9 July 2019

RM plc

Interim results for the period ending 31 May 2019

Steady progress – on track to deliver against full year expectations

RM plc ("RM"), a leading supplier of technology and resources to the education sector, reports its interim results for the period ending 31 May 2019.

HIGHLIGHTS

- **Revenue up 1% to £95.5m** with good growth in RM Results and timing benefits from the adoption of IFRS15 which more than offset a difficult UK schools market
- **International revenue increased 33%** offsetting a 3% decline in the UK
- **Adjusted operating profits increased 17% to £9.7m** supported by the timing benefits of IFRS15 adoption and improvements in the two technology divisions, RM Results and RM Education
- **Acquisition of SoNET in June 2019. SoNET's strong e-testing capability** will augment RM Results software enabling full end-to-end digital assessment to customers
- **Net debt of £21.2m** improved by £2.2m on the same period last year
- **Interim dividend increased by 5%** to 2.00p from 1.90p in 2018

	2019	2018	Change %
Revenue	**£95.5m**	£94.9m	+1%
Adjusted* operating profit	**£9.7m**	£8.3m	+17%
Statutory operating profit	**£8.8m**	£7.7m	+14%
Adjusted* operating profit margin	**10.2%**	8.8%	+16%
Adjusted* diluted EPS	**9.1p**	7.3p	+25%
Interim dividend	**2.0p**	1.9p	+5%
Net debt	**(£21.2m)**	(£23.4m)	
Pension deficit	**(£17.8m)**	(£9.1m)	

The results for the first 6 months of 2019 have been prepared under the IFRS15 accounting standard. The results for the comparative period for first 6 months of 2018 have not been restated.

* Throughout this statement, adjusted profit and 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. These include the amortisation of acquisition related intangible assets; acquisition costs and exceptional property related costs and provision movements.

David Brooks, Chief Executive of RM, said:

"The first half of the year has seen steady progress with profit growth in our two education technology divisions, RM Results and RM Education whilst the Resources division continues to progress its organisational consolidation against a challenging UK market backdrop. In June this year, we concluded the acquisition of the assessment software provider, SoNET, which demonstrates our ambition to invest in new technology. The interim dividend has been increased by 5% and our outlook remains to deliver full year expectations."

Presentation and live webcast details

A presentation for analysts and investors will be held today at 9.00am.

The presentation will also be accessible via a live conference call:
Dial-in: https://www.investis-live.com/rmplc/5d0376745507861100054c19/fdfd

Conference password:
Dial-in (UK): 020 3936 2999
Dial-in (all other locations): +44 20 3936 2999
Conference password: 300722

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Notes to Editors:

RM is a UK listed EdTech company, providing market-leading products and services to educational institutions, exam bodies and international governments which improve, simplify and support education and learning.

Technology is transforming Education, and RM is well positioned to capitalise on this through its three divisions:

- **RM Resources** is the established provider of education resources for early years, primary schools and secondary schools across the UK and internationally. Our trusted brands, TTS and Consortium, develop and supply resources to help bring the curriculum to life for teachers and students across over 80 different countries.

- **RM Results** is a world-leading provider of digital assessment services, enabling e-marking, e-testing and the management and analysis of educational data. Every year RM Results marks approximately 200 million exam pages, working with world renowned exam providers, professional bodies, universities and governments.

- **RM Education** is a market-leading supplier of ICT software, technology and services in the UK. It helps schools save time and money and enables them to enhance the impact of technology on teaching and learning.

RM plc

Interim results for the 6 months ended 31 May 2019

Results

	6 months to May 2019	6 months to May 2018	12 months to November 2018
Revenue	**£95.5m**	£94.9m	£221.0m
Adjusted* operating profit	**£9.7m**	£8.3m	£27.5m
Adjusted* profit before tax	**£9.3m**	£7.6m	£26.0m
Adjusted* profit after tax	**£7.5m**	£6.1m	£21.2m
Statutory profit after tax	**£6.8m**	£5.6m	£16.9m
Adjusted* diluted Earnings Per Share	**9.1p**	7.3p	25.8p
Diluted Earnings Per Share	**8.2p**	6.7p	20.6p
Ordinary dividend per share	**2.0p**	1.9p	7.6p
Net debt	**(£21.2m)**	(£23.4m)	(£5.8m)

Revenue increased marginally to £95.5m compared with the same period last year benefitting from growth in RM Results and timing benefits from the adoption of new accounting standard IFRS15 which offset revenue decline in RM Education and RM Resources resulting from reductions in legacy revenue streams and the impact of tight UK school budgets.

Adjusted operating profit increased 17% on the prior year to £9.7m (H1 2018: £8.3m), supported by the timing benefit associated with the adoption of the accounting standard, IFRS15 and operating margin improvement in the two technology divisions, RM Results and RM Education.

Adjusted profit before tax was £9.3m, an increase of 23% with adjusted diluted earnings per share increasing by 25% to 9.1p.

Net debt at 31 May 2019 was £21.2m which is a reduction of £2.2m on the net debt position at 31 May 2018. The increase in net debt from the year end position of £5.8m reflects the seasonality of the organisation's working capital cycle across the year.

Capital expenditure is higher than in historic periods at £3.2m (H1 2018: £0.6m) primarily reflecting investment in group systems, a warehouse consolidation and automation project and a number of office moves.

The first half timing benefits of IFRS15 adoption will reverse in the second half and it is expected that adoption of the new standard will have a negative impact on revenue and profit for the full year.

RM Resources

This division provides education resources used in schools and nurseries in the UK and internationally. Products supplied are a mix of own designed items, own branded and third party products.

	6 months to May 2019	6 months to May 2018	12 months to November 2018
RM Resources revenue	**£49.2m**	£51.1m	£121.6m
RM Resources adjusted operating profit	**£3.1m**	£4.2m	£16.6m

RM Resources revenues decreased by 3.6% in the period to £49.2m driven by the closure of the UK trade channel and the planned exit from non-education spend areas included in the 2017 acquisition of Consortium. Core education revenues grew slightly with 25% growth in international sales offsetting a 4% reduction in the UK. The UK market remains challenging amid concerns regarding school budgets and announced increases in teachers' pension contributions from September 2019. Adjusted operating profit fell to £3.1m (H1 2018: £4.2m) reflecting the lower revenues, increased investment in digital and international marketing and costs associated with the warehouse consolidation and automation project.

