7 July 2014

RM plc announces interim results for the 6 months ended 31 May 2014

RM plc, the educational ICT and resources group, announces its interim results for the 6 months ended 31 May 2014.

Highlights

- Total revenue of £92.1m (2013: £118.8m)
  - Education Technology reduction of 36.2% with the planned move away from the sale of personal computing devices
  - Education Resources growth of 11.3%
  - Assessment and Data Services growth of 3.0%
- Adjusted* operating profit margin increased to 8.0% (2013: 4.1%)
- Adjusted* operating profit increased by 49% to £7.3m (2013: £4.9m). Adjusted* profit before tax of £7.0m (2013: £4.4m)
- Adjusted* diluted EPS: 6.2p (2013: 3.6p)
- Cash generated by operations of £6.1m (2013: £19.6m)
- Net cash and short-term deposits of £40.3m (2013: £51.8m at 31 May, £63.2m at 30 November) after payment of £14.7m special dividend and £8.0m for pension risk reduction
- Pension deficit decreased to £8.8m (2013: £25.3m at 31 May; £15.8m at 30 November). Deficit net of deferred tax was £5.4m
- Interim dividend per share increased by 14.3% to 0.96p (2013: 0.84p).

David Brooks, RM's CEO, said:

"We are pleased to report a solid set of results for the first half. We are particularly encouraged by the double digit top-line growth in Education Resources for both UK and exports, while maintaining good margins in this business.

The reshaping of the largest division, Education Technology, continues with the discontinuing of hardware device manufacturing and the end of the stand-alone sale of personal computer devices progressing well. As headlined previously, refocusing this business on software and services will take time with the trend towards devolved procurement at a school level and the expiry of BSF contracts.

Assessment and Data Services continues to grow organically and maintain strong margins.

Trading performance in the second half is expected to be similar to that in the first half."

* Adjusted profit and adjusted EPS are before amortisation of acquisition related intangible assets; share-based payment charges; restructuring costs; impairment of goodwill, acquisition related intangible assets and investments; the gain on sale of operations; credit on settlement; and the change in provisions for dilapidations on leased properties and onerous lease contracts.

The Group early adopted the IAS19 Employee Benefits (Revised) accounting standard changes for the defined benefit pension scheme in the year ended 30 November 2013. The prior period interim financials have been revised for comparability.

For further information contact:

RM plc David Brooks, Chief Executive Officer Iain McIntosh, Chief Financial Officer	08450 700300
FTI Consulting Sophie McMillan	020 3727 1000

RM plc

Interim results for the 6 months ended 31 May 2014

Results

	6 months to May 2014	6 months to May 2013	12 months to November 2013
Revenue	**£92.1m**	£118.8m	£261.8m
Adjusted* operating profit	**£7.3m**	£4.9m	£17.2m
Adjusted* profit before tax	**£7.0m**	£4.4m	£16.4m
Profit before tax	**£6.7m**	£4.6m	£9.4m
Adjusted* diluted Earnings Per Share	**6.2p**	3.6p	12.4p
Diluted Earnings Per Share	**5.9p**	3.6p	6.6p
Ordinary dividend per share	**0.96p**	0.84p	3.30p
Special dividend per share	**-**	-	16.00p
Cash and Short term deposits	**£40.3m**	£51.8m	£63.2m

*Throughout this statement, adjusted profit and adjusted EPS are before amortisation of acquisition related intangible assets; share-based payment charges; restructuring costs; impairment of goodwill, acquisition related intangible assets and investments; the gain on sale of operations; credit on settlement; and the change in provisions for dilapidations on leased properties and onerous lease contracts.

The Group early adopted the IAS19 Employee Benefits (Revised) accounting standard changes for the defined benefit pension scheme in the year ended 30 November 2013. The prior period interim financials have been revised for comparability.

Revenue declined 22.5% to £92.1m compared with £118.8m for the same period last year, with growth in the ADS and Education Resources divisions being more than offset by the expected decline in the Education Technology division following the decision to discontinue the sale of personal computing devices announced in 2013.

Adjusted* profit before tax was £7.0m (2013: £4.4m). Adjusted* operating profit was £7.3m (2013: £4.9m). Profit before tax was £6.7m (2013: £4.6m).

Group headcount reduced to 1,885 at 31 May 2014 compared with 2,201 at 31 May 2013.

Operating capital efficiency remained strong. Cash generated by operations was £6.1m (2013: £19.6m), net cash and short-term deposits at 31 May 2014 was £40.3m (2013: £51.8m at 31 May, £63.2m at 30 November). This balance is after payment of a £14.7m special dividend and the £8.0m pension escrow account payment.

Adjusted* diluted earnings per share were 6.2p (2013: 3.6p). Diluted earnings per share were 5.9p (2013: 3.6p).

