

6 July 2015

RM plc announces interim results for the 6 months ended 31 May 2015

RM plc, the educational ICT and resources group, announces its interim results for the 6 months ended 31 May 2015.

Results Highlights

- Total revenue of £79.8m (2014: £92.1m) and adjusted* operating profit margin increased to 8.7%
 - RM Resources revenue growth of 11% and operating profit margin increased to 13.9%
 - RM Results revenue growth of 5% with 15.1% operating profit margin
 - RM Education revenue declined as expected with operating profit margin increased to 7.0%
- Adjusted* operating profit decreased by 5% to £6.9m (2014: £7.3m). Adjusted* profit before tax of £6.3m (2014: £7.0m)
- Adjusted* profit before tax is lower than statutory profit before tax by £2.9m (2014: higher by £0.4m) mainly reflecting the release of a provision following the sub-lease of one surplus property
- Adjusted* diluted EPS: 5.8p (2014: 6.2p)
- Net cash and short-term deposits of £43.1m (2014: £40.3m at 31 May)
- Pension deficit increased to £30.0m (2014: £26.8m at 30 November). Deficit net of deferred tax was £24.0m
- Interim dividend per share increased by 25% to 1.20p (2014: 0.96p).

Outlook

- RM Results and RM Resources expected to continue to grow revenue with strong margins
- RM Education expected to continue to improve margins with focus on software and services
- Revenue growth is expected in 2016 with all three divisions growing in 2017
- 2015 year-end cash position likely to be ahead of current market expectations.

David Brooks, RM's CEO, said:

"We have delivered another good half year of results and are on track with our journey back to growth. RM Resources and RM Results have continued to grow and deliver strong margins. RM Education continues to improve margins as we focus on software and services. These results together with our strong balance sheet give us a stable platform for RM's long term future."

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

Interim results for the 6 months ended 31 May 2015

Results

	6 months to May 2015	6 months to May 2014	12 months to November 2014
Revenue	£79.8m	£92.1m	£202.5m
Adjusted* operating profit	£6.9m	£7.3m	£18.5m
Adjusted* profit before tax	£6.3m	£7.0m	£18.1m
Profit before tax	£9.2m	£6.7m	£15.8m
Adjusted* diluted Earnings Per Share	5.8p	6.2p	15.4p
Diluted Earnings Per Share	8.8p	5.9p	13.0p
Ordinary dividend per share	1.20p	0.96p	4.00p
Cash and Short term deposits	£43.1m	£40.3m	£47.9m

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

Revenue declined 13% to £79.8m compared with £92.1m for the same period last year, with growth in the RM Results and RM Resources divisions being more than offset by the expected decline in the RM Education division following the decision to discontinue the sale of personal computing devices announced in 2013.

Adjusted* profit before tax was £6.3m (2014: £7.0m). Adjusted* operating profit was £6.9m (2014: £7.3m). Profit before tax was £9.2m (2014: £6.7m).

Operating capital efficiency remained strong. Cash generated by operations of £1.7m (2014: £6.1m) reflects a reduction in the negative working capital associated with long-term contracts and the unwinding of related cash balances. Net cash and short-term deposits at 31 May 2015 was £43.1m (2014: £40.3m at 31 May, £47.9m at 30 November).

Adjusted* diluted earnings per share decreased by 6% to 5.8p (2014: 6.2p). Diluted earnings per share were 8.8p (2014: 5.9p).

In March terms were agreed with South Oxfordshire District Council to sub-let one of the Group's buildings in Abingdon, resulting in a reduction in the onerous lease provision held on the balance sheet by £2.4m.

In March 2015 RM sold its equity and junior subordinated loan note interests in Newham Learning Partnership (PSP) Limited. The total consideration was £1.6m and resulted in a profit of £0.9m, recorded as adjusted investment income.

The IAS 19 deficit relating to RM's defined benefit pension scheme has increased since 30 November 2014 to £30.0m (2014: £26.8m at 30 November), primarily due to increased liabilities arising from a reduction in market interest rates. The deficit net of deferred tax was £24.0m (2014: £21.4m at 30 November).

In the year ended 30 November 2014, Group expenditure relating to administering the defined benefit pension scheme was included in Corporate Services adjusted* profit from operations, where previously it had been included within the divisional results. The divisional results for the 6 months ended 31 May 2014 have been restated to be consistent with this treatment with £407,000 of cost allocated to Corporate Services from RM Education (£346,000) and RM Results (£61,000), with no impact on total adjusted profit from operations.

