on sale of finance lease debt | | **226** | 288 | 817 |
| Interest paid: | | | | |
| - bank overdrafts and loans | | **(324)** | (256) | (483) |
| - other | | **-** | (16) | (20) |
| **Net cash inflow from operating activities** | | **11,356** | 16,018 | 21,048 |
| | | | | |
| **Investing activities** | | | | |
| Interest received | | **84** | 81 | 141 |
| Proceeds on disposal of property, plant and equipment | | **399** | 194 | 483 |
| Purchases of property, plant and equipment | | **(300)** | (1,641) | (4,526) |
| Purchases of other intangible assets | | **(229)** | (1,167) | (2,055) |
| Amounts advanced to third party | 11 | **(600)** | - | - |
| Amounts received from/(advanced to) joint venture undertaking | 12 | **1,878** | (1,880) | (1,880) |
| **Net cash inflow/(outflow) from investing activities** | | **1,232** | (4,413) | (7,837) |
| | | | | |
| **Financing activities** | | | | |
| Dividends paid | 6 | **(1,402)** | (4,786) | (6,128) |
| Proceeds from share capital issue, net of share issue costs | | **3** | 38 | 46 |
| Proceeds from sale of operations | | **2,572** | - | 3,775 |
| (Repayment of)/increase in borrowings | | **(13,005)** | 837 | 1,507 |
| Purchase of own shares | | **-** | (212) | (212) |
| Repayment of loan notes and deferred consideration | | **-** | (1,129) | (1,574) |
| **Net cash used in financing activities** | | **(11,832)** | (5,252) | (2,586) |
| | | | | |
| **Net increase in cash and cash equivalents** | | **756** | 6,353 | 10,625 |
| Cash and cash equivalents at the beginning of period | | **24,529** | 13,814 | 13,814 |
| Effect of foreign exchange rate changes | | **(11)** | 26 | 90 |
| **Cash and cash equivalents at the end of period** | 7 | **25,274** | 20,193 | 24,529 |

**Group net funds**
for the half-year ended 31 May 2012

| | At 30 November 2011 | Cash flow | Non-cash movement Foreign exchange | Other | At 31 May 2012 |
|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 |
| Cash and cash equivalents | 24,529 | 756 | (11) | - | 25,274 |
| Borrowings | (13,026) | 13,005 | 21 | - | - |
| **Net cash** | 11,503 | 13,761 | 10 | - | 25,274 |
| Loan notes | - | - | - | - | - |
| **Net funds** | 11,503 | 13,761 | 10 | - | 25,274 |
| Deferred consideration | (195) | - | - | 195 | - |
| **Net funds less deferred consideration** | 11,308 | 13,761 | 10 | 195 | 25,274 |

**Condensed consolidated statement of changes in equity**
for the half-year ended 31 May 2012

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

| | Notes | Share capital £000 | Share premium account £000 | Own shares £000 | Capital redemption reserve £000 | Hedging reserve £000 | Translation reserve £000 | Retained earnings £000 | Total equity £000 |
|---|---|---|---|---|---|---|---|---|---|
| At 1 October 2010 | | 1,868 | 26,918 | (3,805) | 94 | (189) | 1,629 | 39,630 | 66,145 |
| Loss for the period | | - | - | - | - | - | - | (1,295) | (1,295) |
| Other comprehensive income | | | | | | | | | |
| Exchange differences on translation of foreign operations | | - | - | - | - | - | 110 | - | 110 |
| Actuarial gains on defined benefit scheme | | - | - | - | - | - | - | 4,383 | 4,383 |
| Fair value gain on interest rate swap | | - | - | - | - | 54 | - | - | 54 |
| Tax charge on items taken directly to equity | | - | - | - | - | - | - | (1,180) | (1,180) |
| Total other comprehensive income | | - | - | - | - | 54 | 110 | 3,203 | 3,367 |
| Purchase of shares | | - | - | (212) | - | - | - | - | (212) |
| Share issues | | 1 | 37 | - | - | - | - | - | 38 |
| Share-based payment awards exercised in period | | - | - | 334 | - | - | - | (334) | - |
| Share-based payment charges | | - | - | - | - | - | - | 1,235 | 1,235 |
| Dividends paid | 6 | - | - | - | - | - | - | (4,786) | (4,786) |
| At 31 March 2011 | | 1,869 | 26,955 | (3,683) | 94 | (135) | 1,739 | 37,653 | 64,492 |

| | Notes | Share capital £000 | Share premium account £000 | Own shares £000 | Capital redemption reserve £000 | Hedging reserve £000 | Translation reserve £000 | Retained earnings £000 | Total equity £000 |
|---|---|---|---|---|---|---|---|---|---|
| At 1 October 2010 | | 1,868 | 26,918 | (3,805) | 94 | (189) | 1,629 | 39,630 | 66,145 |
| Loss for the period | | - | - | - | - | - | - | (23,109) | (23,109) |
| Other comprehensive income | | | | | | | | | |
| Exchange differences on translation of foreign operations | | - | - | - | - | - | (105) | - | (105) |
| Transfer of exchange reserves to income statement on sale of foreign operations | | - | - | - | - | - | (1,409) | - | (1,409) |
| Actuarial losses on defined benefit scheme | | - | - | | - | - | - | (10,215) | (10,215) |
| Fair value gain on interest rate swap | | - | - | - | - | 145 | - | - | 145 |
| Tax credit on items taken directly to equity | | - | - | - | - | - | - | 1,982 | 1,982 |
| Total other comprehensive income/ (expense) | | - | - | - | - | 145 | (1,514) | (8,233) | (9,602) |
| Purchase of shares | | - | - | (212) | - | - | - | - | (212) |
| Share issues | | 1 | 45 | - | - | - | - | - | 46 |
| Share-based payment awards exercised in period | | - | - | 815 | - | - | - | (815) | - |
| Share-based payment charges | | - | - | - | - | - | - | 1,378 | 1,378 |
| Dividends paid | 6 | - | - | - | - | - | - | (6,128) | (6,128) |
| At 30 November 2011 | | 1,869 | 26,963 | (3,202) | 94 | (44) | 115 | 2,723 | 28,518 |