Pension

The IAS 19 deficit relating to RM's defined benefit pension scheme has decreased since 30 November 2013 to £8.8m (2013: £25.3m at 31 May and £15.8m at 30 November), which is primarily due to scheduled deficit recovery payments made into the scheme plus £8.0m paid into an escrow account established to pursue risk mitigation exercises; offset by increased liabilities due to a reduction in market interest rates. The deficit net of deferred tax was £5.4m (2013: £19.5m at 31 May and £12.7m at 30 November). Quotations have been received from a number of third parties to provide a pensioner buy-in whereby longevity and investment risk to the scheme with respect to pensions currently in payment is largely eliminated. Such a buy-in is expected to be progressed in the second half of the year. Further risk mitigation activities are being considered.

Dividend

Given the continued strong rate of cash generation, the interim dividend per share has been increased by 14.3% to 0.96p (2013: 0.84p). The dividend will be payable on 12 September 2014 to shareholders on the register on 15 August 2014.

Assessment and Data Services

Branded as ‘RM Results’, the Assessment and Data Services (‘ADS’) division provides products and services that include secure, innovative systems for creating high-stakes exams and tests, onscreen testing, onscreen marking and the management and analysis of educational data.

	6 months to May 2014	6 months to May 2013	12 months to November 2013
Assessment and Data Services revenue	**£10.1m**	£9.8m	£26.5m
Assessment and Data Services adjusted* operating profit	**£2.0m**	£0.8m	£4.1m

Revenue in this division increased by 3.0% to £10.1m (2013: £9.8m). Adjusted* operating profit increased from £0.8m for the first half of 2013 to £2.0m for the first half of 2014.

E-marking pilot projects continue with AQA, a major UK examination awarding body, and internationally a contract was won with the Caribbean Examinations Council.

Margins remain strong though performance in the half was flattered by the cumulative impact of an improvement in the forecast lifetime profitability on an established long term contract.

Education Resources

The Education Resources (‘ER’) division comprises two operating businesses: TTS and SpaceKraft. TTS, which represents over 90% of divisional revenue, is a value-added distribution business offering a wide range of curriculum products and materials to schools for both general and departmental use. SpaceKraft supplies products and installation services for the Special Educational Needs market.

	6 months to May 2014	6 months to May 2013	12 months to November 2013
Education Resources revenue	**£29.3m**	£26.4m	£54.0m
Education Resources adjusted* operating profit	**£3.8m**	£3.0m	£7.2m

ER reported revenue growth of 11.3% to £29.3m (2013: £26.4m). TTS UK direct catalogue and online revenue rose 12.4%; International revenue grew 53.6% and represented 12.4% of TTS revenues in the period. TTS sales to UK trade and CSR partners were more subdued with revenue falling 24.2%. SpaceKraft’s revenues were marginally ahead of last year and the business is no longer loss making.

Adjusted operating margins increased to 13.1% (2013: 11.3%) in part due to the elimination of losses from SpaceKraft combined with operating efficiencies in TTS following investment in systems in 2013.

Education Technology

The Education Technology ('ET') division supplies IT Services, Internet Services, Infrastructure Solutions and Digital Platforms and Content to UK schools and colleges.

	6 months to May 2014	6 months to May 2013	12 months to November 2013
Education Technology revenue	**£52.7m**	£82.6m	£181.2m
Education Technology adjusted* operating profit	**£3.0m**	£2.5m	£8.6m

The repositioning of the division to discontinue the sale of personal computing devices continues. Manufacturing of hardware devices ceased in June 2014. Third party partners Misco and Kelway have been appointed to provide hardware devices to customers, where still required under existing contracts and bundled procurement processes, and to manage existing warranty and maintenance obligations respectively.

Staff cost reductions have been implemented ahead of plan in the half and write downs in the value of remaining inventory have been significantly less than originally expected. A new Managing Director joined the division on 1 May 2014.

The division generated an adjusted operating profit of £3.0m (2013: £2.5m) with the benefit of both higher hardware revenue and lower costs than planned through the reshaping process.

IT Services represent over half of the division's revenue. Offerings in this business are being repositioned to be more appropriate to customers' needs in a market that has changed significantly since Building Schools for the Future ('BSF') contracts. Revenue from BSF contracts is expected to continue to fall over 2014 and 2015.

In Infrastructure Solutions we continue to provide network solutions including a mix of software tools and third party hardware. Sales in this area were more subdued than expected.

Digital Platforms and Content is the smallest business within the ET division. There were good client wins for Integris School Management Systems which benefited from Pearson's decision to exit this market. Penetration of the new propositions, RM Unify in schools outside Scotland, and RM Books remains modest.

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 2013 Annual Report remain applicable. This is available from the RM website: www.rmplc.com.