Dividend

Reflecting the Board's continued confidence in the business, the interim dividend per share has been increased by 25% to 1.20p (2014: 0.96p). The dividend will be payable on 11 September 2015 to shareholders on the register on 14 August 2015.

RM Resources

The RM Resources 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 2015	6 months to May 2014	12 months to November 2014
RM Resources revenue	£32.7m	£29.3m	£62.8m
RM Resources adjusted* operating profit	£4.5m	£3.8m	£10.3m

RM Resources reported revenue growth of 11% to £32.7m (2014: £29.3m). TTS UK direct catalogue and online revenue rose 13% benefitting from strong curriculum focused propositions; International revenue grew 17% and represented 13% of TTS revenue in the period.

Adjusted* operating margins improved further to 13.9% (2014: 13.1%).

RM Results

The RM Results 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 2015	6 months to May 2014 (restated)	12 months to November 2014
RM Results revenue	£10.6m	£10.1m	£27.8m
RM Results adjusted* operating profit	£1.6m	£2.0m	£4.6m

Revenue in this division increased by 5% to £10.6m (2014: £10.1m). Adjusted* operating profit decreased from £2.0m for the first half of 2014 to £1.6m as performance in the first half of 2014 was flattered by the cumulative impact of an improvement in the forecast lifetime profitability on an established long-term contract.

In February RM Results signed a 3-year contract to provide the education charity AQA with e-marking services alongside DRS, their existing supplier. The division has also been selected as preferred supplier to provide e-assessment services to a world leading professional membership organisation, ICAEW, an existing customer for e-marking.

RM Education

The RM Education division supplies IT Services, Internet Services, Infrastructure Solutions and Digital Platforms and Content to UK schools and colleges.

	6 months to May 2015	6 months to May 2014 (restated)	12 months to November 2014
RM Education revenue	£36.5m	£52.7m	£111.9m
RM Education adjusted* operating profit	£2.6m	£3.4m	£7.7m

As expected divisional revenues reduced by 31% reflecting the inclusion of RM's own hardware revenues in 2014 and lower BSF activity.

The division generated an adjusted* operating profit of £2.6m (2014: £3.4m) with operating margins increasing from 6.4% to 7.0%. The division includes services subject to long-term project accounting and, as in 2014, profits were positively affected by good operational performance and cost control in completing BSF contracts.

Good progress was made in the half with respect to pursuing the division's priority areas in software and services. Positive engagement with major Multi Academy Trusts has resulted in a wide ranging framework agreement being signed with one trust and with RM Education being awarded preferred bidder status on another. 98% of maintained primary schools in Derbyshire have contracted to transfer to RM Integris, the division's cloud-based School Management Systems platform. A new internet connectivity contract was signed with West Berkshire.

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 2014 Annual Report remain applicable. This is available from the RM website: www.rmplc.com.

Outlook

The RM Resources and RM Results divisions, which represented 54% of the Group's revenues and 70% of the Group's profit in the half, continue to grow organically and maintain good margins. RM Education continues to make good progress focusing on software and services and improving margins.

Trading in the year is running in line with the Board's expectations and we are confident that the Group will return to revenue growth in 2016 with all three divisions growing by 2017. The cash position at year end is likely to be ahead of current market expectations.