RM Results

RM Results provides IT software and end-to-end digital assessment services to enable online exam marking, online testing and the management and analysis of educational data. Customers include government ministries, exam boards and professional awarding bodies in the UK and overseas.

	6 months to May 2019	6 months to May 2018	12 months to November 2018
RM Results revenue	**£16.8m**	£12.3m	£31.8m
RM Results adjusted operating profit	**£4.5m**	£2.8m	£8.2m

Revenue increased by 37% to £16.8m (H1 2018: £12.3m). This increase was driven by strong underlying growth from existing clients and new contract wins (+£2.9m) and some first half timing benefits from the adoption of the accounting standard, IFRS15 (+£1.6m). The new standard will smooth revenue across the year, however it is expected that on a full year basis, IFRS15 adoption will have a modest negative revenue impact in 2019.

Adjusted operating profit increased 61% to £4.5m (H1 2018: £2.8m) benefitting from the revenue growth.

RM Education

RM Education provides ICT software and services to UK schools and colleges.

	6 months to May 2019	6 months to May 2018	12 months to November 2018
RM Education revenue	**£29.5m**	£31.5m	£67.6m
RM Education adjusted operating profit	**£4.3m**	£3.6m	£7.8m

Revenues in RM Education reduced 6.5% to £29.5m primarily reflecting a reduction in hardware sales within the Services division and a small negative impact from the adoption of the new accounting standard, IFRS15 (-£0.4m).

Operating profit grew 19% of £4.3m reflecting improvements in gross margins and lower operating costs primarily from lower headcount and staff related costs.

Corporate Costs

Corporate costs remained broadly in line with the prior year at £2.2m (H1 2018: £2.3m). These costs include head office and central costs, costs associated with administering and managing the defined benefit pension schemes and share based payment charges for the Group.

Pension

The IAS 19 deficit relating to RM's defined benefit pension schemes has increased to £17.8m (30 November 2018: £2.3m), driven by an 80bps reduction in the discount rate which is based on corporate bond yields.

The current deficit recovery plans include payments of £4.1m per annum.

Acquisition of SoNET Systems Pty

SoNET Systems Pty Ltd was acquired in June 2019 for a consideration of £7.3m. Headquartered in Melbourne, Australia, SoNET provides Software as a Service platforms principally to the education and government sectors and employs 35 people.

Acquisition highlights:

- SoNET's e-testing software augments RM's existing e-marking capability. This will enable RM Results to offer full end-to-end digital assessment services in the online testing and marking of exams to both existing and new customers.
- This acquisition will open new market opportunities and accelerate the growth of the RM Results division.
- SoNET delivered revenues of £3m in the year to 30 April 2019 and brings several new customers to the Group in Asia Pacific and Europe.

The acquisition was financed from debt facilities provided by the Company's existing revolving credit facility. Subsequently, on 5 July 2019, the Company entered into a revised agreement with Barclays and HSBC, extending the term of the Facility to June 2022. The principal facility has been increased to £70m. In addition, the Company has a £30m accordion facility, enabling the Company to extend the total facility up to £100m.

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 2018 Annual Report remain applicable. This is available from the RM website: www.rmplc.com. In summary, those risks relate to public policy, education practice, the impact of UK's exit from the European Union, operational execution, data and business continuity, people, integration risk, innovation, dependence on key contracts, pensions and dividends.

Dividend

The interim dividend per share is being increased by 5% to 2.00p. The dividend will be payable on 13 September 2019 to shareholders on the register on 9 August 2019.

Outlook

The Board notes the progress being made across the Group. Trading remains in line to deliver the Boards full year expectations and the focus continues to be on delivering sustainable, profitable growth in each of the three divisions.

Condensed Consolidated Income Statement

For the 6 months ended 31 May 2019

		6 months ended 31 May 2019			6 months ended 31 May 2018			Year ended 30 November 2018		
		Adjusted	**Adjustments**	**Total**	Adjusted	Adjustments	Total	Adjusted	Adjustments	Total
	Note	**£000**	**£000**	**£000**	£000	£000	£000	£000	£000	£000
Revenue		**95,489**	**-**	**95,489**	94,890	-	94,890	220,977	-	220,977
Cost of sales		**(54,749)**	**-**	**(54,749)**	(56,245)	-	(56,245)	(129,664)	-	(129,664)
Gross profit		**40,740**	**-**	**40,740**	38,645	-	38,645	91,313	-	91,313
Operating expenses	4	**(31,010)**	**(896)**	**(31,906)**	(30,301)	(603)	(30,904)	(63,819)	(4,927)	(68,746)
Profit from operations		**9,730**	**(896)**	**8,834**	8,344	(603)	7,741	27,494	(4,927)	22,567
Other income		**159**	**-**	**159**	100	-	100	164	-	164
Finance costs		**(578)**	**(8)**	**(586)**	(890)	(18)	(908)	(1,679)	(25)	(1,704)
Profit before tax		**9,311**	**(904)**	**8,407**	7,554	(621)	6,933	25,979	(4,952)	21,027
Tax	5	**(1,767)**	**157**	**(1,610)**	(1,455)	106	(1,349)	(4,734)	634	(4,100)
Profit for the period		**7,544**	**(747)**	**6,797**	6,099	(515)	5,584	21,245	(4,318)	16,927
Earnings per ordinary share:	6									
Basic		**9.2p**		**8.3p**	7.5p		6.8p	26.0p		20.7p
Diluted		**9.1p**		**8.2p**	7.3p		6.7p	25.8p		20.6p
Paid and proposed dividends per share:	7									
Interim				**2.0p**			1.90p			1.90p
Final				**-**			**-**			5.70p

All amounts were derived from continuing operations.