Outlook

The reshaping of the largest division, Education Technology continues with the discontinuing of hardware device manufacturing and the stand-alone sale of personal computer devices progressing well. As headlined previously, refocusing this business on software and services will take time with the trend towards devolved procurement at a school level and the expiry of BSF contracts.

Education Resources and Assessment and Data Services, continue to grow organically and maintain good margins.

Trading performance in the second half is expected to be similar to that in the first half.

RM plc

Condensed Consolidated Income Statement
for the half-year ended 31 May 2014

	Notes	Half-year ended 31 May 2014 Adjusted £000	Half-year ended 31 May 2014 Adjustments £000	Half-year ended 31 May 2014 Total £000	Half-year ended 31 May 2013 Adjusted Restated (note 3) £000	Half-year ended 31 May 2013 Adjustments Restated (note 3) £000	Half-year ended 31 May 2013 Total Restated (note 3) £000	Year ended 30 November 2013 Adjusted £000	Year ended 30 November 2013 Adjustments £000	Year ended 30 November 2013 Total £000
Revenue		**92,110**	**-**	**92,110**	118,806	-	118,806	261,759	-	261,759
Cost of sales		**(57,037)**	**-**	**(57,037)**	(85,349)	-	(85,349)	(187,793)	-	(187,793)
Gross profit		**35,073**	**-**	**35,073**	33,457	-	33,457	73,966	-	73,966
Operating expenses		**(27,746)**	**-**	**(27,746)**	(28,546)	-	(28,546)	(56,757)	-	(56,757)
- Amortisation of acquisition related intangible assets		**-**	**(152)**	**(152)**	-	(98)	(98)	-	(195)	(195)
- Impairment of goodwill, acquisition related intangible assets and investments		**-**	**-**	**-**	-	-	-	-	(328)	(328)
- Gain on sale of operations		**-**	**-**	**-**	-	244	244	-	1,387	1,387
- Share-based payment charges		**-**	**(399)**	**(399)**	-	(186)	(186)	-	(507)	(507)
- Restructuring charge		**-**	**(83)**	**(83)**	-	(309)	(309)	-	(5,128)	(5,128)
- Decrease/(increase) in provision for dilapidations on leased properties and onerous lease contracts		**-**	**445**	**445**	-	-	-	-	(2,627)	(2,627)
- Exceptional credit on settlement		**-**	**-**	**-**	-	543	543	-	543	543
		(27,746)	**(189)**	**(27,935)**	(28,546)	194	(28,352)	(56,757)	(6,855)	(63,612)
Profit from operations		**7,327**	**(189)**	**7,138**	4,911	194	5,105	17,209	(6,855)	10,354
Investment income		**280**	**-**	**280**	221	-	221	730	-	730
Finance costs		**(575)**	**(171)**	**(746)**	(687)	(88)	(775)	(1,490)	(159)	(1,649)
Profit before tax		**7,032**	**(360)**	**6,672**	4,445	106	4,551	16,449	(7,014)	9,435
Tax	5	**(1,479)**	**43**	**(1,436)**	(1,174)	(33)	(1,207)	(4,910)	1,643	(3,267)
Profit for the period		**5,553**	**(317)**	**5,236**	3,271	73	3,344	11,539	(5,371)	6,168
Earnings per ordinary share:	6									
Basic		**6.4p**	**(0.4)p**	**6.0p**	3.6p	-	3.6p	12.6p	(5.9)p	6.7p
Diluted		**6.2p**	**(0.3)p**	**5.9p**	3.6p	-	3.6p	12.4p	(5.8)p	6.6p
Paid and proposed dividend per share:	7									
Interim				**0.96p**			0.84p			0.84p
Final				-			-			2.46p
Special				-			-			16.00p

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

All amounts were derived from continuing operations.

Condensed Consolidated Statement of Comprehensive Income
for the half-year ended 31 May 2014

	Half-year ended 31 May 2014	Half-year ended 31 May 2013 Restated (note 3)	Year ended 30 November 2013
	£000	£000	£000
Profit for the period	**5,236**	3,344	6,168
Items that will not be reclassified subsequently to profit and loss:			
Defined Benefit Pension Scheme remeasurements	**(2,385)**	(6,447)	1,442
Tax on items that will not be reclassified subsequently to profit and loss	**188**	1,595	(799)
Items that are or may be reclassified subsequently to profit and loss:			
Fair value gain/(loss) on hedged financial instruments	**618**	147	(435)
Exchange gain/(loss) on translation of foreign operations	**53**	19	(329)
Tax on items that are or may be reclassified subsequently to profit and loss	**-**	-	73
Other comprehensive expense for the period	**(1,526)**	(4,686)	(48)
Total comprehensive income/(expense) for the period attributable to equity holders	**3,710**	(1,342)	6,120

