

RM plc
Interim Results for the period ending 31 May 2016

RM plc ("RM"), the leading education software, services and resources group, reports its interim results for the 6 months ended 31 May 2016.

HIGHLIGHTS

Financial	2016	2015	Change
Revenue¹	£76.6m	£77.7m	-1.4%
RM Resources	£29.3m	£30.6m	-4.4%
RM Results	£13.2m	£10.6m	+23.6%
RM Education	£34.2m	£36.5m	-6.4%
Adjusted* operating profit	£7.1m	£6.9m	+2.9%
Adjusted* operating profit margin	9.3%	8.9%	+0.4pp
Adjusted* diluted EPS	6.1p	5.8p	+5.2%
Interim dividend	1.50p	1.20p	+25%

¹ The highlights set out above exclude the results of exited businesses. Revenue including exited businesses was £76.8m (H1 2015: £79.8m). Including the results of exited businesses does not change the adjusted operating profit as shown above.

Operational

- Strong revenue growth in RM Results partially offsetting expected reductions in RM Resources and RM Education
- Adjusted* operating profit improved to £7.1m (H1 2015: £6.9m)
- Adjusted* operating margin continues to improve to 9.3% (H1 2015: 8.9%)
- Cash remains strong at £32.1m
- Interim dividend increased by 25% to 1.50p (H1 2015: 1.20p)
- Confident of meeting full year expectations

Commenting on the interim results, David Brooks, Chief Executive of RM, said:

“Trading in the first six months of 2016 has been as expected. We have seen strong growth in RM Results, RM Resources has protected its robust margins despite a modest decline in revenues and RM Education continues to stabilise. Despite a subdued UK education market, our balance sheet remains strong and we are confident of meeting expectations for the full year.”

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RM plc

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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; impairment of held for sale assets and related transition costs; the gain on sale of operations; share-based payment charges; restructuring program release and changes in the provisions for dilapidations and onerous lease contracts.

RM plc

Interim results for the 6 months ended 31 May 2016

Results

	6 months to May 2016	6 months to May 2015	12 months to November 2015
Revenue	£76.8m	£79.8m	£178.2m
Revenue excluding exited business	£76.6m	£77.7m	£174.5m
Adjusted* operating profit	£7.1m	£6.9m	£18.2m
Adjusted* profit before tax	£6.5m	£6.3m	£17.1m
Profit before tax	£6.0m	£9.2m	£19.2m
Adjusted* diluted Earnings per share	6.1p	5.8p	15.6p
Ordinary dividend per share	1.50p	1.20p	5.00p
Cash and short term deposits	£32.1m	£43.1m	£48.3m

Revenue declined by 3.8% to £76.8m compared with £79.8m for the same period last year (or by 1.4% when excluding the exited business, SpaceKraft that was sold in December 2015), with growth in the RM Results division being more than offset by the expected decline in the RM Resources and RM Education divisions.

Adjusted* operating profit was £7.1m (H1 2015: £6.9m). Adjusted* profit before tax was £6.5m (H1 2015: £6.3m).

Cash used in operations of £0.4m (H1 2015: cash generated £1.7m) 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 2016 was £32.1m (2015: £43.1m at 31 May 2015, £48.3m at 30 November 2015) which follows a one off additional pension payment of £8m agreed as part of the 2015 triennial agreement.

Adjusted* diluted earnings per share increased by 5% to 6.1p (H1 2015: 5.8p).

Pension

The IAS 19 deficit relating to RM's defined benefit pension scheme has increased since 30 November 2015 by £1.1m to £23.0m (£21.9m at 30 November 2015), primarily due to increased liabilities arising from a reduction in market discount rates more than offsetting cash contributions of £10m and beneficial inflation factors. The deficit net of deferred tax was £18.8m (£17.9m at 30 November 2015).

Dividend

The interim dividend per share has been increased by 25% to 1.50p (H1 2015: 1.20p) reflecting the commitment to reduce dividend cover. The dividend will be payable on 9 September 2016 to shareholders on the register on 12 August 2016.