Condensed Consolidated Statement of Comprehensive Income

For the 6 months ended 31 May 2019

	6 months ended 31 May 2019 £000	6 months ended 31 May 2018 £000	Year ended 30 November 2018 £000
Profit for the period	**6,797**	5,584	16,927
Items that will not be reclassified subsequently to profit or loss:			
Defined benefit pension scheme remeasurements	**(17,520)**	9,376	15,693
Tax on items that will not be reclassified subsequently to profit or loss	**3,031**	(1,294)	(2,716)
Items that are or may be reclassified subsequently to profit or loss:			
Fair value gain on hedged instruments	**106**	256	822
Exchange gain/(loss) on translation of overseas operations	**29**	(115)	(127)
Tax on items that are or may be reclassified subsequently to profit or loss	**-**	90	-
Other comprehensive (expense)/income	**(14,354)**	8,313	13,672
Total comprehensive (expense)/income	**(7,557)**	13,897	30,599

Condensed Consolidated Balance Sheet

At 31 May 2019

	Note	**6 months ended 31 May 2019 £000**	6 months ended 31 May 2018 £000	Year ended 30 November 2018 £000
Non-current assets				
Goodwill		**45,164**	45,164	45,164
Other intangible assets		**18,600**	19,464	18,465
Property, plant and equipment		**10,253**	9,782	9,184
Defined Benefit Pension Scheme Surplus		**710**	565	1,253
Other receivables		**922**	950	930
Contract fulfilment assets	11	**1,543**	-	-
Deferred tax assets		**5,724**	4,844	3,385
		82,916	80,769	78,381
Current assets				
Inventories		**24,971**	22,070	17,787
Trade and other receivables	8	**38,561**	31,021	34,878
Contract fulfilment assets	11	**708**	-	-
Corporation tax assets		**409**	-	424
Cash and short-term deposits		**1,748**	1,240	2,634
		66,397	54,331	55,723
Total assets	3	**149,313**	135,100	134,104
Current liabilities				
Trade and other payables	9	**(53,418)**	(50,611)	(54,637)
Tax liabilities		**(469)**	(452)	(1,600)
Provisions	12	**(6,383)**	(3,088)	(5,082)
Overdraft		**(2,255)**	(2,277)	(1,922)
		(62,525)	(56,428)	(63,241)
Net current assets/(liabilities)		**3,872**	(2,097)	(7,518)
Non-current liabilities				
Other payables	9	**(2,382)**	(699)	(283)
Provisions	12	**(798)**	(2,678)	(2,708)
Deferred tax liability		**(2,684)**	(2,889)	(2,817)
Defined Benefit Pension Scheme obligation	13	**(18,471)**	(9,714)	(3,557)
Borrowings	10	**(20,665)**	(22,347)	(6,506)
		(45,000)	(38,327)	(15,871)
Total liabilities		**(107,525)**	(94,755)	(79,112)
Net assets		**41,788**	40,345	54,992
Equity attributable to shareholders				
Share capital		**1,917**	1,891	1,917
Share premium account		**27,080**	27,080	27,080
Own shares		**(1,044)**	(1,406)	(1,423)
Capital redemption reserve		**94**	94	94
Hedging reserve		**501**	(171)	395
Translation reserve		**(257)**	(274)	(286)
Retained earnings		**13,497**	13,131	27,215
Total equity		**41,788**	40,345	54,992

Condensed Consolidated Statement of Changes in Equity

for the 6 months ended 31 May 2019	Note	**Share capital**	**Share premium**	**Own shares**	**Capital redemption reserve**	**Hedging reserve**	**Translation reserve**	**Retained earnings**	**Total**
		£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 December 2018 as reported		**1,917**	**27,080**	**(1,423)**	**94**	**395**	**(286)**	**27,215**	**54,992**
IFRS15 restatement	16	**-**	**-**	**-**	**-**	**-**	**-**	**(1,185)**	**(1,185)**
At 1 December 2018		**1,917**	**27,080**	**(1,423)**	**94**	**395**	**(286)**	**26,030**	**53,807**
Profit for the period		**-**	**-**	**-**	**-**	**-**	**-**	**6,797**	**6,797**
Other comprehensive income/(expense)		**-**	**-**	**-**	**-**	**106**	**29**	**(14,489)**	**(14,354)**
Total comprehensive income/(expense)		**-**	**-**	**-**	**-**	**106**	**29**	**(7,692)**	**(7,557)**
Transactions with owners of the Company:									
Share-based payment awards exercised		**-**	**-**	**379**	**-**	**-**	**-**	**(379)**	**-**
Share-based payment fair value adjustments		**-**	**-**	**-**	**-**	**-**	**-**	**236**	**236**
Ordinary dividends paid	7	**-**	**-**	**-**	**-**	**-**	**-**	**(4,698)**	**(4,698)**
At 31 May 2019		**1,917**	**27,080**	**(1,044)**	**94**	**501**	**(257)**	**13,497**	**41,788**

for the 6 months ended 31 May 2018	Note	Share capital	Share premium	Own shares	Capital redemption reserve	Hedging reserve	Translation reserve	Retained earnings	Total
		£000	£000	£000	£000	£000	£000	£000	£000
At 1 December 2017		1,890	27,035	(1,406)	94	(427)	(159)	2,848	29,875
Profit for the period		-	-	-	-	-	-	5,584	5,584
Other comprehensive income/(expense)		-	-	-	-	256	(115)	8,172	8,313
Total comprehensive income/(expense)		-	-	-	-	256	(115)	13,756	13,897
Transactions with owners of the Company:									
Sale of shares held in staff share scheme		1	45	-	-	-	-	-	46
Share-based payment fair value adjustments		-	-	-	-	-	-	574	574
Ordinary dividends paid	7	-	-	-	-	-	-	(4,047)	(4,047)
At 31 May 2018		1,891	27,080	(1,406)	94	(171)	(274)	13,131	40,345