Condensed Consolidated Balance Sheet
At 31 May 2014

	Notes	**31 May 2014**	31 May 2013 Restated (note 3)	30 November 2013
		£000	£000	£000
Non-current assets				
Goodwill		**14,067**	14,395	14,067
Acquisition related intangible assets		**612**	862	764
Other intangible assets		**838**	1,868	1,026
Property, plant and equipment		**8,271**	10,853	9,099
Interest in associate		**-**	58	-
Other receivables	9	**1,911**	1,911	1,911
Deferred tax assets		**4,918**	7,410	4,622
		30,617	37,357	31,489
Current assets				
Inventories		**11,559**	17,012	10,549
Trade and other receivables	9	**32,508**	38,556	35,134
Tax asset		**107**	315	340
Cash and short-term deposits	8	**40,278**	51,795	63,169
		84,452	107,678	109,192
Total assets		**115,069**	145,035	140,681
Current liabilities				
Trade and other payables	10	**(75,140)**	(86,695)	(78,917)
Provisions		**(2,961)**	(3,837)	(7,201)
		(78,101)	(90,532)	(86,118)
Net current assets		**6,351**	17,146	23,074
Non-current liabilities				
Retirement benefit obligation		**(8,767)**	(25,341)	(15,828)
Other payables	10	**(5,652)**	(2,786)	(3,455)
Provisions		**(6,351)**	(4,363)	(6,255)
		(20,770)	(32,490)	(25,538)
Total liabilities		**(98,871)**	(123,022)	(111,656)
Net assets		**16,198**	22,013	29,025
Equity attributable to equity holders of the parent				
Share capital		**1,870**	1,870	1,870
Share premium account		**26,997**	26,997	26,997
Own shares		**(2,932)**	(2,972)	(2,972)
Capital redemption reserve		**94**	94	94
Hedging reserve		**144**	108	(474)
Translation reserve		**(332)**	(37)	(385)
Retained earnings		**(9,643)**	(4,047)	3,895
Total equity		**16,198**	22,013	29,025

Condensed Consolidated Cash Flow Statement
for the half-year ended 31 May 2014

	Notes	**Half-year ended 31 May 2014**	Half-year ended 31 May 2013 Restated (note 3)	Year ended 30 November 2013
		£000	£000	£000
Profit from operations		**7,138**	5,105	10,354
Adjustments for:				
(Gain)/loss on foreign exchange derivatives		**(106)**	(16)	75
Impairment of goodwill		**-**	-	328
Amortisation of acquisition related intangible assets		**152**	98	195
Amortisation of other intangible assets		**188**	316	582
Depreciation of property, plant and equipment		**1,475**	1,804	3,919
Gain on sale of operations		**-**	(244)	(1,387)
Loss on disposal of other intangible assets		**-**	372	736
Gain on disposal of property, plant and equipment		**(199)**	(209)	(118)
Share-based payment charges		**399**	186	507
(Decrease)/increase in provisions		**(391)**	306	7,777
Defined Benefit Pension Scheme administration cost		**159**	248	391
Operating cash flows before movements in working capital		**8,815**	7,966	23,359
(Increase)/decrease in inventories		**(1,010)**	(2,225)	4,238
Decrease in receivables		**2,506**	19,914	20,383
Decrease in payables:				
- decrease in trade and other payables		**(328)**	(4,825)	(10,779)
- decrease in other provisions		**(262)**	-	(52)
- decrease in onerous lease and dilapidations provisions		**(550)**	(662)	(1,331)
- decrease in employee related restructuring provisions		**(3,112)**	(532)	(1,155)
Cash generated by operations		**6,059**	19,636	34,663
Defined Benefit Pension Scheme cash contributions:				
- deficit catch-up payments		**(1,861)**	(2,224)	(4,384)
- pension escrow account		**(8,000)**	-	-
Tax paid		**(1,311)**	(121)	(1,790)
Borrowing facility arrangement and commitment fees		**(263)**	(263)	(451)
Interest paid		**-**	(2)	(20)
Income on sale of finance lease debt		**54**	79	289
Net cash (outflow)/inflow from operating activities		**(5,322)**	17,105	28,307
Investing activities				
Interest received		**163**	142	441
Proceeds from sale of operations		**-**	-	336
Proceeds on disposal of property, plant and equipment		**380**	265	420
Purchases of property, plant and equipment		**(813)**	(1,257)	(1,980)
Purchases of other intangible assets		**-**	(278)	(68)
Increase in short-term deposits		**-**	-	(6,000)
Net cash used in investing activities		**(270)**	(1,128)	(6,851)
Financing activities				
Ordinary dividends paid	7	**(2,257)**	(2,063)	(2,834)
Special dividends paid	7	**(14,679)**	-	-
Repayment of obligations under finance leases (2013: Net of proceeds from sale and leaseback of vehicles)		**(342)**	-	771
Net cash used in financing activities		**(17,278)**	(2,063)	(2,063)
Net (decrease)/increase in cash and cash equivalents		**(22,870)**	13,914	19,393
Cash and cash equivalents at the beginning of period		**57,169**	37,823	37,823
Effect of foreign exchange rate changes		**(21)**	58	(47)
Cash and cash equivalents at the end of period	8	**34,278**	51,795	57,169