RM Resources

RM Resources consists of the operating business TTS. TTS provides education resources used in schools in the UK and internationally through a mainly direct marketing business. Products supplied are a mix of third party branded and TTS branded items manufactured from a network of third party suppliers.

	6 months to May 2016	6 months to May 2015	12 months to November 2015
RM Resources revenue	£29.3m	£30.6m	£63.5m
RM Resources adjusted* operating profit	£4.3m	£4.5m	£11.1m

The above excludes the exited SpaceKraft business which was sold in December 2015.

As anticipated, RM Resources reported a revenue decline of 4.4% to £29.3m (H1 2015: £30.6m). TTS UK direct marketing fell by 8% as a result of the end of the benefit driven by significant curriculum change in UK primary schools and continued tightening of UK schools budgets. Online ordering continues to be strong and now represents 34% of UK orders (28% for the same period in 2015). International revenue grew 18% driven primarily by increased sales of proprietary products in Europe and sales to International schools.

Despite declining revenue, focus on tight cost control has protected the strong margins with adjusted* operating margin remaining constant at 14.6%.

RM Results

The RM Results business provides IT software and e-Assessment services to enable onscreen exam marking (e-marking), onscreen testing (e-testing) and the management and analysis of educational data. Its customers include government ministries, exam boards and professional awarding bodies in the UK and overseas.

	6 months to May 2016	6 months to May 2015	12 months to November 2015
RM Results revenue	£13.2m	£10.6m	£30.7m
RM Results adjusted* operating profit	£2.4m	£1.6m	£5.6m

Revenue in this division increased by 23.6% to £13.2m (H1 2015: £10.6m). This resulted from growth of 46% in e-Assessment revenues driven by a greater proportion of revenues accounted for in H1 compared to the prior year (+34%) and increased e-testing revenues (+12%). Data revenues declined by 6% as a result of planned contract exits which will also impact revenues in the second half. Adjusted* operating profit increased from £1.6m for the first half of 2015 to £2.4m as a result of the increased revenue.

Increased revenues in e-testing were driven by an expanded 5 year managed services contract for English language exams with Cambridge Assessment.

RM Education

RM Education is a UK focused business supplying ICT software and services to schools and colleges.

	6 months to May 2016	6 months to May 2015	12 months to November 2015
RM Education revenue	£34.2m	£36.5m	£80.2m
RM Education adjusted* operating profit	£2.3m	£2.6m	£5.5m

As expected revenues in RM Education reduced by 6.4% reflecting the continued transition away from legacy offerings. This reduction reflects a significant slowdown in the revenue decline experienced in this division compared to previous years. The decline was experienced on the back of the government's Building Schools for the Future (BSF) programme stopping and the change of strategy away from making and selling PC client devices.

Good progress was made in the half year in relation to pursuing the division's priority areas in software and services. In particular we extended or renewed all long term managed service contracts that ended in the period including those previously under the BSF programme.

The division generated an adjusted* operating profit of £2.3m (H1 2015: £2.6m) with operating margins of 6.6%. The division includes services subject to long-term project accounting and, as in 2015, profits were positively affected by good operational performance and cost control in long term contract completions.

Corporate Costs

Corporate costs have remained stable at £1.8m (H1 2015: £1.8m).

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 2015 Annual Report remain applicable. This is available from the RM website: www.rmplc.com.

Outlook

Whilst market conditions in the UK Education sector continue to be subdued as a result of pressure on school budgets we are confident of delivering results for the year in line with expectations. Our balance sheet remains strong and the Board is focusing on the right balance of investing in the three divisions while ensuring that margins can be maintained or improved in 2016.