for the year ended 30 November 2018	Note	Share capital £000	Share premium £000	Own shares £000	Capital redemption reserve £000	Hedging reserve £000	Translation reserve £000	Retained earnings £000	Total £000
At 1 December 2017		1,890	27,035	(1,406)	94	(427)	(159)	2,848	29,875
Profit for the year		-	-	-	-	-	-	16,927	16,927
Other comprehensive income/(expense)		-	-	-	-	822	(127)	12,977	13,672
Total comprehensive income/(expense)		-	-	-	-	822	(127)	29,904	30,599
Transactions with owners of the Company:									
Shares issued		27	-	(27)	-	-	-	-	-
Share options exercised		-	45	-	-	-	-	-	45
Share-based payment awards exercised		-	-	10	-	-	-	(931)	(921)
Share-based payment fair value adjustments		-	-	-	-	-	-	993	993
Deferred tax on Share-based payments								2	2
Ordinary dividends paid	7	-	-	-	-	-	-	(5,601)	(5,601)
At 30 November 2018		1,917	27,080	(1,423)	94	395	(286)	27,215	54,992

Condensed Consolidated Cash Flow Statement

	Note	**6 months ended 31 May 2019 £000**	6 months ended 31 May 2018 £000	Year ended 30 November 2018 £000
Profit before tax		**8,407**	6,933	21,027
Investment income		**(159)**	(100)	(164)
Finance costs		**586**	908	1,704
Profit from operations		**8,834**	7,741	22,567
Adjustments for:				
Pension GMP		**-**	-	1,200
Amortisation of intangible assets		**1,069**	1,083	2,165
Depreciation and impairment of property, plant and equipment		**860**	884	1,920
Gain on disposal of other intangible assets		**(15)**	-	-
Loss on disposal of property, plant and equipment		**19**	76	95
(Gain)/loss on foreign exchange derivatives		**(35)**	256	79
Share-based payment fair value adjustment		**236**	574	993
(Decrease)/increase in provisions	12	**(1,155)**	518	3,598
Defined Benefit Pension Scheme administration cost	13	**191**	300	645
Operating cash flows before movements in working capital		**10,004**	11,432	33,262
(Increase)/decrease in inventories		**(6,935)**	(2,657)	1,626
Decrease/(increase) in receivables		**197**	(1,349)	(5,668)
(Increase) in contract fulfilment assets		**(750)**	-	-
Movement in payables:				
- decrease in trade and other payables		**(4,766)**	(7,531)	(2,805)
- utilisation of provisions	12	**(1,036)**	(1,207)	(2,263)
Cash (used in)/generated by operations		**(3,286)**	(1,312)	24,152
Defined Benefit Pension Scheme cash contributions		**(2,208)**	(2,291)	(4,591)
Tax paid		**(1,650)**	(978)	(3,134)
Net cash (outflow)/inflow from operating activities		**(7,144)**	(4,581)	16,427
Investing activities				
Interest received		**130**	48	109
Other investing activities		**-**	(283)	(323)
Purchases of property, plant and equipment		**(1,787)**	(563)	(1,049)
Purchases of other intangible assets		**(1,377)**	(12)	(69)
Net cash used in investing activities		**(3,034)**	(810)	(1,332)
Financing activities				
Dividends paid	7	**(4,698)**	(4,047)	(5,601)
Drawdown/(repayment) of borrowings		**14,000**	9,000	(7,000)
Borrowing facilities arrangement and commitment fees		**(145)**	(163)	(303)
Interest paid		**(194)**	(235)	(439)
Share options exercised		**-**	-	45
Share-based payment awards exercised		**-**	45	(921)
Net cash generated by/(used in) financing activities		**8,963**	4,600	(14,219)
Net (decrease)/increase in cash and cash equivalents		**(1,215)**	(791)	876
Cash and cash equivalents at the beginning of the period/year		**712**	(231)	(231)
Effect of foreign exchange rate changes		**(4)**	(15)	67
Cash and cash equivalents at the end of period/ year		**(507)**	(1,037)	712

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 2019 and for the 6 months then ended comprise those of the Company and its subsidiaries (together 'the Group').

The comparative figures for the financial year ended 30 November 2018 are not the Group's statutory accounts for that financial year (see note 2). Those accounts have been reported on by the Group's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Condensed Consolidated Income Statement presentation
The Directors assess the performance of the Group using an adjusted operating profit and profit before tax. The Directors use this measurement basis as it excludes the effect of transactions that could distort the understanding of the Group's performance for the year and comparability between periods. This includes making certain adjustments for income and expense which are one-off in nature, or non-cash items and those with potential variability year on year which might mask underlying performance. Further details are provided in note 2.

Other Comprehensive Income
During the period, £17.5m of actuarial losses relating to the defined benefit pension scheme deficit have been recognised in Other Comprehensive Income. These include cash contributions from the Company of £2.2m.

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 2018, with the exception of the adoption of IFRS 15 – Revenue Contracts with Customers. The impact of this restatement has been set out in Note 16 to this Half Year financial information.

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 2018.

Alternative Performance Measures (APMs)
In response to the Guidelines on APMs issued by the European Securities and Markets Authority (ESMA) and the Financial Reporting Council (FRC), additional information on the APMs used by the Group is provided below.

The following APMs are used by the Group:
- Adjusted operating profit
- Adjusted profit before tax;

Further explanation of what each APM comprises and reconciliations between Statutory reported measures and adjusted measures are shown in note 4.

The Board believes that presentation of the Group results in this way is relevant to an understanding of the Group's financial performance, as adjustment items are identified by virtue of their size, nature and/or incidence. This presentation is consistent with the way that financial performance is measured by management, reported to the Board, the basis of financial measures for senior management's compensation schemes and assists in providing supplementary information that assists the user to understand better the financial performance, position and trends of the Group. In determining whether an event or transaction is an adjustment, the Board considers both quantitative and qualitative factors such as the frequency or predictability of occurrence.

The APMs used by the Group are not defined terms under IFRS and may therefore not be comparable with similarly titled measures reported by other companies. They are not intended to be a substitute for, or superior to, GAAP measures. All APMs relate to the current year results and comparative periods where provided.