## 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 May 2012 and for the 6 months then ended comprise those of the Company and its subsidiaries (together the Group).

The information for the 14 months ended 30 November 2011 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that period has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not draw attention to any matters by way of emphasis and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

**Change of year end**
The financial year end of the Company and its subsidiaries has changed from 30 September to 30 November in 2011. Following the change of accounting reference date, these interim financial statements disclose the financial performance and cash flows for the 6 months ended 31 May 2012 and the financial position as at 31 May 2012. As a result, the comparative financial information which is for the 6 months ended 31 March 2011 covers an indirectly comparable time period. Financial information for the 6 months ended 31 May 2012 and proforma financial information for the comparable 6 months ended 31 May 2011 and the 12 months ended 30 November 2011 has been included within an appendix to these interim financial statements. The decision to change the financial year end was made in order to separate both the annual financial year planning and financial year end activity from the busiest operational period of the Group's year.

**Income statement presentation**
The income statement for the half-year ended 31 May 2012 has been presented in three columns. This presentation is intended to give a better guide to business performance by separately identifying: the amortisation of acquisition related intangible assets; share-based payment charges; restructuring costs; impairment of goodwill, acquisition related intangible assets, other intangible assets and investments; the loss on sale of operations; and the increase/(decrease) in provision for dilapidations on leased properties and onerous lease contracts. The columns extend down the income statement to allow the tax and earnings per share impacts of these transactions to be understood.

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

The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. As required by the Disclosure and Transparency Rules of the Financial Services Authority, 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 14 months ended 30 November 2011.

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 14 months ended 30 November 2011.

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

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

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

Following the September 2011 Strategic Review, from 1 December 2011 the Group was restructured into four operating divisions: Education Technology, Managed Services, Education Resources and Education Software. The division for exited operations includes the results for businesses that were identified during the Strategic Review to be exited by the Group and which have subsequently been sold.

Historically, all central costs were allocated to the divisions. As disclosed in the 2011 Annual Report and Accounts, central costs that are not directly attributable to a division are now separately identified.

For results after 1 December 2011 the Group has moved to this basis of responsibility and reporting and segmental information for the Group is reported on this basis. Prior period financial performance and position for the half-year ended 31 March 2011 and the 14 months ended 30 November 2011 have been restated under the new basis of reporting.

Proforma information contained within the Appendix to these interim financial statements gives derived segmental performance under this new basis for the comparable periods for the half-years ended 31 May 2012 and 31 May 2011.

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

| Half-year ended 31 May 2012 | Education Technology £000 | Managed Services £000 | Education Resources £000 | Education Software £000 | Corporate Services £000 | Exited operations** £000 | Total £000 |
|---|---|---|---|---|---|---|---|
| **Revenue** | **47,573** | **29,889** | **28,609** | **15,863** | **-** | **2,737** | **124,671** |
| **Adjusted operating profit/(loss)*** | **856** | **1,051** | **3,957** | **(108)** | **(1,311)** | **(579)** | **3,866** |
| Investment income | | | | | | | **334** |
| Finance costs | | | | | | | **(758)** |
| Adjusted profit before tax* | | | | | | | **3,442** |
| Adjustments* | | | | | | | **(2,839)** |
| **Profit before tax** | | | | | | | **603** |

| Half-year ended 31 March 2011 | Education Technology £000 (Restated) | Managed Services £000 (Restated) | Education Resources £000 (Restated) | Education Software £000 (Restated) | Corporate Services £000 (Restated) | Exited operations** £000 (Restated) | Total £000 (Restated) |
|---|---|---|---|---|---|---|---|
| Revenue | 51,571 | 23,149 | 28,480 | 18,554 | - | 11,217 | 132,971 |
| Adjusted operating (loss)/profit* | (252) | 3,407 | 1,723 | 2,671 | (1,577) | (4,409) | 1,563 |
| Investment income | | | | | | | 428 |
| Finance costs | | | | | | | (435) |
| Adjusted profit before tax* | | | | | | | 1,556 |
| Adjustments* | | | | | | | (3,341) |
| Loss before tax | | | | | | | (1,785) |

Results for the half-year ended 31 March 2011 have been restated to reflect current period treatment of restructuring costs and share-based payment charges as adjustments with costs of £1,693,000 and £1,235,000 being reallocated respectively. These costs had previously been allocated to adjusted operating profit according to the employee's role. The restatement has resulted in a corresponding change to adjusted operating profit. The restatement has no overall change to profit before tax.

