



RM plc

Year to 30 September 2009

Terry Sweeney Chief Executive
Mike Greig Chief Financial Officer



Agenda

Highlights

Financial Review

Business Review

Outlook and Prospects

Questions

A very good year

Excellent results

Results ahead of plan and expectations
Growth in revenue and profit

Strategic progress

BSF moving to successful delivery
Computrac driving international expansion
Education resources growing rapidly

Further growth ahead

Record committed revenues*: £445m
Strong balance sheet
Opportunities for all our businesses

*order book, deferred revenue and projects at preferred/selected bidder stage



Financial headlines

Year to 30 September	2008	2009	
Revenue	£289.5m	£346.9m	+20%
Profit from operations*	£14.6m	£17.7m	+21%
Profit before tax*	£16.4m	£17.9m	+9%
Earnings per share*	13.1p	15.3p	+17%
Dividend per share paid and proposed	5.81p	6.17p	+6%
Net cash	£17.3m	£5.0m	

* before amortisation of acquisition related intangible assets and acquisition integration costs

Revenue up £57m (+20%)

Key drivers

RM Learning Technologies up £47.2m

BSF up £25.0m to £34.0m

US up £22.3m to £25.3m (inc. Computrac £21.6m)

RM Education Resources up £10.3m

General curriculum resources up £14.0m to £54.5m

UK curriculum software down £3.7m to £9.4m

Organic growth: £30.8m (11%)

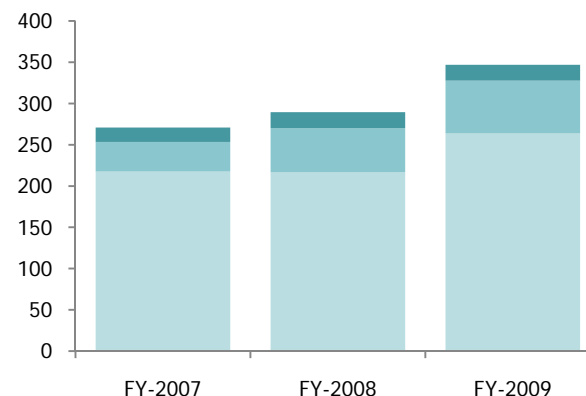
Acquisitions: £26.6m (9%)

International

Revenue up £25.0m to £41.5m

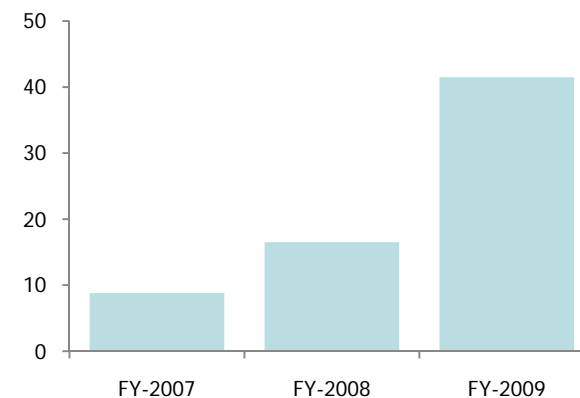
RM Learning Technologies: £30.7m

RM Education Resources: £10.8m



Revenue

RM Learning Technologies
RM Education Resources
RM Assessment and Data Services



International Revenue



Revenue & profit by division

FY-2009 £m	RM Learning Technologies (inc. US)	RM Education Resources (inc. UK curriculum software)	RM Assessment and Data Services	Total
Revenue	263.7	63.9	19.3	346.9
Divisional profit before BSF net expenditure	12.8	6.3	2.1	21.2
BSF net expenditure	(2.6)	-	-	(2.6)
Divisional profit	10.2	6.3	2.1	18.6
Net interest expense				(0.7)
Profit before tax				17.9

FY-2008 £m	RM Learning Technologies (inc. US)	RM Education Resources (inc. UK curriculum software)	RM Assessment and Data Services	Total
Revenue	216.5	53.6	19.4	289.5
Divisional profit before BSF net expenditure	11.3	6.4	2.1	19.8
BSF net expenditure	(4.4)	-	-	(4.4)
Divisional profit	6.9	6.4	2.1	15.4
Net interest income				1.0
Profit before tax				16.4



Impacts on profit

BSF net expenditure

Long-term investment

Prudent profit recognition on long term contracts

UK curriculum software

Further decline in high margin business

Restructuring

Cost: £1m in excess of historic run rate

Redundancies and property rationalisation

Positioning business for the future

Investment income reduced by £1.6m

Net bank and loan note interest expense: £0.3m (2008: income of £0.3m)