Condensed Consolidated Income Statement

for the 6 months ended 31 May 2016

	6 months ended 31 May 2016			6 months ended 31 May 2015			Year ended 30 November 2015			
	Note	Adjusted	Adjustments	Total	Adjusted	Adjustments	Total	Adjusted	Adjustments	Total
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Revenue		76,759	-	76,759	79,806	-	79,806	178,228	-	178,228
Cost of sales		(44,774)	-	(44,774)	(47,612)	-	(47,612)	(109,316)	-	(109,316)
Gross profit		31,985	-	31,985	32,194	-	32,194	68,912	-	68,912
Operating expenses		(24,910)	-	(24,910)	(25,246)	-	(25,246)	(50,713)	-	(50,713)
Amortisation of acquisition related intangible assets		-	(8)	(8)	-	(152)	(152)	-	(303)	(303)
Impairment of held for sale assets and related transition costs		-	-	-	-	-	-	-	(323)	(323)
Gain on sale of operations		-	136	136	-	-	-	-	65	65
Share-based payment charges		-	(700)	(700)	-	(385)	(385)	-	(864)	(864)
Release of provisions for dilapidations on leased properties and onerous lease contracts		-	79	79	-	2,393	2,393	-	2,368	2,368
Restructuring program release		-	-	-	-	213	213	-	243	243
Exceptional credit on Defined Benefit Pension Scheme		-	-	-	-	-	-	-	206	206
		(24,910)	(493)	(25,403)	(25,246)	2,069	(23,177)	(50,713)	1,392	(49,321)
Profit from operations		7,075	(493)	6,582	6,948	2,069	9,017	18,199	1,392	19,591
Investment income		114	-	114	180	894	1,074	409	894	1,303
Finance costs		(657)	(38)	(695)	(782)	(88)	(870)	(1,510)	(149)	(1,659)
Profit before tax		6,532	(531)	6,001	6,346	2,875	9,221	17,098	2,137	19,235
Tax	4	(1,372)	(9)	(1,381)	(1,488)	(375)	(1,863)	(3,984)	(289)	(4,273)
Profit for the period		5,160	(540)	4,620	4,858	2,500	7,358	13,114	1,848	14,962
Earnings per ordinary share:	5									
Basic		6.4p		5.7p	6.0p		9.1p	16.2p		18.5p
Diluted		6.1p		5.4p	5.8p		8.8p	15.6p		17.8p
Paid and proposed dividends per share:	6									
Interim				1.50p			1.20p			1.20p
Final				-			-			3.80p

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

Results from exited business are shown in note 3 to these financial statements.

Condensed Consolidated Statement of Comprehensive Income

for the 6 months ended 31 May 2016

	6 months ended 31 May 2016 £000	6 months ended 31 May 2015 £000	Year ended 30 November 2015 £000
Profit for the period	4,620	7,358	14,962
Items that will not be reclassified subsequently to profit or loss:			
Defined benefit pension scheme remeasurements	(10,279)	(4,553)	2,402
Tax on items that will not be reclassified subsequently to profit or loss	1,932	911	(950)
Items that are or may be reclassified subsequently to profit or loss:			
Fair value gain/(loss) on hedged instruments	56	(114)	(180)
Exchange gain/(loss) on translation of overseas operations	60	(15)	(80)
Tax on items that are or may be reclassified subsequently to profit or loss	17	(27)	(36)
Other comprehensive (expense)/income	(8,214)	(3,798)	1,156
Total comprehensive (expense)/income	(3,594)	3,560	16,118