| 14 months ended 30 November 2011 | Education Technology £000 | Managed Services £000 | Education Resources £000 | Education Software £000 | Corporate Services £000 | Exited operations** £000 | Total £000 |
|---|---|---|---|---|---|---|---|
| Revenue | 143,152 | 69,261 | 64,491 | 43,902 | - | 29,979 | 350,785 |
| Adjusted operating profit/(loss)* | 7,326 | 6,449 | 4,952 | 2,750 | (3,853) | (7,575) | 10,049 |
| Investment income | | | | | | | 1,079 |
| Finance costs | | | | | | | (850) |
| Adjusted profit before tax* | | | | | | | 10,278 |
| Adjustments* | | | | | | | (33,658) |
| Loss before tax | | | | | | | (23,380) |

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

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

| As at 31 May 2012 | Education Technology £000 | Managed Services £000 | Education Resources £000 | Education Software £000 | Corporate Services £000 | Exited operations** £000 | Total £000 |
|---|---|---|---|---|---|---|---|
| **Total assets** | | | | | | | |
| **- Segmental** | **35,662** | **22,111** | **38,475** | **14,556** | **41** | **-** | **110,845** |
| **- Other** | | | | | | | **38,039** |
| | | | | | | | **148,884** |

| As at 31 March 2011 | Education Technology £000 | Managed Services £000 | Education Resources £000 | Education Software £000 | Corporate Services £000 | Exited operations** £000 | Total £000 |
|---|---|---|---|---|---|---|---|
| Total assets | | | | | | | |
| - Segmental | 39,678 | 23,898 | 42,489 | 19,809 | 48 | 23,601 | 149,523 |
| - Other | | | | | | | 28,016 |
| | | | | | | | 177,539 |

| As at 30 November 2011 | Education Technology £000 | Managed Services £000 | Education Resources £000 | Education Software £000 | Corporate Services £000 | Exited operations** £000 | Total £000 |
|---|---|---|---|---|---|---|---|
| Total assets | | | | | | | |
| - Segmental | 38,190 | 23,432 | 41,045 | 16,909 | 20 | 6,791 | 126,387 |
| - Other | | | | | | | 36,725 |
| | | | | | | | 163,112 |

** Exited operations represent the results from operations sold following the September 2011 Strategic Review.

**4. Tax**

Corporation tax for the interim period is charged at the expected effective tax rate for the full financial period, which is the year ending 30 November 2012, based upon adjusted profit/(loss) as explained within the condensed consolidated income statement. The charge incorporates both current and deferred taxation:

| | | | **Half-year ended 31 May 2012** | | | Half-year ended 31 March 2011 | | | 14 months ended 30 November 2011 |
|---|---|---|---|---|---|---|---|---|---|
| | **Adjusted £000** | **Adjust-ments £000** | **Total £000** | Adjusted £000 | Adjust-ments £000 | Total £000 | Adjusted £000 | Adjust-ments £000 | Total £000 |
| Profit/(loss) before tax | **3,442** | **(2,839)** | **603** | 1,556 | (3,341) | (1,785) | 10,278 | (33,658) | (23,380) |
| Tax charge/(credit) | **773** | **(15)** | **758** | 340 | (830) | (490) | 3,616 | (3,887) | (271) |
| **Effective rate** | **22.5%** | **0.5%** | **125.7%** | 21.9% | 24.8% | 27.5% | 35.2% | 11.5% | 1.2% |

**5. Earnings per ordinary share**

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

Basic earnings per ordinary share:

| | | | **Half-year ended 31 May 2012** | | | Half-year ended 31 March 2011 | | | 14 months ended 30 November 2011 |
|---|---|---|---|---|---|---|---|---|---|
| | **(Loss)/ profit after tax £000** | **Weighted average number of shares 000** | **Pence per share** | (Loss)/ profit after tax £000 (Restated) | Weighted average number of shares 000 | Pence per share (Restated) | (Loss)/ profit after tax £000 | Weighted average number of shares 000 | Pence per share |
| Basic loss per ordinary share | **(155)** | **91,614** | **(0.2)** | (1,295) | 91,158 | (1.4) | (23,109) | 91,260 | (25.3) |
| Effect of adjustments* | **2,824** | **-** | **3.1** | 2,511 | - | 2.7 | 29,771 | - | 32.6 |
| Adjusted basic earnings per ordinary share* | **2,669** | **91,614** | **2.9** | 1,216 | 91,158 | 1.3 | 6,662 | 91,260 | 7.3 |

Diluted earnings per ordinary share:

| | | | **Half-year ended 31 May 2012** | | | Half-year ended 31 March 2011 | | | 14 months ended 30 November 2011 |
|---|---|---|---|---|---|---|---|---|---|
| | **(Loss)/ profit after tax £000** | **Weighted average number of shares 000** | **Pence per share** | (Loss)/ profit after tax £000 (Restated) | Weighted average number of shares 000 | Pence per share (Restated) | (Loss)/ profit after tax £000 | Weighted average number of shares 000 | Pence per share |
| Basic loss per ordinary share | **(155)** | **91,614** | **(0.2)** | (1,295) | 91,158 | (1.4) | (23,109) | 91,260 | (25.3) |
| Effect of dilutive potential ordinary shares: share based payment awards | **-** | **2** | **-** | - | 837 | - | - | 27 | - |
| Diluted loss per ordinary share | **(155)** | **91,616** | **(0.2)** | (1,295) | 91,995 | (1.4) | (23,109) | 91,287 | (25.3) |
| Effect of adjustments* | **2,824** | **-** | **3.1** | 2,511 | - | 2.7 | 29,771 | - | 32.6 |
| Adjusted diluted earnings per ordinary share* | **2,669** | **91,616** | **2.9** | 1,216 | 91,995 | 1.3 | 6,662 | 91,287 | 7.3 |