Condensed Consolidated Statement of Changes in Equity
for the half-year ended 31 May 2014

	Notes	Share capital £000	Share premium £000	Own shares £000	Capital redemption reserve £000	Hedging reserve £000	Translation reserve £000	Retained earnings £000	Total equity £000
At 1 December 2013		1,870	26,997	(2,972)	94	(474)	(385)	3,895	29,025
Profit for the period		-	-	-	-	-	-	5,236	5,236
Other comprehensive income/(expense)		-	-	-	-	618	53	(2,197)	(1,526)
Total comprehensive income		**-**	**-**	**-**	**-**	**618**	**53**	**3,039**	**3,710**
Transactions with owners of the company									
Share-based payment awards exercised in period		-	-	40	-	-	-	(40)	-
Share-based payment fair value charges		-	-	-	-	-	-	399	399
Ordinary dividends paid	7	-	-	-	-	-	-	(2,257)	(2,257)
Special dividends paid	7	-	-	-	-	-	-	(14,679)	(14,679)
At 31 May 2014		**1,870**	**26,997**	**(2,932)**	**94**	**144**	**(332)**	**(9,643)**	**16,198**

	Notes	Share capital £000	Share premium £000	Own shares £000	Capital redemption reserve £000	Hedging reserve £000	Translation reserve £000	Retained earnings Restated (note 3) £000	Total equity Restated (note 3) £000
At 1 December 2012		1,870	26,997	(2,972)	94	(39)	(56)	(662)	25,232
Profit for the period		-	-	-	-	-	-	3,344	3,344
Other comprehensive income/(expense)		-	-	-	-	147	19	(4,852)	(4,686)
Total comprehensive income/(expense)		-	-	-	-	147	19	(1,508)	(1,342)
Transactions with owners of the company									
Share-based payment fair value charges		-	-	-	-	-	-	186	186
Ordinary dividends paid	7	-	-	-	-	-	-	(2,063)	(2,063)
At 31 May 2013		1,870	26,997	(2,972)	94	108	(37)	(4,047)	22,013

	Notes	Share capital £000	Share premium £000	Own shares £000	Capital redemption reserve £000	Hedging reserve £000	Translation reserve £000	Retained earnings £000	Total equity £000
At 1 December 2012		1,870	26,997	(2,972)	94	(39)	(56)	(662)	25,232
Profit for the year		-	-	-	-	-	-	6,168	6,168
Other comprehensive (expense)/income		-	-	-	-	(435)	(329)	716	(48)
Total comprehensive income/(expense)		-	-	-	-	(435)	(329)	6,884	6,120
Transactions with owners of the company									
Share-based payment fair value charges		-	-	-	-	-	-	507	507
Ordinary dividends paid	7	-	-	-	-	-	-	(2,834)	(2,834)
At 30 November 2013		1,870	26,997	(2,972)	94	(474)	(385)	3,895	29,025

Notes to the Condensed Interim Financial Statements

1. General information
RM plc ('Company') is incorporated in the United Kingdom and listed on the London Stock Exchange. The unaudited condensed consolidated interim financial statements as at 31 May 2014 and for the 6 months then ended comprise those of the Company and its subsidiaries (together 'the Group').

Income statement presentation
The income statement for the half-year ended 31 May 2014 is presented in three columns. This presentation is intended to give a better guide to business performance by separately identifying the following adjustments to profit: the amortisation of acquisition related intangible assets; the impairment of goodwill, acquisition related intangible assets and investments; the gain on sale of operations; share-based payment charges; restructuring costs; the change in provisions for dilapidations on leased properties and onerous lease contracts; and the exceptional credit on settlement. The columns extend down the income statement to allow the tax and earnings per share impacts of these transactions to be understood.

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

The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. As required by the Disclosure and Transparency Rules of the Financial Conduct Authority (FCA), the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Group's published consolidated financial statements for the year ended 30 November 2013.

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 November 2013.

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

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

3. Prior year adjustments

a. Employee Benefits

The Group adopted IAS 19 Employee Benefits (as revised in June 2011) in the year ended 30 November 2013. The Condensed Consolidated Income Statement and the Condensed Consolidated Statement of Comprehensive Income for the half year ended 31 May 2013 have been restated for the impact of this adoption. The effect of the adoption on the half-year ended 31 May 2014 has been provided to assist comparison.