Condensed Consolidated Income Statement
for the 6 months ended 31 May 2015

	6 months ended 31 May 2015			6 months ended 31 May 2014			Year ended 30 November 2014			
	Note	Adjusted £000	Adjustments £000	Total £000	Adjusted £000	Adjustments £000	Total £000	Adjusted £000	Adjustments £000	Total £000
Revenue		79,806	-	79,806	92,110	-	92,110	202,544	-	202,544
Cost of sales		(47,612)	-	(47,612)	(57,037)	-	(57,037)	(126,974)	-	(126,974)
Gross profit		32,194	-	32,194	35,073	-	35,073	75,570	-	75,570
Operating expenses		(25,246)	-	(25,246)	(27,747)	-	(27,747)	(57,044)	-	(57,044)
- Amortisation of acquisition related intangible assets		-	(152)	(152)	-	(152)	(152)	-	(303)	(303)
- Gain on sale of operations		-	-	-	-	-	-	-	429	429
- Share-based payment charges		-	(385)	(385)	-	(399)	(399)	-	(932)	(932)
- Release of/(increase in) provisions for dilapidations on leased properties and onerous lease contracts		-	2,393	2,393	-	445	445	-	(774)	(774)
- Restructuring program release/(costs)		-	213	213	-	(83)	(83)	-	(472)	(472)
		(25,246)	2,069	(23,177)	(27,747)	(189)	(27,936)	(57,044)	(2,052)	(59,096)
Profit from operations		6,948	2,069	9,017	7,326	(189)	7,137	18,526	(2,052)	16,474
Investment income		180	894	1,074	280	-	280	476	-	476
Finance costs		(782)	(88)	(870)	(575)	(171)	(746)	(924)	(269)	(1,193)
Profit before tax		6,346	2,875	9,221	7,031	(360)	6,671	18,078	(2,321)	15,757
Tax	4	(1,488)	(375)	(1,863)	(1,479)	43	(1,436)	(4,359)	201	(4,158)
Profit for the period		4,858	2,500	7,358	5,552	(317)	5,235	13,719	(2,120)	11,599
Earnings per ordinary share:	5									
Basic		6.0p	3.1p	9.1p	6.4p	(0.4)p	6.0p	16.4p	(2.5)p	13.9p
Diluted		5.8p	3.0p	8.8p	6.2p	(0.3)p	5.9p	15.4p	(2.4)p	13.0p
Paid and proposed dividends per share:	6									
Interim				1.20p			0.96p			0.96p
Final				-			-			3.04p

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

All amounts were derived from continuing operations.

Condensed Consolidated Statement of Comprehensive Income
for the 6 months ended 31 May 2015

	6 months ended 31 May 2015 £000	6 months ended 31 May 2014 £000	Year ended 30 November 2014 £000
Profit for the period	7,358	5,235	11,599
Items that will not be reclassified subsequently to profit or loss:			
Defined benefit pension scheme remeasurements	(4,553)	(2,385)	(21,892)
Tax on items that will not be reclassified subsequently to profit or loss	911	188	4,378
Items that are or may be reclassified subsequently to profit or loss:			
Fair value (loss)/gain on hedged instruments	(114)	618	1,018
Exchange (loss)/gain on translation of overseas operations	(15)	53	81
Tax on items that are or may be reclassified subsequently to profit or loss	(27)	-	657
Other comprehensive expense	(3,798)	(1,526)	(15,758)
Total comprehensive income/(expense)	3,560	3,709	(4,159)

Condensed Consolidated Balance Sheet
At 31 May 2015

	Note	31 May 2015 £000	31 May 2014 £000	30 November 2014 £000
Non-current assets				
Goodwill		14,067	14,067	14,067
Acquisition related intangible assets		310	612	461
Other intangible assets		553	838	537
Property, plant and equipment		7,695	8,271	8,040
Other receivables	9	1,172	1,911	1,878
Deferred tax assets		8,256	4,918	8,147
		32,053	30,617	33,130
Current assets				
Inventories		12,846	11,559	10,604
Trade and other receivables	9	24,606	32,508	32,928
Tax assets		545	107	821
Cash and short-term deposits	7	43,103	40,278	47,893
		81,100	84,452	92,246
Total assets		113,153	115,069	125,376
Current liabilities				
Trade and other payables	10	(68,888)	(75,140)	(79,085)
Tax liabilities		(780)	-	(600)
Provisions	11	(2,828)	(2,961)	(3,660)
		(72,496)	(78,101)	(83,345)
Net current assets		8,604	6,351	8,901
Non-current liabilities				
Other payables	10	(963)	(5,652)	(1,657)
Provisions	11	(2,507)	(6,351)	(5,507)
Defined Benefit Pension Scheme obligation	12	(30,016)	(8,767)	(26,753)
		(33,486)	(20,770)	(33,917)
Total liabilities		(105,982)	(98,871)	(117,262)
Net assets		7,171	16,198	8,114
Equity attributable to shareholders				
Share capital		1,889	1,870	1,889
Share premium account		27,018	26,997	27,018
Own shares		(2,667)	(2,932)	(2,950)
Capital redemption reserve		94	94	94
Hedging reserve		430	144	544
Translation reserve		(319)	(332)	(304)
Retained earnings - (deficit)		(19,274)	(9,643)	(18,177)
Total equity		7,171	16,198	8,114