* Adjustments made to (loss)/profit after tax are explained within the condensed consolidated income statement. The effect of adjustments on prior period adjusted earnings per share has been restated, consistent with the treatment of restructuring costs and share-based payment costs within the condensed consolidated income statement. There has been no change to the basic or diluted earnings/(loss) per share presented in the prior period.

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

| | **Half-year ended** | Half-year ended | 14 months ended |
|---|---|---|---|
| | **31 May** | 31 March | 30 November |
| | **2012** | 2011 | 2011 |
| | **£000** | £000 | £000 |
| Final dividend for the 14 months ended 30 November 2011 of 1.53p (year ended 30 September 2010: 5.25p) per share | **1,402** | 4,786 | 4,786 |
| Interim dividend for the 14 months ended 30 November 2011 of 1.47p per share | **-** | - | 1,342 |
| | **1,402** | 4,786 | 6,128 |

The proposed interim dividend of 0.75p per share was approved by the Board on 4 July 2012. The expected cost of £688,000 has not been included as a liability at 31 May 2012.

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

The Group meets its seasonal working capital requirements through two facilities. On 27 January 2012 the Group signed a £30m committed revolving credit facility with Barclays Bank which expires in March 2015 (£nil drawn down at 31 May 2012). The facility replaces the $39.5m uncommitted HSBC sterling dealing line and £25m committed acquisition facility and all drawn down HSBC balances were repaid upon closure. The group also has a £3m uncommitted Barclays overdraft facility giving a combined £33m of working capital funding.

The covenants under the Group's new £30m Barclays Bank facility contain measurements against net debt, which is to be less than 2.5 times earnings before interest, tax, depreciation and amortisation (EBITDA) and net debt interest, which is to be less than 0.25 times EBITDA. Based on the results to 31 May 2012 and management's plan for 2012 and subsequent years, there is adequate headroom over these covenant measures.

The Group's cash and cash equivalents of £25.3m (31 March 2011: £20.2m, 30 November 2011: £24.5m) comprises £24.2m in Sterling, £0.6m in US dollars and £0.5m in other operating currencies (31 March 2011: £17.6m, £0.2m and £2.4m respectively, 30 November 2011: £20.0m, £3.9m and £0.6m respectively).

**8. Trade and other receivables**

| **Current** | **31 May 2012 £000** | 31 March 2011 £000 | 30 November 2011 £000 |
|---|---|---|---|
| Trade receivables | **36,685** | 42,337 | 43,938 |
| Long-term contract balances | **10,332** | 13,779 | 9,407 |
| Other receivables including derivative financial instruments | **3,395** | 2,160 | 2,113 |
| Accrued income | **400** | 737 | 782 |
| Prepayments | **5,672** | 6,887 | 6,030 |
| | **56,484** | 65,900 | 62,270 |
| | | | |
| **Non-current** | | | |
| Other receivables - amount owed by joint venture undertaking | **-** | 1,880 | 1,878 |
| Other receivables - other | **1,881** | - | 712 |
| | **1,881** | 1,880 | 2,590 |
| | **58,365** | 67,780 | 64,860 |

**9. Trade and other payables**

| Current | 31 May 2012 £000 | 31 March 2011 £000 (Restated) | 30 November 2011 £000 |
|---|---|---|---|
| Trade payables | **16,616** | 23,576 | 16,206 |
| Other taxation and social security | **7,064** | 9,022 | 5,307 |
| Other payables including derivative financial instruments | **3,606** | 3,254 | 2,973 |
| Accruals | **18,463** | 21,443 | 22,327 |
| Long-term contract balances | **11,282** | 7,691 | 6,895 |
| Loan notes | **-** | 250 | - |
| Deferred consideration | **-** | 195 | 195 |
| Deferred income | **25,219** | 20,748 | 23,878 |
| | **82,250** | 86,179 | 77,781 |
| **Non-current** | | | |
| Deferred consideration | **-** | 195 | - |
| Deferred income | **7,242** | 4,834 | 6,286 |
| | **7,242** | 5,029 | 6,286 |
| | **89,492** | 91,208 | 84,067 |

At 31 March 2011, an amount of £7,594,000 has been reclassified from accruals to long-term contract balances reflecting the nature of the balance.

**10. Defined benefit pension scheme**

In the half-years ended 31 May 2012 and 31 March 2011 the financial position of the Group's defined benefit pension scheme has been rolled forward from the respective prior period end. The roll forward includes updating for actual investment returns for the periods; market derived discount rates on liabilities; and market derived inflation assumptions. Mortality assumptions have not been updated at the half-years. At 31 May 2012 the market derived discount rate, given by high grade corporate bond yields, was 4.6%.