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.

The profitability and cash flows of the Group are in line with expectations and for further details please see the strategic report in the annual report and financial statements for the year ended 30 November 2018.

3. Operating segments

The Group's business is supplying products, services and solutions to the UK and international education markets. Information reported to the Group's Chief Executive for the purposes of resource allocation and assessment of segmental performance is focussed on the nature of each type of activity.

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

Corporate Services consists of central business costs associated with being a listed company, share based payment charges and non-division specific pension costs.

This segmental analysis shows the results and assets of these divisions. Revenue is that earned by the Group from third parties. Net financing costs and tax are not allocated to segments as the funding, cash and tax management of the Group are activities carried out by the central treasury and tax functions.

Segmental results

6 months ended 31 May 2019	**RM Resources £000**	**RM Results £000**	**RM Education £000**	**Corporate Services £000**	**Total £000**
Revenue					
UK*	**41,421**	**13,270**	**28,113**	**-**	**82,804**
Europe	**3,345**	**2,304**	**575**	**-**	**6,224**
North America	**1,208**	**-**	**134**	**-**	**1,342**
Asia	**634**	**566**	**545**	**-**	**1,745**
Middle East	**863**	**-**	**-**	**-**	**863**
Rest of the world	**1,774**	**654**	**83**	**-**	**2,511**
	49,245	**16,794**	**29,450**	**-**	**95,489**
Adjusted profit/(loss) from operations	**3,087**	**4,544**	**4,340**	**(2,241)**	**9,730**
Adjusted other income					**159**
Adjusted finance costs					**(578)**
Adjusted profit before tax					**9,311**
Adjustments (see note 4)					**(904)**
Profit before tax					**8,407**

6 months ended 31 May 2018	RM Resources £000	RM Results £000	RM Education £000	Corporate Services £000	Total £000
Revenue					
UK*	44,865	9,681	30,822	-	85,368
Europe	2,973	1,731	499	-	5,203
North America	591	-	109	-	700
Asia	606	43	-	-	649
Middle East	1,274	-	-	-	1,274
Rest of the world	796	832	68	-	1,696
	51,105	12,287	31,498	-	94,890
Adjusted profit/(loss) from operations	4,183	2,825	3,644	(2,308)	8,344
Adjusted investment income					100
Adjusted finance costs					(890)
Adjusted profit before tax					7,554
Adjustments (see note 4)					(621)
Profit before tax					6,933

Year ended 30 November 2018	RM Resources £000	RM Results £000	RM Education £000	Corporate Services £000	Total £000
Revenue					
UK*	102,515	25,299	66,736	-	194,550
Europe	8,475	3,343	572	-	12,390
North America	2,876	-	185	-	3,061
Asia	1,390	1,495	-	-	2,885
Middle East	3,164	-	123	-	3,287
Rest of the world	3,151	1,653	-	-	4,804
	121,571	31,790	67,616	-	220,977
Adjusted profit/(loss) from operations	16,626	8,154	7,813	(5,099)	27,494
Investment income					164
Adjusted finance costs					(1,679)
Adjusted profit before tax					25,979
Adjustments (see note 4)					(4,952)
Profit before tax					21,027

* Included in UK are international sales via UK distributors

Segmental assets

Other non-segmental assets include tax assets, cash and short-term deposits and other non division-specific assets.

Segmental assets

At 31 May 2019	RM Resources £000	RM Results £000	RM Education £000	Corporate Services £000	Total £000
Segmental	**106,802**	**15,469**	**16,731**	**1,375**	**140,377**
Other					**8,936**
Total assets					**149,313**

At 31 May 2018	RM Resources £000	RM Results £000	RM Education £000	Corporate Services £000	Total £000
Segmental	106,825	5,978	15,571	70	128,444
Other					6,656
Total assets					135,100

At 30 November 2018	RM Resources £000	RM Results £000	RM Education £000	Corporate Services £000	Total £000
Segmental	105,170	7,833	13,197	177	126,377
Other					7,727
Total assets					134,104

4. Adjustments to profit before tax

	Note	**6 months ended 31 May 2019 £000**	6 months ended 31 May 2018 £000	Year ended 30 November 2018 £000
Amortisation of acquisition related intangible assets		**603**	603	1,207
Acquisition related costs	15	**243**	-	-
Property related costs		**50**	-	-
Pension GMP		**-**	-	1,200
Restructuring costs		**-**	-	2,520
Operating expenses		**896**	603	4,927
Finance costs		**8**	18	25
Profit before tax		**904**	621	4,952

In the 6 months ended 31 May 2019 notable adjustments to profit include:

Recurring items:
These are items which occur regularly but which management judge to have a distorting effect on the underlying results of the Group or are not regularly monitored for the purpose of determining business performance. These items include the amortisation of acquisition related intangible assets.
Recurring items are treated as adjusted each year irrespective of materiality to ensure consistent treatment.

Highlighted items:
These are items which are non-recurring and are identified by virtue of either their size or their nature. These items can include, but are not restricted to, impairment of held for sale assets and related transaction costs; exceptional property related costs; the gain/loss on sale of operations and restructuring and acquisition costs. As these items are one-off or non-operational in nature, management considers that they would distort the Group's underlying business performance.