Condensed Consolidated Statement of Changes in Equity

for the 6 months ended 31 May 2015		Share capital	Share premium	Own shares	Capital redemption reserve	Hedging reserve	Translation reserve	Retained earnings	Total
	Note	£000	£000	£000	£000	£000	£000	£000	£000
At 1 December 2014		1,889	27,018	(2,950)	94	544	(304)	(18,177)	8,114
Profit for the period		-	-	-	-	-	-	7,358	7,358
Other comprehensive expense		-	-	-	-	(114)	(15)	(3,669)	(3,798)
Total comprehensive income/(expense)		-	-	-	-	(114)	(15)	3,689	3,560
Transactions with owners of the Company:									
Share-based payment awards exercised		-	-	2,592	-	-	-	(2,720)	(128)
Purchase of own shares		-	-	(2,309)	-	-	-	-	(2,309)
Share-based payment fair value charges		-	-	-	-	-	-	385	385
Ordinary dividends paid	6	-	-	-	-	-	-	(2,451)	(2,451)
At 31 May 2015		1,889	27,018	(2,667)	94	430	(319)	(19,274)	7,171

for the 6 months ended 31 May 2014		Share capital	Share premium	Own shares	Capital redemption reserve	Hedging reserve	Translation reserve	Retained earnings	Total
	Note	£000	£000	£000	£000	£000	£000	£000	£000
At 1 December 2013		1,870	26,997	(2,972)	94	(474)	(385)	3,895	29,025
Profit for the period		-	-	-	-	-	-	5,235	5,235
Other comprehensive income/(expense)		-	-	-	-	618	53	(2,197)	(1,526)
Total comprehensive income		-	-	-	-	618	53	3,038	3,709
Transactions with owners of the Company:									
Share-based payment awards exercised		-	-	40	-	-	-	(40)	-
Share-based payment fair value charges		-	-	-	-	-	-	399	399
Ordinary dividends paid	6	-	-	-	-	-	-	(2,257)	(2,257)
Special dividends paid	6	-	-	-	-	-	-	(14,678)	(14,678)
At 31 May 2014		1,870	26,997	(2,932)	94	144	(332)	(9,643)	16,198

for the year ended 30 November 2014		Share capital	Share premium	Own shares	Capital redemption reserve	Hedging reserve	Translation reserve	Retained earnings	Total
	Note	£000	£000	£000	£000	£000	£000	£000	£000
At 1 December 2013		1,870	26,997	(2,972)	94	(474)	(385)	3,895	29,025
Profit for the year		-	-	-	-	-	-	11,599	11,599
Other comprehensive income/(expense)		-	-	-	-	1,018	81	(16,857)	(15,758)
Total comprehensive income/(expense)		-	-	-	-	1,018	81	(5,258)	(4,159)
Transactions with owners of the Company:									
Shares issued		19	21	(18)	-	-	-	-	22
Share-based payment awards exercised		-	-	40	-	-	-	(40)	-
Share-based payment fair value charges		-	-	-	-	-	-	932	932
Ordinary dividends paid	6	-	-	-	-	-	-	(3,028)	(3,028)
Special dividends paid	6	-	-	-	-	-	-	(14,678)	(14,678)
At 30 November 2014		1,889	27,018	(2,950)	94	544	(304)	(18,177)	8,114