The last triennial valuation at 31 May 2009 was used as the basis for the 30 November 2011 IAS 19 valuation and the roll-forward to 31 May 2012. In addition to current service contributions, the Group has continued to make £1.7m per annum deficit catch up payments agreed with the scheme's trustees which are due to continue to May 2017.

**11. Loss on sale of operations**

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

A loss on sale of £2.9m has been recognised in the consolidated income statement in the half-year ended 31 May 2012 and is attributable to both disposals that have transacted in the period as well as adjustments to estimates made on disposals transacted in a prior period. This is allocated as follows:

| | Half-year ended 31 May 2012 £000 | Half-year ended 31 March 2011 £000 | 14 months ended 30 November 2011 £000 |
|---|---|---|---|
| Loss on sale of operations transacted in the period | **2,238** | - | 4,391 |
| Loss on sale of operations transacted in a prior period | **665** | - | - |
| | **2,903** | - | 4,391 |

In the half-year ended 31 May 2012, the following disposals were completed:

- On 3 January 2012, the Group entered into a sale agreement to dispose of its 49% stake in Lego Education Europe and the business assets and employees of Dacta Ltd to Lego A/S for €4.36m being €2.2m consideration for shares and associated rights and €2.2m of debt repayment.
- On 19 January 2012, the Group entered into a sale agreement to dispose of 100% of the equity of AMI Education Solutions Ltd, containing the Easytrace trade to Jonas Computing (UK) Ltd for £0.65m plus working capital.
- On 10 May 2012, the Group entered into a sale agreement to dispose of 100% of the equity of Isis Concepts Ltd, containing the specialist school furniture trade to Isis Concepts Holding Ltd for £0.2m. ISIS Concepts Holdings Ltd is a new company formed by Nick Topliss. Nick Topliss owned ISIS prior to it being purchased by RM in 2009 and has acted as Managing Director of ISIS during the period of RM's ownership. Rob Sirs, former Managing Director of RM plc, is expected to invest in ISIS Concepts Holdings Ltd. The Group has provided a secured short-term working capital loan facility to the purchaser of up to £0.9m of which £0.6m has been drawn down at 31 May 2012.

In the half-year ended 31 March 2011, no disposals of businesses were completed.

In the 14 months ended 30 November 2011, the following disposals were completed:

- On 21 October 2011, the Group entered into a sale agreement to dispose of the hardware element of its US business for a cash consideration of £2.9m.
- On 8 November 2011, the Group entered into a sale agreement to dispose of its subsidiary RM Asia-Pacific for a cash consideration of
£0.9m.

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

**12. Related party transactions**

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

On 1 January 2011, the Group established a joint venture entity, Lego Education Europe Limited ('LEE'), with Lego A/S (incorporated in Denmark). During the period of ownership, this entity was equity accounted in the Group financial statements and was a related party.

As detailed above (note 11), the joint venture was sold during the half-year ended 31 May 2012. While LEE was a related party of the Group, the Group completed the following transactions with LEE during the half-year ended 31 May 2012: sale of services of £139k and, as part of the terms of sale of the joint venture, the loan was repaid on 3 January 2012 (half-year ended 31 March 2011: sale of services of £469k and provision of a loan of £1,880k (note 8) on which interest is charged at 3.0%).

The nature of related party transactions with respect to the sale of Isis Concepts Ltd is described in Note 11.

Microgen plc

As disclosed in the financial statements for the period ended 30 November 2011, RM plc has engaged Microgen plc to perform certain accounting software development services. RM Chairman, Martyn Ratcliffe, is Chairman of, and equity holder in, Microgen. During the 6 months ended 31 May 2012, RM incurred costs from Microgen of £0.2m (2011: £nil). Further, RM has entered into a contract with Microgen to utilise their software and services for RM Books some of whose fees are contingent on transaction volumes.

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

We confirm that to the best of our knowledge:

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

By order of the Board,

| | |
|---|---|
| Martyn Ratcliffe | Iain McIntosh |
| Chairman | Chief Financial Officer |

9 July 2012

**INDEPENDENT REVIEW REPORT TO RM PLC**

**Introduction**

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 May 2012 which comprises the Condensed Consolidated Income Statement, Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Balance Sheet, Condensed Consolidated Cash Flow Statement, Condensed Consolidated Statement of Changes in Equity and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

**Directors' responsibilities**

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

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

**Our responsibility**

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

**Scope of review**

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

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 May 2012 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

Tudor Aw
**for and on behalf of KPMG Audit Plc**
*Chartered Accountants*
Arlington Business Park, Theale
Reading RG7 4SD
9 July 2012

**Appendix to the interim financial statements**

**Proforma financial information**
for the half-year ended 31 May 2012

As explained in note 1, the financial year end of the Company and its subsidiaries changed from 30 September to 30 November in 2011. In order to present data for comparable periods, financial information showing the Group's financial performance and cash flows for the half-year ended 31 May 2012 and the financial position at 31 May 2012 is presented below with proforma comparative financial information for the half-year ended 31 May 2011 and for the 12 months ended 30 November 2011. This data has been prepared as if the Group had always had a 30 November year end.

This proforma financial information is unaudited.