5. Tax

	6 months ended 31 May 2019			6 months ended 31 May 2018			Year ended 30 November 2018		
	Adjusted £000	**Adjustments £000**	**Total £000**	Adjusted £000	Adjustments £000	Total £000	Adjusted £000	Adjustments £000	Total £000
Profit before tax	**9,311**	**(904)**	**8,407**	7,554	(621)	6,933	25,979	(4,952)	21,027
Tax charge	**(1,767)**	**157**	**(1,610)**	(1,455)	106	(1,349)	(4,734)	634	(4,100)
Effective tax rate	**19.0%**	**(17.4%)**	**19.2%**	19.3%	(17.0%)	19.5%	18.2%	(12.8%)	19.5%

6. Earnings per ordinary share

	6 months ended 31 May 2019			6 months ended 31 May 2018			Year ended 30 November 2018		
	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	**6,797**	**82,220**	**8.3**	5,584	81,751	6.8	16,927	81,779	20.7
Adjustments (see note 4)	**747**	**-**	**0.9**	515	-	0.7	4,318	-	5.3
Adjusted basic earnings	**7,544**	**82,220**	**9.2**	6,099	81,751	7.5	21,245	81,779	26.0
Diluted earnings per ordinary share:									
Basic earnings	**6,797**	**82,220**	**8.3**	5,584	81,751	6.8	16,927	81,779	20.7
Effect of dilutive potential ordinary shares: share-based payment awards	**-**	**583**	**(0.1)**	-	1,655	(0.1)	-	460	(0.1)
Diluted earnings per ordinary share	**6,797**	**82,803**	**8.2**	5,584	83,406	6.7	16,927	82,239	20.6
Adjustments (see note 4)	**747**	**-**	**0.9**	515	-	0.6	4,318	-	5.2
Adjusted diluted earnings	**7,544**	**82,803**	**9.1**	6,099	83,406	7.3	21,245	82,239	25.8

7. Dividends

Amounts recognised as distributions to equity holders were:

	6 months ended 31 May 2019	6 months ended 31 May 2018	Year ended 30 November 2018
	£000	£000	£000
Final dividend for the year ended 30 November 2018 - 5.70p per share (2017: 4.95p)	**4,698**	4,047	4,047
Interim dividend for the year ended 30 November 2018 -1.90p per share (2017: 1.65p)	**-**	-	1,554
	4,698	4,047	5,601

The proposed interim dividend of 2.00p per share was approved by the Board on 8 July 2019. The anticipated cost of £1,648,522 has not been included as a liability at 31 May 2019.

8. Trade and other receivables

	Note	**6 months ended 31 May 2019**	6 months ended 31 May 2018	Year ended 30 November 2018
		£000	£000	£000
Current				
Financial assets				
Trade receivables		**18,291**	20,765	21,239
Amounts due from contract customers		**-**	332	66
Other receivables		**3,335**	1,179	893
Derivative financial instruments		**488**	-	353
Accrued income		**8,345**	1,858	2,013
		30,459	24,134	24,564
Non-financial assets				
Prepayments		**8,102**	6,887	10,314
		38,561	31,021	34,878
Non-current				
Financial assets				
Other receivables		**922**	950	930
		922	950	930
		39,483	31,971	35,808

9. Trade and other payables

	Note	**6 months ended 31 May 2019**	6 months ended 31 May 2018	Year ended 30 November 2018
		£000	£000	£000
Current				
Financial liabilities				
Trade payables		**22,664**	16,664	23,119
Other taxation and social security		**3,888**	4,433	4,284
Other payables		**1,701**	1,103	1,857
Derivative financial instruments		**-**	109	-
Accruals		**12,131**	10,423	10,557
Amounts due to contract customers		**-**	6,318	4,565
		40,384	39,050	44,382
Non-financial liabilities				
Deferred income		**13,034**	11,561	10,255
		53,418	50,611	54,637
Non-current				
Non-financial liabilities				
Deferred income:				
- due after one year but within two years		**1,778**	604	235
- due after two years but within five years		**604**	95	48
		2,382	699	283
		55,800	51,310	54,920

10. Borrowings

	6 months ended 31 May 2019	6 months ended 31 May 2018	Year ended 30 November 2018
	£000	£000	£000
Bank loan	**(21,000)**	(23,000)	(7,000)
Capitalised fees	**335**	653	494
	(20,665)	(22,347)	(6,506)

During the period the Group has drawn down a further £14.0 million of the facility. For details of the facility please see note 29 in the annual report and financial statements for the year ended 30 November 2018.

11. Contract fulfilment assets

	6 months ended 31 May 2019	6 months ended 31 May 2018	Year ended 30 November 2018
	£000	£000	£000
Current	**708**	**-**	**-**
Non-current	**1,543**	**-**	**-**
	2,251	-	-

12. Provisions

	Onerous lease and dilapidations	**Employee-related restructuring**	**Other**	**Total**
	£000	**£000**	**£000**	**£000**
At 1 December 2018	3,518	2,573	1,699	7,790
Utilisation of provisions	(383)	(653)	-	(1,036)
Release of provisions	(625)	(12)	(623)	(1,260)
Increase in provisions	46	-	39	85
Reclassification to provisions	-	44	1,538	1,582
Unwind of discount	20	-	-	20
At 31 May 2019	**2,576**	**1,952**	**2,653**	**7,181**

13. Defined Benefit Pension Scheme

The Group has both defined benefit and defined contribution pension schemes. There are three defined benefit pension schemes, the Research Machines plc 1988 Pension Scheme (the "RM Scheme") and, following the acquisition of RM Educational Resources Limited ("The Consortium", acquired by the Company on 30 June 2017), the CARE Scheme and the Platinum Scheme. The RM Scheme and the CARE Scheme are both operated for employees and former employees of the Group only. The Platinum Scheme is a multi-employer scheme, with RM Educational Resources Limited being just one of a number of employers. The Group plays no active part in managing that Scheme, although the number of the Group's employees in that Scheme is small and so the impact / risk to the Group from that Scheme is limited.

For all three Schemes, based on the advice of a qualified independent actuary at each balance sheet date and using the projected unit method, the administrative expenses and current service costs are charged to operating profit, with the interest cost, net of interest on scheme assets, reported as a financing item.

Defined benefit pension scheme remeasurements are recognised as a component of other comprehensive income such that the balance sheet reflects the scheme's surplus or deficit as at the balance sheet date. Contributions to defined contribution plans are charged to operating profit as they become payable.

Scheme assets are measured at bid-price, where available, at 31 May 2019. The present value of the defined benefit obligation was measured using the projected unit method.

Under the guidance of IFRIC 14, the Group are able to recognise a pension surplus on the balance sheet for all three schemes. At 31 May 2019, the Platinum scheme shows a surplus and the RM and CARE schemes are in deficit.