	Half -year ended 31 May 2014	Half-year ended 31 May 2013		
	Effect	As reported	Adjustment	Restated
	£000	£000	£000	£000
Consolidated Income Statement				
Operating expenses	**(159)**	(28,104)	(248)	(28,352)
Profit from operations	**(159)**		(248)	
Finance costs	**(256)**	(534)	(241)	(775)
Profit before tax and profit attributable to equity holders	**(415)**		(489)	
Consolidated Statement of Comprehensive Income				
Defined Benefit Pension Scheme remeasurements	**415**	(6,936)	489	(6,447)
Total comprehensive income for the period attributable to equity holders	**-**		-	

The reduction in profit attributable to equity holders has reduced Basic and Diluted earnings per share by 0.6 pence in the half-year ended 31 May 2013.

The restatement has the following impact on Segmented Adjusted Operating Profit for the half-year ended 31 May 2013, with the effect on the half-year ended 31 May 2014 again being shown for comparison.

	Half-year ended 31 May 2014	Half-year ended 31 May 2013
	£000	£000
Education Technology	**(135)**	(211)
Assessment and Data Services	**(24)**	(37)
	(159)	(248)

These adjustments have no impact on the Condensed Consolidated Balance Sheet.

b. Long-term contracts

In the 2013 Annual Report the classification of certain balances relating to long-term contracts was changed to improve the Condensed Consolidated Balance Sheet presentation by presenting all long-term contract balances together. To give consistency, the equivalent balances as at 31 May 2013 have been restated, as detailed below. This re-presentation of the balances had no impact on reserves or equity.

		31 May 2013		
	Note	As reported	Adjustment	Restated
		£000	£000	£000
Trade and other receivables:				
Trade receivables	9	29,365	(2,747)	26,618
Long-term contract balances	9	4,374	-	4,374
Accrued income	9	1,018	(867)	151
Trade and other receivables, Current assets and Total assets			(3,614)	
Trade and other payables:				
Other taxation and social security	10	(5,270)	458	(4,812)
Long-term contract balances	10	(20,741)	(5,474)	(26,215)
Deferred income - current	10	(22,916)	5,647	(17,269)
Trade and other payables and Current liabilities			631	
Other payables:				
Deferred income - due after one year but within two years	10	(3,095)	1,195	(1,900)
Deferred income - due after two years but within five years	10	(2,674)	1,788	(886)
Other payables, Non-current liabilities and Total liabilities			2,983	
Net assets			-	

4. Operating segments

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

The nature of the products/services sold within each segment is explained below:

Assessment and Data Services – comprises Assessment Services and Data Solutions with the largest contributor of revenue being the Assessment business, providing e-marking and e-testing solutions and services for examining boards.

Education Resources – provides schools with curriculum focussed classroom resources including teaching equipment and materials.

Education Technology – a UK focused business supplying schools with ICT managed services, internet services, network software, digital platforms, hardware and related services, including implementation and support. The division also includes the implementation, management and support of IT infrastructure as part of the Building Schools for the Future contracts.

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

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

Half-year ended 31 May 2014	**Assessment and Data Services £000**	**Education Resources £000**	**Education Technology £000**	**Corporate Services £000**	**Total £000**
Revenue	**10,115**	**29,329**	**52,666**	**-**	**92,110**
Adjusted operating profit*	**1,958**	**3,828**	**3,021**	**(1,480)**	**7,327**
Investment income					**280**
Finance costs					**(575)**
Adjusted profit before tax*					**7,032**
Adjustments*					**(360)**
Profit before tax					**6,672**

Half-year ended 31 May 2013	Assessment and Data Services Restated (note 3) £000	Education Resources Restated (note 3) £000	Education Technology Restated (note 3) £000	Corporate Services Restated (note 3) £000	Total £000
Revenue**	9,820	26,358	82,594	34	118,806
Adjusted operating profit*	820	2,987	2,484	(1,380)	4,911
Investment income					221
Finance costs					(687)
Adjusted profit before tax*					4,445
Adjustments*					106
Profit before tax					4,551

Year ended 30 November 2013	Assessment and Data Services £000	Education Resources £000	Education Technology £000	Corporate Services £000	Total £000
Revenue**	26,545	54,008	181,171	35	261,759
Adjusted operating profit*	4,134	7,164	8,643	(2,732)	17,209
Investment income					730
Finance costs					(1,490)
Adjusted profit before tax*					16,449
Adjustments*					(7,014)
Profit before tax					9,435

* Refer to note 1 for an explanation of adjustments to profit.
** 2013 Corporate Services balances include immaterial revenue and operating profits relating to businesses exited as part of the 2011 strategic review.