Condensed Consolidated Balance Sheet

At 31 May 2016

	Note	31 May 2016 £000	31 May 2015 £000	30 November 2015 £000
Non-current assets				
Goodwill		14,067	14,067	14,067
Acquisition related intangible assets		-	310	8
Other intangible assets		812	553	562
Property, plant and equipment		6,950	7,695	7,059
Other receivables	9	1,166	1,172	1,168
Deferred tax assets		7,189	8,256	6,121
		30,184	32,053	28,985
Current assets				
Inventories		10,805	12,846	10,862
Trade and other receivables	9	25,815	24,606	25,592
Tax assets		-	545	-
Cash and short-term deposits	7	32,118	43,103	48,320
Assets held for sale		-	-	1,162
		68,738	81,100	85,936
Total assets		98,922	113,153	114,921
Current liabilities				
Trade and other payables	10	(56,719)	(68,888)	(64,974)
Tax liabilities		(1,280)	(780)	(2,787)
Provisions	11	(1,132)	(2,828)	(2,077)
Liabilities directly associated with assets classified as held for sale		-	-	(549)
		(59,131)	(72,496)	(70,387)
Net current assets		9,607	8,604	15,549
Non-current liabilities				
Other payables	10	(690)	(963)	(662)
Provisions	11	(2,948)	(2,507)	(2,864)
Defined Benefit Pension Scheme obligation	12	(22,958)	(30,016)	(21,861)
		(26,596)	(33,486)	(25,387)
Total liabilities		(85,727)	(105,982)	(95,774)
Net assets		13,195	7,171	19,147
Equity attributable to shareholders				
Share capital		1,890	1,889	1,890
Share premium account		27,035	27,018	27,035
Own shares		(2,510)	(2,667)	(2,510)
Capital redemption reserve		94	94	94
Hedging reserve		420	430	364
Translation reserve		(324)	(319)	(384)
Retained earnings - (deficit)		(13,410)	(19,274)	(7,342)
Total equity		13,195	7,171	19,147

Condensed Consolidated Statement of Changes in Equity

for the 6 months ended 31 May 2016		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	£000
	At 1 December 2015	1,890	27,035	(2,510)	94	364	(384)	(7,342)	19,147
	Profit for the period	-	-	-	-	-	-	4,620	4,620
	Other comprehensive income/(expense)	-	-	-	-	56	60	(8,330)	(8,214)
	Total comprehensive income/(expense)	-	-	-	-	56	60	(3,710)	(3,594)
Transactions with owners of the Company:									
	Sale of shares held in staff share scheme	-	-	-	-	-	-	21	21
	Share-based payment fair value charges	-	-	-	-	-	-	700	700
	Ordinary dividends paid	6	-	-	-	-	-	(3,079)	(3,079)
	At 31 May 2016	1,890	27,035	(2,510)	94	420	(324)	(13,410)	13,195
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	£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 year ended 30 November 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	£000
	At 1 December 2014	1,889	27,018	(2,950)	94	544	(304)	(18,177)	8,114
	Profit for the year	-	-	-	-	-	-	14,962	14,962
	Other comprehensive income/(expense)	-	-	-	-	(180)	(80)	1,416	1,156
	Total comprehensive income/(expense)	-	-	-	-	(180)	(80)	16,378	16,118
Transactions with owners of the Company:									
	Shares issued	1	17	-	-	-	-	-	18
	Sale of shares held in staff share scheme	-	-	-	-	-	-	55	55
	Share-based payment awards exercised	-	-	2,910	-	-	-	(3,038)	(128)
	Purchase of own shares	-	-	(2,470)	-	-	-	-	(2,470)
	Share-based payment fair value charges	-	-	-	-	-	-	864	864
	Ordinary dividends paid	6	-	-	-	-	-	(3,424)	(3,424)
	At 30 November 2015	1,890	27,035	(2,510)	94	364	(384)	(7,342)	19,147