**Proforma consolidated income statement**
for the half-year ended 31 May 2012

| | | | | **Half-year ended 31 May 2012** | | | Half-year ended 31 May 2011 | | | Year ended 30 November 2011 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | **Adjusted** | **Adjust-ments** | **Total** | Adjusted | Adjust-ments | Total | Adjusted | Adjust-ments | Total |
| | Notes | **£000** | **£000** | **£000** | £000 | £000 | £000 | £000 | £000 | £000 |
| Revenue | | **124,671** | **-** | **124,671** | 128,532 | - | 128,532 | 310,055 | - | 310,055 |
| Cost of sales | | **(92,135)** | **-** | **(92,135)** | (89,621) | - | (89,621) | (228,686) | - | (228,686) |
| **Gross profit** | | **32,536** | **-** | **32,536** | 38,911 | - | 38,911 | 81,369 | - | 81,369 |
| Operating expenses | | **(28,670)** | **-** | **(28,670)** | (37,198) | - | (37,198) | (67,264) | - | (67,264) |
| - Amortisation of acquisition related intangible assets | | **-** | **(123)** | **(123)** | - | (375) | (375) | - | (604) | (604) |
| - Impairment of goodwill, acquisition related intangible assets, other intangible assets and investments | | **-** | **-** | **-** | - | - | - | - | (12,370) | (12,370) |
| - Loss on sale of operations | | **-** | **(2,903)** | **(2,903)** | - | - | - | - | (4,391) | (4,391) |
| - Share-based payment charges | | **-** | **(436)** | **(436)** | - | (1,341) | (1,341) | - | (1,087) | (1,087) |
| - Restructuring costs | | **-** | **217** | **217** | - | (1,499) | (1,499) | - | (8,576) | (8,576) |
| - Release/(increase) in provision for dilapidations on leased properties and onerous lease contracts | | **-** | **300** | **300** | - | - | - | - | (5,986) | (5,986) |
| - Release of deferred contingent consideration | | **-** | **195** | **195** | - | - | - | - | - | - |
| Share of results of associate and joint venture | | **-** | **-** | **-** | 27 | (13) | 14 | 37 | (28) | 9 |
| | | **(28,670)** | **(2,750)** | **(31,420)** | (37,171) | (3,228) | (40,399) | (67,227) | (33,042) | (100,269) |
| **Profit/(loss) from operations** | | **3,866** | **(2,750)** | **1,116** | 1,740 | (3,228) | (1,488) | 14,142 | (33,042) | (18,900) |
| Investment income | | **334** | **-** | **334** | 345 | - | 345 | 940 | - | 940 |
| Finance costs | | **(758)** | **(89)** | **(847)** | (311) | - | (311) | (510) | - | (510) |
| **Profit/(loss) before tax** | | **3,442** | **(2,839)** | **603** | 1,774 | (3,228) | (1,454) | 14,572 | (33,042) | (18,470) |
| Tax | 15 | **(773)** | **15** | **(758)** | (235) | 650 | 415 | (4,724) | 3,868 | (856) |
| **Profit/(loss) for the period attributable to equity holders of the parent** | | **2,669** | **(2,824)** | **(155)** | 1,539 | (2,578) | (1,039) | 9,848 | (29,174) | (19,326) |
| **Earnings/(loss) per ordinary share:** | | | | | | | | | | |
| Basic | | **2.9p** | **(3.1)p** | **(0.2)p** | 1.7p | (2.8)p | (1.1)p | 10.8p | (32.0)p | (21.2)p |
| Diluted | | **2.9p** | **(3.1)p** | **(0.2)p** | 1.7p | (2.8)p | (1.1)p | 10.8p | (32.0)p | (21.2)p |

Adjustments to profit have been presented to give a better guide to business performance.

**Proforma consolidated balance sheet**
as at 31 May 2012

| | Notes | **31 May 2012 £000** | 31 May 2011 £000 | 30 November 2011 £000 |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Goodwill | | **17,349** | 34,267 | 17,349 |
| Acquisition related intangible assets | | **1,081** | 3,166 | 1,202 |
| Other intangible assets | | **3,296** | 3,885 | 3,607 |
| Property, plant and equipment | | **13,449** | 18,466 | 16,600 |
| Interest in associate and joint venture | | **316** | 1,024 | 316 |
| Other receivables | 16 | **1,881** | 1,880 | 2,590 |
| Deferred tax assets | | **8,522** | 4,629 | 6,973 |
| | | **45,894** | 67,317 | 48,637 |
| **Current assets** | | | | |
| Inventories | | **20,378** | 28,476 | 18,827 |
| Trade and other receivables | 16 | **56,484** | 66,860 | 62,270 |
| Tax asset | | **854** | 2,811 | 2,058 |
| Cash and cash equivalents | | **25,274** | 5,338 | 24,529 |
| Assets held for sale | | **-** | - | 6,791 |
| | | **102,990** | 103,485 | 114,475 |
| **Total assets** | | **148,884** | 170,802 | 163,112 |
| **Current liabilities** | | | | |
| Trade and other payables | 17 | **(82,250)** | (84,218) | (77,781) |
| Provisions | | **(4,929)** | (345) | (7,752) |
| Liabilities directly associated with assets held for sale | | **-** | - | (2,914) |
| | | **(87,179)** | (84,563) | (88,447) |
| **Net current assets** | | **15,811** | 18,922 | 26,028 |
| **Non-current liabilities** | | | | |
| Retirement benefit obligation | | **(29,524)** | (11,662) | (21,174) |
| Bank loans | | **-** | (12,278) | (13,026) |
| Deferred tax liabilities | | **-** | (8) | - |
| Other payables | 17 | **(7,242)** | (4,787) | (6,286) |
| Provisions | | **(4,756)** | (679) | (5,661) |
| | | **(41,522)** | (29,414) | (46,147) |
| **Total liabilities** | | **(128,701)** | (113,977) | (134,594) |
| **Net assets** | | **20,183** | 56,825 | 28,518 |
| **Equity attributable to equity holders of the parent** | | | | |
| Share capital | | **1,869** | 1,869 | 1,869 |
| Share premium account | | **26,966** | 26,955 | 26,963 |
| Own shares | | **(2,972)** | (3,546) | (3,202) |
| Capital redemption reserve | | **94** | 94 | 94 |
| Hedging reserve | | **5** | (124) | (44) |
| Translation reserve | | **(73)** | 1,552 | 115 |
| Retained earnings | | **(5,706)** | 30,025 | 2,723 |
| **Total equity** | | **20,183** | 56,825 | 28,518 |