The Research Machines plc 1988 Pension Scheme (RM Scheme)

The Scheme provides benefits to qualifying employees and former employees of RM Education Limited, but was closed to new members with effect from 1 January 2003 and closed to future accrual of benefits from 31 October 2012. The assets of the Scheme are held separately from RM Education Limited's assets in a trustee-administered fund. The Trustee is a limited company. Directors of the Trustee company are appointed by RM Education Ltd and by members. The Scheme is a funded scheme.

The most recent actuarial valuation of Scheme assets and the present value of the defined benefit obligation was carried out for statutory funding purposes at 31 May 2018 by a qualified independent actuary. IAS 19 Employee Benefits (revised) liabilities at 31 May 2019 have been rolled forward based on this valuation's base data.

As at 31 May 2018, the triennial valuation for statutory funding purposes showed a deficit of £40.6m (31 May 2015: £41.8m). The Group agreed with the Scheme Trustees that it will repay this amount via deficit catch-up payments of £3.7m per annum until 31 May 2026. At 31 May 2019 there were amounts outstanding of £0.3m (2018: £0.3m) for one month's deficit payment and £32,000 (2018: £32,000) for Scheme expenses.

The parent company RM plc has entered into a pension protection fund compliant guarantee in respect of scheme liabilities. No liability has been recognised for this within the Company as the Directors consider that the likelihood of it being called upon is remote.

The Consortium CARE Scheme

Until 31 December 2005, RM Educational Resources Limited operated the CARE Scheme providing benefits on both a defined benefit (final salary-linked) and a defined contribution basis. From 1 January 2006, the defined benefit (final salary-linked) and defined contribution sections were closed and all employees, subject to the eligibility conditions set out in the Trust Deed and Rules, joined a new defined benefit (Career Average Revalued Earnings) section. As at 28 February 2011 the Scheme was closed to future accruals.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process, RM Educational Resources Limited must agree with the trustees of the Scheme the contributions to be paid to address any shortfall against the Statutory Funding Objective. The Statutory Funding Objective does not currently impact on the recognition of the Scheme in these accounts. The Scheme is managed by a Board of Trustees appointed in part by the Company and in part from elections by members of the Scheme. The Trustees have responsibility for obtaining valuations of the fund, administering benefit payments and investing Scheme assets. The Trustees delegate some of these functions to their professional advisers where appropriate. The valuation of the Scheme at 31 December 2016 was a deficit of £4.2m.

Prudential Platinum Pension

The Consortium acquired West Mercia Supplies in April 2012 (prior to the Company acquiring The Consortium). Upon acquisition of West Mercia Supplies by The Consortium, a pension scheme was set up providing benefits on both a defined benefit (final salary-linked) and a defined contribution basis for West Mercia employees. The most recent full actuarial valuation was carried out by the independent actuaries Xafinity on 31 December 2015. Using the assumptions below the results of the full valuation were adjusted and rolled forward to form the basis for the current year valuation. The Scheme is administered within a legally separate trust from RM Educational Resources Limited and the Trustees are responsible for ensuring that the correct benefits are paid, that the Scheme is appropriately funded and that the Scheme assets are appropriately invested. The valuation of the Scheme at 31 December 2015 was a deficit of £70,000.

14. 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.

Grant Thornton LLP

There are no material related party transactions during the period, however Deena Mattar is a Non-Executive of the Partner Oversight Board of Grant Thornton and the company has engaged Grant Thornton on advisory work in relation to: selection of a new ERP system for £22,500 and; support for IFRS 15 accounting for £13,500. Grant Thornton were appointed through competitive tender exercises and Deena Mattar was not involved in this process.

15. Post balance sheet event

On 13 June 2019, the Group acquired SoNET Systems Pty Ltd, a company registered in Australia, for a cash consideration £7.3m.

The acquisition was financed from existing debt facilities provided by their existing revolving credit Facility. Subsequently on 5 July 2019, the Company entered into a revised agreement with Barclays and HSBC governing the Facility, extending the term of the Facility to June 2022. The principal facility is for £70m. In addition, the Company has a £30m accordion facility, enabling the Company to extend the total facility up to £100m.

16. Impact of adoption of IFRS 15 – Revenue from Contracts with Customers

IFRS 15 – Revenue from Contracts with Customers (IFRS 15) establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It has replaced existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for annual periods beginning on or after 1 January 2018.

The Group has used the modified retrospective adoption approach under which the Group has applied all of the requirements of IFRS 15 with effect from 1 December 2018.

The Group has made opening balance sheet adjustments arising from changes to the revenue recognition treatment of goods and services and the capitalisation of costs to obtain contracts. The impact of the new standard on its 2019 interim accounts is set out below:

	Restated Balance sheet as at 1 December 2018	IFRS 15 impact Income statement for period ended 31 May 2019	Unaudited Balance sheet as at 31 May 2019
	£'000	£'000	£'000
Net current (liabilities)/assets relating to goods and services	**(2,898)**	**285**	**(2,613)**
Contract fulfilment assets	**1,435**	**816**	**2,251**
Deferred tax asset	**278**	**(209)**	**69**
Retained earnings (deficit)/surplus	**(1,185)**	**892**	**(293)**

The adoption of IFRS 15 has had five principal impacts:

- The Group has separated performance obligations included in long-term contracts that were previously combined under IAS 11/18. The provision of software, services support and maintenance are now recognised over time, typically the duration of the contract, following completion of any development activities.
- Where the group performs development activities, these are now treated as a separate performance obligation. If the customer retains control of the developed Intellectual Property Rights ("IPR"), the revenue is recognised over the period of development activity. If the developed IPR is retained by the group, the costs of development are deferred as a contract fulfilment asset and are amortised over the subsequent licence period.
- A number of separate performance obligations have been identified. Previously these would have all been recognised as part of the long-term contract accounting. Under IFRS 15, certain of these performance obligations are recognised at a point-in-time, typically as the goods are delivered to the customer.
- The Group needs to allocate the transaction price to each of the performance obligations. This requires estimation. Typically, the group uses observable market prices for certain elements such as scanning services provided by third parties. For elements, such as software, that do not have an observable price, the group applies the residual method to determine the fair value of these performance obligations.
- Due to the change in revenue recognition, the group has recognised a deferred tax adjustment at 1 December 2018.