Condensed Consolidated Cash Flow Statement

for the 6 months ended 31 May 2016

		6 months ended 31 May 2016	6 months ended 31 May 2015	Year ended 30 November 2015
	Note	£000	£000	£000
Profit before tax		6,001	9,221	19,235
Investment income		(114)	(1,074)	(1,303)
Finance costs		695	870	1,659
Profit from operations		6,582	9,017	19,591
Adjustments for:				
Impairment of acquisition related intangible assets		-	-	150
Amortisation of acquisition related intangible assets		8	152	303
Amortisation of other intangible assets		120	154	297
Depreciation and impairment of property, plant and equipment		1,057	1,138	2,406
Gain on sale of operations		(136)	-	(65)
Loss/(gain) on disposal of property, plant and equipment		42	(75)	(95)
Loss on foreign exchange derivatives		133	134	133
Share-based payment charge		700	385	864
Decrease in provisions	11	(79)	(2,258)	(716)
Defined Benefit Pension Scheme administration cost	12	480	205	530
Operating cash flows before movements in working capital		8,907	8,852	23,398
Decrease/(increase) in inventories		57	(2,242)	(707)
(Increase)/decrease in receivables		(353)	7,594	6,102
Movement in payables:				
- decrease in trade and other payables		(8,233)	(10,805)	(14,369)
- utilisation of onerous lease and dilapidations provisions	11	(306)	(959)	(2,186)
- utilisation of employee-related restructuring provisions	11	(94)	(599)	(1,166)
- utilisation of other provisions	11	(381)	(105)	(132)
Cash (used in)/generated by operations		(403)	1,736	10,940
Defined Benefit Pension Scheme cash contributions		(9,992)	(1,992)	(3,984)
Tax paid		(1,882)	(632)	(171)
Borrowing facilities arrangement and commitment fees		(365)	(183)	(447)
Income on sale of finance lease debt		16	-	45
Net cash (outflow)/inflow from operating activities		(12,626)	(1,071)	6,383
Investing activities				
Interest received		98	163	364
Repayment of loans by third parties		-	14	18
Proceeds from sale of other receivables		-	1,586	1,586
Proceeds from sale of operations		759	-	-
Proceeds on disposal of property, plant and equipment		13	122	165
Purchases of property, plant and equipment		(1,019)	(370)	(1,576)
Purchases of other intangible assets		(369)	(170)	(322)
Net cash (used in)/generated by investing activities		(518)	1,345	235
Financing activities				
Ordinary dividends paid	6	(3,079)	(2,451)	(3,424)
Repayment of capital obligations under vehicle finance leases		-	(177)	(244)
Proceeds of share capital issue, net of share issue costs		-	-	18
Proceeds from sale of shares held in Staff Share Scheme		21	-	55
Purchase of own shares		-	(2,309)	(2,470)
Satisfaction of share-based payment awards		-	(128)	(128)
Net cash used in financing activities		(3,058)	(5,065)	(6,193)
Net (decrease)/ increase in cash and cash equivalents		(16,202)	(4,791)	425
Cash and cash equivalents at the beginning of the period/year		42,320	41,893	41,893
Effect of foreign exchange rate changes		-	1	2
Cash and cash equivalents at the end of period/ year	7	26,118	37,103	42,320

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 2016 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 impairment of held for sale assets and related transition costs, the gain on sale of operations; share-based payment charges; restructuring program releases; and movements 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 2016 adjustments to profit include a £0.7m share based payment fair value charge in accordance with IFRS 2 and a £0.1m profit on the disposal of investment in subsidiary entity, SpaceKraft Limited.

Other Comprehensive Income

Also during the period, £10.3m of actuarial losses relating to the defined benefit pension scheme deficit have been recognised in Other Comprehensive Income. These have been mainly offset by deficit reduction payments of £10.0m.

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 2015.

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 2015.

Going concern

The Directors, having made appropriate enquiries, consider that the Group has 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 results and assets of these divisions. Revenue is that earned by the Group from third parties.

6 months ended 31 May 2016	RM Resources £'000	RM Results £'000	RM Education £'000	Corporate Services £'000	Exited Businesses £'000	Total £'000
Revenue	29,265	13,155	34,188	-	151	76,759
Adjusted profit/(loss) from operations	4,272	2,364	2,264	(1,806)	(19)	7,075
Adjusted investment income						114
Adjusted finance costs						(657)
Adjusted profit before tax						6,532
Adjustments (see note 1)						(531)
Profit before tax						6,001