**Proforma consolidated cash flow statement**
for the half-year ended 31 May 2012

| | **Half-year ended 31 May 2012 £000** | Half-year ended 31 May 2011 £000 | Year ended 30 November 2011 £000 |
|---|---|---|---|
| **Profit/(loss) from operations** | **1,116** | (1,488) | (18,900) |
| Adjustments for: | | | |
| (Gain)/loss on foreign exchange derivatives | **(53)** | 517 | 607 |
| Share of results of associates | **-** | (14) | (9) |
| Impairment of investment in associate | **-** | - | 660 |
| Amortisation of acquisition related intangible assets | **123** | 375 | 604 |
| Impairment of acquisition related intangible assets | **-** | - | 443 |
| Impairment of goodwill | **-** | - | 10,992 |
| Amortisation of other intangible assets | **561** | 542 | 1,114 |
| Impairment of other intangible assets | **-** | - | 275 |
| Depreciation of property, plant and equipment | **3,243** | 3,575 | 7,051 |
| (Gain)/loss on disposal of property, plant and equipment | **(231)** | 7 | (125) |
| Loss on disposal of other intangible assets | **1** | 29 | 62 |
| Loss on sale of operations | **2,903** | - | 4,391 |
| (Decrease)/increase in provisions | **(444)** | 1,225 | 11,660 |
| Release of deferred consideration | **(195)** | - | - |
| Share-based payment charges | **436** | 1,341 | 1,087 |
| **Operating cash flows before movements in working capital** | **7,460** | 6,109 | 19,912 |
| (Increase)/decrease in inventories | **(1,981)** | (3,015) | 3,461 |
| Decrease in receivables | **5,337** | 10,633 | 9,316 |
| Increase in payables | **835** | 5,940 | 6,801 |
| **Cash generated by operations** | **11,651** | 19,667 | 39,490 |
| Defined benefit pension contribution in excess of current service cost | **(893)** | (818) | (1,638) |
| Tax received/(paid) | **696** | (1,490) | (1,698) |
| Income on sale of finance lease debt | **226** | 202 | 683 |
| Interest paid: | | | |
| - bank overdrafts and loans | **(324)** | (227) | (396) |
| - other | **-** | (10) | (12) |
| **Net cash inflow from operating activities** | **11,356** | 17,324 | 36,429 |
| | | | |
| **Investing activities** | | | |
| Interest received | **84** | 84 | 136 |
| Proceeds on disposal of property, plant and equipment | **399** | 103 | 412 |
| Purchases of property, plant and equipment | **(300)** | (1,864) | (4,055) |
| Purchases of other intangible assets | **(229)** | (962) | (1,579) |
| Amounts advanced to third party | **(600)** | - | - |
| Amounts received from/(advanced to) joint venture undertaking | **1,878** | (1,880) | (1,880) |
| **Net cash inflow/(outflow) from investing activities** | **1,232** | (4,519) | (6,966) |
| | | | |
| **Financing activities** | | | |
| Dividends paid | **(1,402)** | (4,786) | (6,128) |
| Proceeds from share capital issue, net of share issue costs | **3** | 38 | 46 |
| Proceeds from sale of operations | **2,572** | - | 3,775 |
| (Repayment of)/increase in borrowings | **(13,005)** | 225 | 670 |
| Purchase of own shares | **-** | (212) | (212) |
| Repayment of loan notes and deferred consideration | **-** | (225) | (670) |
| **Net cash used in financing activities** | **(11,832)** | (4,960) | (2,519) |
| | | | |
| **Net increase in cash and cash equivalents** | **756** | 7,845 | 26,944 |
| Cash and cash equivalents at the beginning of period | **24,529** | (2,414) | (2,414) |
| Effect of foreign exchange rate changes | **(11)** | (93) | (1) |
| **Cash and cash equivalents at the end of period** | **25,274** | 5,338 | 24,529 |

## Notes to the proforma financial information

### 13. General information
The proforma financial information for the half-year ended 31 May 2012 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006.

The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The proforma financial information 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 14 months ended 30 November 2011.

### 14. Operating segments
As explained in note 3, the Group was restructured into four operating divisions and the segmental results within this proforma information is presented in accordance with the Group's revised management structure. Comparative financial performance for the half-year ended 31 May 2011 has been provided under this new basis.