Condensed Consolidated Cash Flow Statement
for the 6 months ended 31 May 2015

		6 months ended 31 May 2015	6 months ended 31 May 2014	Year ended 30 November 2014
	Note	£000	£000	£000
Profit before tax		9,221	6,671	15,757
Investment income		(1,074)	(280)	(476)
Finance costs		870	746	1,193
Profit from operations		9,017	7,137	16,474
Adjustments for:				
Amortisation of acquisition related intangible assets		152	152	303
Amortisation of other intangible assets		154	188	417
Depreciation and impairment of property, plant and equipment		1,138	1,475	3,415
Gain on sale of operations		-	-	(429)
Loss on disposal of other intangible assets		-	-	73
Gain on disposal of property, plant and equipment		(75)	(199)	(398)
Loss/(gain) on foreign exchange derivatives		134	(106)	(83)
Share-based payment charge		385	399	932
(Decrease)/increase in provisions	11	(2,258)	(391)	1,339
Defined Benefit Pension Scheme administration cost	12	205	159	475
Operating cash flows before movements in working capital		8,852	8,814	22,518
Increase in inventories		(2,242)	(1,010)	(55)
Decrease in receivables		7,594	2,506	2,792
Decrease in payables:				
- decrease in trade and other payables		(10,805)	(328)	(708)
- utilisation of onerous lease and dilapidations provisions	11	(959)	(550)	(836)
- utilisation of employee-related restructuring provisions	11	(599)	(3,112)	(4,348)
- utilisation of other provisions	11	(105)	(262)	(289)
Cash generated by operations		1,736	6,058	19,074
Defined Benefit Pension Scheme cash contributions:				
- deficit catch-up payments and Scheme expenses	12	(1,992)	(1,861)	(3,821)
- pension escrow account	12	-	(8,000)	(8,000)
Tax paid		(632)	(1,311)	(2,527)
Borrowing facilities arrangement and commitment fees		(183)	(263)	(353)
Income on sale of finance lease debt		-	54	55
Net cash (outflow)/inflow from operating activities		(1,071)	(5,323)	4,428
Investing activities				
Interest received		163	163	403
Repayment of loans by third parties		14	-	33
Proceeds from sale of other receivables		1,586	-	-
Proceeds on disposal of property, plant and equipment		122	380	661
Purchases of property, plant and equipment		(370)	(813)	(2,597)
Purchases of other intangible assets		(170)	-	(1)
Net cash generated by/(used in) investing activities		1,345	(270)	(1,501)
Financing activities				
Ordinary dividends paid	6	(2,451)	(2,257)	(3,028)
Special dividend paid	6	-	(14,678)	(14,678)
Repayment of capital obligations under vehicle finance leases		(177)	(342)	(530)
Proceeds of share capital issue, net of share issue costs		-	-	22
Purchase of own shares		(2,309)	-	-
Satisfaction of share-based payment awards		(128)	-	-
Net cash used in financing activities		(5,065)	(17,277)	(18,214)
Net decrease in cash and cash equivalents		(4,791)	(22,870)	(15,287)
Cash and cash equivalents at the beginning of the period		41,893	57,169	57,169
Effect of foreign exchange rate changes		1	(21)	11
Cash and cash equivalents at the end of period	7	37,103	34,278	41,893

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 2015 and for the 6 months then ended comprise those of the Company and its subsidiaries (together 'the Group').

Condensed Consolidated Income Statement presentation

The Income Statement is presented in three columns. This presentation is intended to give a better guide to business performance by separately identifying the following adjustments to profit which are considered exceptional in nature or with potential significant variability year on year in non-cash items which might mask underlying trading performance: the amortisation of acquisition related intangible assets; the gain on sale of operations; share-based payment charges; restructuring program costs; and changes in the provisions for dilapidations 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 disclosed. Equivalent material adjustments to profit arising in future years, including increases in or reversals of items recorded, will be disclosed in a consistent manner.

Adjustments to profit

During the 6 months ended 31 May 2015 adjustments to profit include:

- In March 2015 the Group's interests in Newham Learning Partnership (PSP) Ltd were sold for a total cash consideration of £1.6m; and a profit of £0.9m was recorded as an adjustment to Investment income.
- The Group's 135 Milton Park leased premises were sub-let to South Oxfordshire District Council for a minimum period of 3 years. The premises are onerous to the Group's requirements, as they were at 30 November 2014, and on sub-letting £2.4m has been released from the onerous lease provision in the period.

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 2014.

The preparation of the Condensed Consolidated Interim Financial Statements, in conformity with generally accepted accounting principles, requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Interim Financial Statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates.

In preparing these Condensed Consolidated Interim Financial Statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Consolidated Financial Statements as at and for the year ended 30 November 2014.

Going concern

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

3. Segmental results

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

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

This Segmental analysis shows the result and assets of these divisions. Revenue is that earned by the Group from third parties.