6 months ended 31 May 2015	RM Resources £'000	RM Results £'000	RM Education £'000	Corporate Services £'000	Exited Businesses £'000	Total £'000
Revenue	30,574	10,640	36,516	-	2,076	79,806
Adjusted profit/(loss) from operations	4,468	1,610	2,571	(1,756)	55	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

Year ended 30 November 2015	RM Resources £'000	RM Results £'000	RM Education £'000	Corporate Services £'000	Exited Businesses £'000	Total £'000
Revenue	63,543	30,725	80,243	-	3,717	178,228
Adjusted profit/(loss) from operations	11,107	5,554	5,494	(4,140)	184	18,199
Investment income						409
Adjusted finance costs						(1,510)
Adjusted profit before tax						17,098
Adjustments (see note 1)						2,137
Profit before tax						19,235

3. Segmental results (continued)

Segmental assets

	RM Resources	RM Results	RM Education	Corporate Services	Exited Businesses	Total
At 31 May 2016	£000	£000	£000	£000	£000	£000
Segmental	34,444	5,662	15,949	3,362	-	59,417
Other						39,505
Total assets						98,922

	RM Resources	RM Results	RM Education	Corporate Services	Exited Businesses	Total
At 31 May 2015	£000	£000	£000	£000	£000	£000
Segmental	34,553	6,067	17,422	409	1,416	59,867
Other						53,286
Total assets						113,153

	RM Resources	RM Results	RM Education	Corporate Services	Exited Businesses	Total
At 30 November 2015	£000	£000	£000	£000	£000	£000
Segmental	32,962	7,732	16,539	700	1,162	59,095
Other						55,826
Total assets						114,921

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 2016, based upon adjusted profit as explained within note 1. The charge incorporates both current and deferred taxation:

	6 months ended 31 May 2016			6 months ended 31 May 2015			Year ended 30 November 2015		
	Adjusted £'000	Adjustments £'000	Total £'000	Adjusted £'000	Adjustments £'000	Total £'000	Adjusted £'000	Adjustments £'000	Total £'000
Profit before tax	6,532	(531)	6,001	6,346	2,875	9,221	17,098	2,137	19,235
Tax charge	(1,372)	(9)	(1,381)	(1,488)	(375)	(1,863)	(3,984)	(289)	(4,273)
Effective tax rate	21.0%	-1.7%	23.0%	23.4%	13.0%	20.2%	23.3%	13.5%	22.2%

5. Earnings per ordinary share

	6 months ended 31 May 2016			6 months ended 31 May 2015			Year ended 30 November 2015		
	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	4,620	80,954	5.7	7,358	80,913	9.1	14,962	80,954	18.5
Adjustments (see note 1)	540	-	0.7	(2,500)	-	(3.1)	(1,848)	-	(2.3)
Adjusted basic earnings	5,160	80,954	6.4	4,858	80,913	6.0	13,114	80,954	16.2
Diluted earnings per ordinary share:									
Basic earnings	4,620	80,954	5.7	7,358	80,913	9.1	14,962	80,954	18.5
Effect of dilutive potential ordinary shares: share-based payment awards	-	4,245	(0.3)	-	3,010	(0.3)	-	3,080	(0.7)
Diluted earnings per ordinary share	4,620	85,199	5.4	7,358	83,923	8.8	14,962	84,034	17.8
Adjustments (see note 1)	540	-		(2,500)	-		(1,848)	-	
Adjusted diluted earnings	5,160	85,199	6.1	4,858	83,923	5.8	13,114	84,034	15.6

6. Dividends

Amounts recognised as distributions to equity holders were:

	6 months ended 31 May 2016 £000	6 months ended 31 May 2015 £000	Year ended 30 November 2015 £000
Final dividend for the year ended 30 November 2015 - 3.80p per share (2014: 3.04p)	3,079	2,451	2,451
Interim dividend for the year ended 30 November 2015 - 1.20p per share	-	-	973
	3,079	2,451	3,424

The proposed interim dividend of 1.50p per share was approved by the Board on 4 July 2016. The anticipated cost of £1,214,000 has not been included as a liability at 31 May 2016.