**Segmental result**

| **Half-year ended 31 May 2012** | **Education Technology £000** | **Managed Services £000** | **Education Resources £000** | **Education Software £000** | **Corporate Services £000** | **Exited operations** £000** | **Total £000** |
|---|---|---|---|---|---|---|---|
| **Revenue** | **47,573** | **29,889** | **28,609** | **15,863** | **-** | **2,737** | **124,671** |
| **Adjusted operating profit/(loss)*** | **856** | **1,051** | **3,957** | **(108)** | **(1,311)** | **(579)** | **3,866** |
| Investment income | | | | | | | **334** |
| Finance costs | | | | | | | **(758)** |
| Adjusted profit before tax* | | | | | | | **3,442** |
| Adjustments* | | | | | | | **(2,839)** |
| **Profit before tax** | | | | | | | **603** |

| Half-year ended 31 May 2011 | Education Technology £000 | Managed Services £000 | Education Resources £000 | Education Software £000 | Corporate Services £000 | Exited operations** £000 | Total £000 |
|---|---|---|---|---|---|---|---|
| Revenue | 49,329 | 22,245 | 28,170 | 17,809 | - | 10,979 | 128,532 |
| Adjusted operating (loss)/profit* | (252) | 2,996 | 1,831 | 2,597 | (1,641) | (3,791) | 1,740 |
| Investment income | | | | | | | 345 |
| Finance costs | | | | | | | (311) |
| Adjusted profit before tax* | | | | | | | 1,774 |
| Adjustments* | | | | | | | (3,228) |
| Loss before tax | | | | | | | (1,454) |

| Year ended 30 November 2011 | Education Technology £000 | Managed Services £000 | Education Resources £000 | Education Software £000 | Corporate Services £000 | Exited operations** £000 | Total £000 |
|---|---|---|---|---|---|---|---|
| Revenue | 125,712 | 61,487 | 57,961 | 38,538 | - | 26,357 | 310,055 |
| Adjusted operating profit/(loss)* | 8,303 | 6,137 | 5,415 | 3,229 | (3,420) | (5,522) | 14,142 |
| Investment income | | | | | | | 940 |
| Finance costs | | | | | | | (510) |
| Adjusted profit before tax* | | | | | | | 14,572 |
| Adjustments* | | | | | | | (33,042) |
| Loss before tax | | | | | | | (18,470) |

* Adjustments made to profit before tax are explained within the proforma consolidated income statement.
** Exited operations represent the results from operations sold following the September 2011 Strategic Review.

### 15. Tax
The effective tax rate for the half-year ended 31 May 2012 is shown below:

| | | | **Half-year ended 31 May 2012** | | | Half-year ended 31 May 2011 | | | Year ended 30 November 2011 |
|---|---|---|---|---|---|---|---|---|---|
| | **Adjusted £000** | **Adjust-ments £000** | **Total £000** | Adjusted £000 | Adjust-ments £000 | Total £000 | Adjusted £000 | Adjust-ments £000 | Total £000 |
| Profit/(loss) before tax | **3,442** | **(2,839)** | **603** | 1,774 | (3,228) | (1,454) | 14,572 | (33,042) | (18,470) |
| Tax charge/(credit) | **773** | **(15)** | **758** | 235 | (650) | (415) | 4,724 | (3,868) | 856 |
| **Effective rate** | **22.5%** | **0.5%** | **125.7%** | 13.2% | 20.1% | 28.5% | 32.4% | 11.7% | (4.6)% |

### 16. Trade and other receivables

| | **As at 31 May 2012 £000** | As at 31 May 2011 £000 | As at 30 Nov 2011 £000 |
|---|---|---|---|
| **Current** | | | |
| Trade receivables | **36,685** | 40,589 | 43,938 |
| Long-term contract balances | **10,332** | 14,557 | 9,407 |
| Other receivables | **3,395** | 1,995 | 2,113 |
| Accrued income | **400** | 1,210 | 782 |
| Prepayments | **5,672** | 8,509 | 6,030 |
| | **56,484** | 66,860 | 62,270 |
| | | | |
| **Non-current** | | | |
| Other receivables - amount owed by joint venture undertaking | **-** | 1,880 | 1,878 |
| Other receivables - other | **1,881** | - | 712 |
| | **1,881** | 1,880 | 2,590 |

### 17. Trade and other payables

| | **As at 31 May 2012 £000** | As at 31 May 2011 £000 | As at 30 Nov 2011 £000 |
|---|---|---|---|
| **Current** | | | |
| Trade payables | **16,616** | 19,671 | 16,206 |
| Other taxation and social security | **7,064** | 5,248 | 5,307 |
| Other payables - other | **3,606** | 4,849 | 2,973 |
| Accruals | **18,463** | 23,766 | 22,327 |
| Long-term contract balances | **11,282** | 7,540 | 6,895 |
| Loan notes | **-** | 250 | - |
| Deferred consideration | **-** | 195 | 195 |
| Deferred income | **25,219** | 22,699 | 23,878 |
| | **82,250** | 84,218 | 77,781 |
| | | | |
| **Non-current** | | | |
| Other payables – deferred consideration | **-** | 195 | - |
| Deferred income | **7,242** | 4,592 | 6,286 |
| | **7,242** | 4,787 | 6,286 |