6 months ended 31 May 2015	RM Resources £000	RM Results £000	RM Education £000	Corporate Services £000	Total £000
Revenue	32,650	10,640	36,516	-	79,806
Adjusted profit from operations	4,523	1,610	2,571	(1,756)	6,948
Adjusted investment income					180
Adjusted finance costs					(782)
Adjusted profit before tax					6,346
Adjustments (see note 1)					2,875
Profit before tax					9,221

6 months ended 31 May 2014 (restated)	RM Resources £000	RM Results (restated) £000	RM Education (restated) £000	Corporate Services (restated) £000	Total £000
Revenue	29,329	10,115	52,666	-	92,110
Adjusted profit from operations (restated)	3,828	2,019	3,367	(1,888)	7,326
Investment income					280
Adjusted finance costs					(575)
Adjusted profit before tax					7,031
Adjustments (see note 1)					(360)
Profit before tax					6,671

Year ended 30 November 2014	RM Resources £000	RM Results £000	RM Education £000	Corporate Services £000	Total £000
Revenue	62,804	27,827	111,913	-	202,544
Adjusted profit from operations	10,330	4,648	7,700	(4,152)	18,526
Investment income					476
Adjusted finance costs					(924)
Adjusted profit before tax					18,078
Adjustments (see note 1)					(2,321)
Profit before tax					15,757

In the year ended 30 November 2014, Group expenditure relating to administering the Defined Benefit Pension Scheme was included in Corporate Services adjusted profit from operations, where previously it had been included within the divisional results. The divisional results for the 6 months ended 31 May 2014 have been restated to be consistent with this treatment with £407,000 of cost allocated to Corporate Services from RM Education (£346,000) and RM Results (£61,000), with no impact on total adjusted profit from operations.

3. Segmental results (continued)

Segmental assets

	RM Resources £000	RM Results £000	RM Education £000	Corporate Services £000	Total £000
At 31 May 2015					
Segmental	35,969	6,067	17,422	409	59,867
Other					53,286
Total assets					113,153

	RM Resources £000	RM Results £000	RM Education £000	Corporate Services £000	Total £000
At 31 May 2014					
Segmental	33,796	7,040	28,312	164	69,312
Other					45,757
Total assets					115,069

	RM Resources £000	RM Results £000	RM Education £000	Corporate Services £000	Total £000
At 30 November 2014					
Segmental	33,970	6,636	27,334	353	68,293
Other					57,083
Total assets					125,376

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

4. Tax

Corporation tax for the interim period is charged at the expected effective tax rate for the financial year ending 30 November 2015, based upon adjusted profit as explained within note 1. The charge incorporates both current and deferred taxation:

	6 months ended 31 May 2015			6 months ended 31 May 2014			Year ended 30 November 2014		
	Adjusted £000	Adjustments £000	Total £000	Adjusted £000	Adjustments £000	Total £000	Adjusted £000	Adjustments £000	Total £000
Profit before tax	6,346	2,875	9,221	7,031	(360)	6,671	18,078	(2,321)	15,757
Tax charge	(1,488)	(375)	(1,863)	(1,479)	43	(1,436)	(4,359)	201	(4,158)
Effective tax rate	23.4%	13.0%	20.2%	21.0%	11.9%	21.5%	24.1%	8.7%	26.4%

5. Earnings per ordinary share

	6 months ended 31 May 2015			6 months ended 31 May 2014			Year ended 30 November 2014		
	Profit after tax	Weighted average number of shares	Pence per share	Profit after tax	Weighted average number of shares	Pence per share	Profit after tax	Weighted average number of shares	Pence per share
	£000	000		£000	000		£000	000	
Basic earnings per ordinary share:									
Basic earnings	7,358	80,913	9.1	5,235	87,167	6.0	11,599	83,702	13.9
Adjustments (see note 1)	(2,500)	-	(3.1)	317	-	0.4	2,120	-	2.5
Adjusted basic earnings	4,858	80,913	6.0	5,552	87,167	6.4	13,719	83,702	16.4
Diluted earnings per ordinary share:									
Basic earnings	7,358	80,913	9.1	5,235	87,167	6.0	11,599	83,702	13.9
Effect of dilutive potential ordinary shares: share-based payment awards	-	3,010	(0.3)	-	2,149	(0.1)	-	5,346	(0.9)
Diluted earnings per ordinary share	7,358	83,923	8.8	5,235	89,316	5.9	11,599	89,048	13.0
Adjustments (see note 1)	(2,500)	-	(3.0)	317	-	0.3	2,120	-	2.4
Adjusted diluted earnings	4,858	83,923	5.8	5,552	89,316	6.2	13,719	89,048	15.4

6. Dividends

Amounts recognised as distributions to equity holders were:

	6 months ended 31 May 2015 £000	6 months ended 31 May 2014 £000	Year ended 30 November 2014 £000
Final dividend for the year ended 30 November 2014 - 3.04p per share (2013: 2.46p)	2,451	2,257	2,257
Interim dividend for the year ended 30 November 2014 - 0.96p per share	-	-	771
Special dividend for the year ended 30 November 2013 - 16.00p per share	-	14,678	14,678
	2,451	16,935	17,706

The proposed interim dividend of 1.20p per share was approved by the Board on 3 July 2015. The anticipated cost of £974,000 has not be included as a liability at 31 May 2015.