Where the Group incurs identifiable costs that relate to a specific customer contract then these costs are capitalised as contract fulfilment assets and amortised over the contract on a systematic basis consistent with the performance obligations included in the contract.

Revenue is recognised either when the performance obligation in the contract has been performed (so 'point in time' recognition) or 'over time' as control of the performance obligation is transferred to the customer.

During the period to 31 May, revenue recognised "point in time" is £49,568,000 and revenue recognised "over time" is £45,921,000.

An overview of the impact by division is set out below:

RM Resources

RM Resources provides goods to educational organisations and as such revenue is recognised at point of sale. UK Schools tend to purchase the majority of their consumables in preparation for new school years and hence the second half is seasonally stronger.

RM Education

RM Education provides ICT software and services hardware to UK schools and colleges. Hardware is recognised at point of delivery and the remaining services are recognised over time and include a number of different performance obligations. For some larger long term contracts the separation of the hardware performance obligation from the rest of the contract has driven a change in revenue recognition profile leading to an opening reserves adjustment.

During the period to 31 May 2019, revenue recognised "point in time" is £323,000 and revenue recognised "over time" is £29,127,000.

RM Results

RM Results provides IT software and end-to-end digital assessment services to enable online exam marking, online testing and the management and analysis of educational data. Long term contracts have been split into separate performance obligations all of which are recognised over time. Whilst this brings some of the revenue recognition forward there is still a significant seasonality towards exam marking periods.

As a result of long implementation periods associated with many of the bespoke contracts, contract fulfilment assets in relation to development activity have been recognised in the balance sheet and has resulted in an opening reserves adjustment.

Detailed primary statement restatements

Detailed primary statement restatements arising from the adoption of IFRS 15 are set out below.

Impact on the Half year Condensed Consolidated Income Statement

	As reported	IFRS15 impact	Amounts before adoption of IFRS15
	£'000	£'000	£'000
Revenue	95,489	1,304	94,185
Cost of sales	(54,749)	(203)	(54,546)
Gross profit	40,740	1,101	39,639
Operating expenses	(31,906)	-	(31,906)
Profit from operations	8,834	1,101	7,733
Investment income	159	-	159
Finance costs	(586)	-	(586)
Profit before tax	8,407	1,101	7,306
Tax	(1,610)	(209)	(1,401)
Profit for the period	6,797	892	5,905

Impact on the Half year Condensed Consolidated Statement of Financial Position

	As reported	IFRS15 impact	Amounts before adoption of IFRS15
	£'000	£'000	£'000
Non-current assets			
Goodwill	45,164	-	45,164
Other intangible assets	18,600	-	18,600
Property, plant and equipment	10,253	-	10,253
Defined Benefit Pension Scheme Surplus	710	-	710
Other receivables	922	-	922
Contract fulfilment assets	1,543	1,543	-
Deferred tax assets	5,724	69	5,655
	82,916	1,612	81,304
Current assets			
Inventories	24,971	285	24,686
Trade and other receivables	38,561	3,049	35,512
Contract fulfilment assets	708	708	-
Corporation tax assets	409	-	409
Cash and short-term deposits	1,748	-	1,748
	66,397	4,042	62,355
Total assets	149,313	5,654	143,659
Current liabilities			
Trade and other payables	(53,418)	(5,947)	(47,471)
Tax liabilities	(469)	-	(469)
Provisions	(6,383)	-	(6,383)
Overdraft	(2,255)	-	(2,255)
	(62,525)	(5,947)	(56,578)
Net current asset/(liabilities)	3,872	(1,905)	5,777
Non-current liabilities			
Other payables	(2,382)	-	(2,382)
Provisions	(798)	-	(798)
Deferred tax liability	(2,684)	-	(2,684)
Defined Benefit Pension Scheme obligation	(18,471)	-	(18,471)
Borrowings	(20,665)	-	(20,665)
	(45,000)	-	(45,000)
Total liabilities	(107,525)	(5,947)	(101,578)
Net assets	41,788	(293)	42,081
Equity attributable to shareholders			
Share capital	1,917	-	1,917
Share premium account	27,080	-	27,080
Own shares	(1,044)	-	(1,044)
Capital redemption reserve	94	-	94
Hedging reserve	501	-	501
Translation reserve	(257)	-	(257)
Retained earnings	13,497	(293)	13,790
Total equity	41,788	(293)	42,081

Impact on the Half year Condensed Consolidated Statement of Cash Flows

As a result of the adoption of IFRS 15, certain reclassifications are required in relation to the recognition of contract fulfilment assets and restated the trade and other receivables account recorded in the balance sheet. Movements in the operating cash flow reflect the relevant cash and non-cash movements in reclassified line items. There has been no change in the net cash generated from operations as a result of these reclassifications or restatement of these balance sheet accounts.

Impact on the Consolidated Statement of Changes in Equity
Consolidated statement of changes in equity as at 1 December 2018 shows the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of retained earnings.

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 Guidance and Transparency Rules, being an indication of important events that have occurred during the first six 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 six months of the year; and

    b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six 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,

Neil Martin

Chief Financial Officer

9 July 2019

INDEPENDENT REVIEW REPORT TO RM PLC

Conclusion

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 2019 which comprises Condensed Consolidated Income Statement, Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Balance Sheet, Condensed Consolidated Statement of Changes in Equity, Condensed Consolidated Cash Flow Statement and the related explanatory notes.

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 2019 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

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. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) 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.

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 International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 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.

The purpose of our review work and to whom we owe our responsibilities

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 DTR of 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.

John Bennett

for and on behalf of KPMG LLP

Chartered Accountants

Arlington Business Park,

Theale,

Reading,

RG7 4SD

9 July 2019