4. Business segments (continued)

Segmental assets
Segmental assets include all assets except for tax balances, balances due from investment undertakings and cash and short-term deposits which are shown as non-segmental balances:

As at 31 May 2014	**Assessment and Data Services £000**	**Education Resources £000**	**Education Technology £000**	**Corporate Services £000**	**Total £000**
Total assets					
- Segmental	**7,040**	**33,796**	**28,312**	**164**	**69,312**
- Other					**45,757**
					115,069

As at 31 May 2013	Assessment and Data Services £000	Education Resources £000	Education Technology £000	Corporate Services £000	Total £000
Total assets					
- Segmental	5,552	32,499	45,953	231	84,235
- Other					60,800
					145,035

As at 30 November 2013	Assessment and Data Services £000	Education Resources £000	Education Technology £000	Corporate Services £000	Total £000
Total assets					
- Segmental	6,890	31,794	33,728	221	72,633
- Other					68,048
					140,681

5. 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 2014, based upon adjusted profit as explained within note 1. The charge incorporates both current and deferred taxation:

			Half-year ended 31 May			Half-year ended 31 May			Year ended 30 November
	Adjusted £000	**Adjust-ments £000**	**2014 Total £000**	Adjusted £000	Adjust-ments £000	2013 Total £000	Adjusted £000	Adjust-ments £000	2013 Total £000
Profit before tax	**7,032**	**(360)**	**6,672**	4,445	106	4,551	16,449	(7,014)	9,435
Tax charge	**1,479**	**(43)**	**1,436**	1,174	33	1,207	4,910	(1,643)	3,267
Effective rate	**21.0%**	**(11.9)%**	**21.5%**	26.4%	31.1%	26.5%	29.8%	(23.4)%	34.6%

6. 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. The 2014 weighted average number of shares reflect the impact of the 20 March 2014 seven for eight share consolidation associated with the special dividend.

			Half-year ended 31 May 2014			Half-year ended 31 May 2013			Year ended 30 November 2013
	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:									
Basic earnings	**5,236**	**87,167**	**6.0**	3,344	91,718	3.6	6,168	91,718	6.7
Adjustments*	**317**	**-**	**0.4**	(73)	-	-	5,371	-	5.9
Adjusted basic earnings per ordinary share	**5,553**	**87,167**	**6.4**	3,271	91,718	3.6	11,539	91,718	12.6
Diluted earnings per ordinary share:									
Basic earnings	**5,236**	**87,167**	**6.0**	3,344	91,718	3.6	6,168	91,718	6.7
Effect of dilutive potential ordinary shares: share based payment awards	**-**	**2,149**	**(0.1)**	-	-	-	-	1,153	(0.1)
Diluted earnings per ordinary share	**5,236**	**89,316**	**5.9**	3,344	91,718	3.6	6,168	92,871	6.6
Adjustments*	**317**	**-**	**0.3**	(73)	-	-	5,371	-	5.8
Adjusted diluted earnings per ordinary share	**5,553**	**89,316**	**6.2**	3,271	91,718	3.6	11,539	92,871	12.4

* Adjustments made to Profit after tax are explained within note 1.

7. Dividends

Amounts recognised as distributions to equity holders in the period:

	Half-year ended 31 May 2014 £000	Half-year ended 31 May 2013 £000	Year ended 30 November 2013 £000
Final dividend for the year ended 30 November 2013 of 2.46p (year ended 30 November 2012: 2.25p) per share	**2,257**	2,063	2,064
Special dividend for the year ended 30 November 2013 of 16.00p per share	**14,679**	-	-
Interim dividend for the half-year ended 31 May 2013 of 0.84p per share	**-**	-	770
	16,936	2,063	2,834

The proposed interim dividend of 0.96p per share was approved by the Board on 4 July 2014. The expected cost of £771,000 has not been included as a liability at 31 May 2014.

8. Cash and short-term deposits

Cash and short-term deposits comprises cash and cash equivalents of £34.3m with an original maturity of three months or less and short-term deposits of £6.0m which have a maturity period of 6 months.

The Group meets its seasonal working capital requirements through two facilities. On 22 January 2014 the Group signed a one year extension to its £30m committed revolving credit facility with Barclays Bank which will now expire in March 2017 (£nil drawn down at 31 May 2014). The Group also has a £3m uncommitted Barclays overdraft facility. The Group has allocated the £3m overdraft to the revolving credit facility, reducing the available revolving credit facility to £27m, maintaining a combined £30m of working capital facilities.

The covenants under the Group's £30m Barclays Bank facility contain measurements against net debt, which is to be less than 2.5 times earnings before interest, tax, depreciation and amortisation (EBITDA) and net debt interest, which is to be less than 0.25 times EBITDA. Based on the results to 31 May 2014 and management's plan for 2014 and subsequent years, there is adequate headroom over these covenant measures.