7. Cash and short-term deposits

	31 May 2015 £000	31 May 2014 £000	30 November 2014 £000
Cash and cash equivalents	37,103	34,278	41,893
Short-term deposits	6,000	6,000	6,000
Cash and short-term deposits	43,103	40,278	47,893

8. Long-term contracts

	Note	31 May 2015 £000	31 May 2014 £000	30 November 2014 £000
Amounts due from contract customers included in trade and other receivables	9	83	1,133	154
Amounts due to contract customers included in trade and other payables	10	(29,245)	(32,767)	(31,320)
		(29,162)	(31,634)	(31,166)

9. Trade and other receivables

	31 May 2015 £000	31 May 2014 £000	30 November 2014 £000
Current			
Financial assets			
Trade receivables	17,264	23,861	24,830
Long-term contract balances	83	1,133	154
Other receivables	826	398	743
Derivative financial instruments	340	270	565
Accrued income	2,155	1,602	1,571
	20,668	27,264	27,863
Non-financial assets			
Prepayments	3,938	5,244	5,065
	24,606	32,508	32,928
Non-current			
Financial assets			
Other receivables	1,172	1,911	1,878

10. Trade and other payables

	31 May 2015	31 May 2014	30 November 2014
	£000	£000	£000
Current			
Financial liabilities			
Trade payables	9,748	9,344	12,793
Other taxation and social security	4,059	3,451	4,673
Other payables	1,053	2,507	2,066
Derivative financial instruments	26	86	3
Accruals	12,507	14,567	14,041
Obligations under finance leases	106	297	230
Long-term contract balances	29,245	32,767	31,320
	56,744	63,019	65,126
Non-financial liabilities			
Deferred income	12,144	12,121	13,959
	68,888	75,140	79,085
Non-current			
Financial liabilities			
Obligations under finance leases	-	162	49
Non-financial liabilities			
Deferred income:			
- due after one year but within two years	667	3,578	1,077
- due after two years but within five years	296	1,912	531
	963	5,652	1,657

11. Provisions

	Onerous lease and dilapidations £000	Employee-related restructuring £000	Other £000	Total £000
At 1 December 2014	8,094	365	708	9,167
Utilisation of provisions	(959)	(599)	(105)	(1,663)
Release of provisions	(2,393)	(85)	(99)	(2,577)
Increase in provisions	-	319	-	319
Effect of movements in foreign exchange rates	-	-	1	1
Unwind of discount	88	-	-	88
At 31 May 2015	4,830	-	505	5,335

12. Defined Benefit Pension scheme

In the half-years ended 31 May 2015 and 31 May 2014 the financial position of the Group's Defined Benefit Pension Scheme has been rolled forward from the respective prior year end. The roll forward includes updating for actual investment returns for the periods; market derived discount rates on liabilities; and market derived inflation assumptions. Mortality assumptions have been held in line with those applied at 30 November of the preceding financial year.

The last triennial valuation at 31 May 2012 was used as the basis for the 30 November 2014 IAS 19 valuation and the roll-forward to 31 May 2015.

As at 31 May 2012, the triennial valuation for statutory funding purposes showed a deficit of £53.5m (31 May 2009: £16.6m). The Group agreed with the Scheme Trustees to repay this amount via deficit catch up payments of £4.0m 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 2015 total payments of £2.0m were made under this arrangement.

The Scheme is closed to future accrual of benefits.

In 2014 the Board and Scheme Trustee 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 Trustee. As at 31 May 2015 £3.3m remained unutilised in an escrow account and has been included within the calculation of the Scheme assets under IAS 19.

13. Related party transactions

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

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 interim financial statements

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 6 months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining 6 months of the year; and
 - (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first 6 months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board,

Iain McIntosh
Chief Financial Officer
6 July 2015

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 2015 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 2015 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

6 July 2015