7. Cash and short-term deposits

	31 May 2016	31 May 2015	30 November 2015
	£000	£000	£000
Cash and cash equivalents	26,118	37,103	42,320
Short-term deposits	6,000	6,000	6,000
Cash and short-term deposits	32,118	43,103	48,320

8. Long-term contracts

		31 May 2016	31 May 2015	30 November 2015
	Note	£000	£000	£000
Amounts due from contract customers included in trade and other receivables	9	1	83	138
Amounts due to contract customers included in trade and other payables	10	(21,664)	(29,245)	(25,509)
		(21,663)	(29,162)	(25,371)

9. Trade and other receivables

	31 May 2016	31 May 2015	30 November 2015
	£000	£000	£000
Current			
Financial assets			
Trade receivables	18,319	17,264	17,303
Long-term contract balances	1	83	138
Other receivables	1,796	826	1,048
Derivative financial instruments	-	340	138
Accrued income	762	2,155	1,489
	20,878	20,668	20,116
Non-financial assets			
Prepayments	4,937	3,938	5,476
	25,815	24,606	25,592
Non-current			
Financial assets			
Other receivables	1,166	1,172	1,168

10. Trade and other payables

	31 May 2016	31 May 2015	30 November 2015
	£000	£000	£000
Current			
Financial liabilities			
Trade payables	11,707	9,748	11,518
Other payables	315	1,053	761
Derivative financial instruments	-	26	5
Accruals	8,813	12,507	12,525
Obligations under finance leases	-	106	40
	20,835	23,440	24,849
Non-financial liabilities			
Other taxation and social security	4,006	4,059	4,010
Long-term contract balances	21,664	29,245	25,509
Deferred income	10,214	12,144	10,606
	35,884	45,448	40,125
	56,719	68,888	64,974
Non-current			
Non-financial liabilities			
Deferred income:			
- due after one year but within two years	422	667	472
- due after two years but within five years	268	296	190
	690	963	662

11. Provisions

	Onerous lease and Employee-related dilapidations	Employee-related restructuring	Other	Total
	£000	£000	£000	£000
At 1 December 2015	3,579	184	1,178	4,941
Utilisation of provisions	(306)	(94)	(381)	(781)
Release of provisions	(150)	-	(58)	(208)
Increase in provisions	-	-	90	90
Unwind of discount	38	-	-	38
At 31 May 2016	3,161	90	829	4,080

12. Defined Benefit Pension scheme

In the half-years ended 31 May 2016 and 31 May 2015 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 held in line with those applied at 30 November 2015 of the preceding financial year.

The last triennial valuation at 31 May 2015 was used as the basis for the 30 November 2015 IAS 19 valuation and the roll-forward to 31 May 2016.

As at 31 May 2015, the triennial valuation for statutory funding purposes showed a deficit of £41.8 million (31 May 2012: £53.5 million). The Group agreed with the Scheme Trustees to repay this amount via deficit catch up payments of £4.0 million in December 2015 and £3.6 million per annum until 30 September 2024. In addition the Group pays the administration costs of the scheme including the Payment Protection Fund levy. In the half-year to 31 May 2016 total payments of £6.0 million were made under this arrangement.

In addition to the £4.0 million of catch up payments in December 2015, a further £4.0 million contribution was paid in December 2015 into an escrow account established in March 2014, the use of which within the Scheme is required to be agreed by RM Education Limited and the Scheme Trustee. As at 31 May 2016 £7.0 million remained unutilised in an escrow account and has been included within the calculation of the Scheme assets under IAS 19.

The Scheme is closed to future accrual of benefits.

13. Related party transactions

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

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 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,

Neil Martin

Chief Financial Officer

4 July 2016

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 2016 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. 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 2016 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

John Bennett

For and on behalf of KPMG LLP

Chartered Accountants

Arlington Business Park, Theale

Reading RG7 4SD

4 July 2016