The Group's cash and short-term deposits of £40.3m (31 May 2013: £51.8m, 30 November 2013: £63.2m) comprise £39.7m in Sterling, £0.2m in US dollars and £0.4m in other operating currencies (31 May 2013: £50.6m, £0.9m and £0.3m respectively, 30 November 2013: £62.2m, £0.5m and £0.5m respectively).

9. Trade and other receivables

Current	**31 May 2014** **£000**	31 May 2013 Restated (note 3) £000	30 November 2013 Restated £000
Financial assets:			
Trade receivables	**23,861**	26,618	24,599
Long-term contract balances	**1,133**	4,374	671
Other receivables	**398**	819	474
Derivative financial instruments	**270**	311	-
Accrued income	**1,602**	151	2,990
	27,264	32,273	28,734
Non-financial assets:			
Prepayments	**5,244**	6,283	6,400
	32,508	38,556	35,134
Non-current			
Other receivables - other	**1,911**	1,911	1,911
	34,419	40,467	37,045

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

In association with the November 2013 restatement of long-term contract balances (see note 3 for impact on May 2013), an additional reclassification has been made to move £2.4m of balances previously classified within trade receivables to accrued income reflecting the un-billed nature of these recoverable amounts.

10. Trade and other payables

Current	**31 May 2014** **£000**	31 May 2013 Restated (note 3) £000	30 November 2013 £000
Financial liabilities:			
Trade payables	**9,344**	14,452	12,163
Other taxation and social security	**3,451**	4,812	3,019
Other payables	**2,507**	2,453	1,848
Derivative financial instruments	**86**	178	544
Accruals	**14,567**	21,316	18,395
Obligations under financial leases	**297**	-	350
Long-term contract balances	**32,767**	26,215	27,708
	63,019	69,426	64,027
Non-financial assets:			
Deferred income	**12,121**	17,269	14,890
	75,140	86,695	78,917

10. Trade and other payables (continued)

	31 May 2014	31 May 2013 Restated (note 3)	30 November 2013
	£000	£000	£000
Non-current			
Financial liabilities:			
Obligations under financial leases	**162**	-	438
Non-financial assets:			
Deferred income:			
- Due after one year but within two years	**3,578**	1,900	1,827
- Due after two years but within five years	**1,912**	886	1,190
	5,652	2,786	3,455

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

11. Defined benefit pension scheme

In the half-years ended 31 May 2014 and 31 May 2013 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 been updated in line with S1NA (YoB) CMI 2013 projections with long term improvement trend of 1.25% p.a.

The last triennial valuation at 31 May 2012 was used as the basis for the 30 November 2013 IAS 19 valuation and the roll-forward to 31 May 2014. As at 31 May 2012, the triennial valuation for statutory funding purposes showed a deficit of £53.5 million (31 May 2009: £16.6 million). The Group agreed with the Scheme Trustees to repay this amount via deficit catch up payments of £4 million per annum until 31 May 2013 and thereafter at £3.6m per annum until 31 May 2027. In addition the Group pays the administration costs of the scheme including the Payment Protection Fund levy. In the half-year to 31 May 2014 total payments of £1.9m were made under this arrangement.

The Scheme is closed to future accrual of benefits.

In the period to 31 May 2014 the Board and Scheme Trustees agreed a further £8.0m contribution the form of use of which within the Scheme is required to be agreed by the Board and the Scheme Trustees. As at 31 May 2014 the full £8.0m remained unutilised in a blocked escrow account and has been included within the calculation of the Scheme assets under IAS 19.

During the year to 30 November 2013, the Group adopted IAS 19 Employee Benefits, amended June 2011. The impact of adoption is shown in note 3.

12. Related party transactions

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

TSL Education Limited

RM plc Board Director Lord Andrew Adonis is a member of the Advisory Board of TSL Education Limited, from which the Group made purchases of £4,410 (2013: £26,094) during the period. Sales with a value of £1,778 were also made in the period.

PricewaterhouseCoopers LLP

The Group uses PricewaterhouseCoopers LLP to provide certain consultancy and assurance services, but excluding external audit services. RM Board Director Iain McIntosh's wife is an equity partner in PricewaterhouseCoopers. She has not been involved in any services provided to the Group.

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

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,

Iain McIntosh
Chief Financial Officer

7 July 2014

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 2014 which comprises the Condensed Consolidated Income Statement, Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Balance Sheet, Condensed Consolidated Cash Flow Statement, Condensed Consolidated Statement of Changes in Equity and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

Directors' responsibilities

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

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

Our responsibility

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 May 2014 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

Tudor Aw
For and on behalf of KPMG LLP
Chartered Accountants
Arlington Business Park, Theale
Reading RG7 4SD
7 July 2014