Pension finance income reduced by £1m

BSF £m	FY-2008	FY-2009
Revenue	9.0	34.0
Operating profit from projects in delivery	0.3	1.3
<i>Operating margin</i>	<i>3.7%</i>	<i>3.9%</i>
Bid costs expensed	(4.7)	(3.9)
BSF net expenditure	(4.4)	(2.6)

Income statement

£m	Year to 30 September			
	2008	2009		Total
	Adjusted	Adjusted	Adjustments*	
Revenue	289.5	346.9	-	346.9
Cost of sales	(211.7)	(255.7)	-	(255.7)
Gross profit	77.8	91.2	-	91.2
Selling & distribution	(35.1)	(39.8)	-	(39.8)
Research & development	(13.2)	(13.7)	-	(13.7)
Administrative	(14.8)	(20.0)	(1.5)	(21.5)
Acquisition integration costs		-	(0.1)	(0.1)
Profit from operations	14.6	17.7	(1.6)	16.1
Investment income	2.0	1.2	-	1.2
Finance costs	(0.2)	(1.0)	-	(1.0)
Profit before tax	16.4	17.9	(1.6)	16.3
Tax	(4.3)	(3.8)	0.5	(3.3)
<i>Tax rate</i>	<i>26.4%</i>	<i>21.3%</i>	<i>28.2%</i>	<i>20.6%</i>
Profit for the year	12.1	14.1	(1.1)	13.0
Basic earnings per ordinary share	13.1p	15.3p	(1.3p)	14.0p
Dividend per share (paid and proposed)	5.81p	6.17p	-	6.17p

*amortisation of acquisition related intangibles and acquisition integration costs



Strong balance sheet

Balance sheet £m	30 Sep 2008	30 Sep 2009
Goodwill and acquisition intangibles	34.6	38.8
Property, plant & equipment and software intangibles	24.7	23.9
Interest in associates	1.0	1.0
Deferred tax assets	1.5	5.2
Total non current assets	61.8	68.9
Inventories	18.3	19.9
Trade & other receivables	70.3	86.2
Cash & cash equivalents	18.3	13.3
Total current assets	106.9	119.4
Total assets	168.7	188.3
Current liabilities	(94.1)	(98.1)
Retirement benefit obligation	(0.6)	(12.8)
Other non current liabilities	(10.7)	(16.6)
Total liabilities	(105.4)	(127.5)
Net assets	63.3	60.8
Total equity	63.3	60.8

Working capital

20% growth in revenue

RM Education Resources working capital

£5m increase

Additional inventory in TTS

BSF working capital: £6.5m increase to £17.6m

BSF long term contract balances included in receivables

BSF requires material working capital investment for school opening*

16 schools opened over summer

Increases summer peak

More schools opening in FY-2010

Working capital outflows £m	FY-2008	FY-2009
(Increase)/decrease in inventories	(3.8)	1.1
(Increase) in receivables	(9.8)	(12.8)
Increase/(decrease) in payables	5.0	(0.8)
Increase in working capital	(8.6)	(12.5)

Cash and net funds £m	30 Sep 2008	Acquisitions	BSF working capital	Other	30 Sep 2009
Cash & cash equivalents	18.3	(0.5)	(6.5)	2.0	13.3
Long-term borrowings	(1.0)	(7.4)	-	0.1	(8.3)
Net cash	17.3	(7.9)	(6.5)	2.1	5.0
Issued loan notes	(4.5)	-	-	0.9	(3.6)
Net funds	12.8	(7.9)	(6.5)	3.0	1.4
Deferred cash consideration	(0.4)	(2.1)	-	0.4	(2.1)
Net funds less deferred consideration	12.4	(10.0)	(6.5)	3.4	(0.7)

*Typical BSF invoicing: 70% on issue of acceptance certificate; 25% two months later; 5% on completion of group of schools; 30-day payment terms

Cash and financing

Strong balance sheet

Cash: £13.3m

Government-backed receivables

Seasonal business

Summer peak in activity and working capital requirement

Bank facilities

£25m facility with HSBC committed to July 2013

£8.3m drawn at year-end

Provides flexibility and finance for acquisitions

Annual working capital facilities to fund seasonal working capital requirements increased to £38m and agreed for FY-2010

Cash-generative business with conservative financial management

BSF working capital investment will reverse

Education customers require low-risk stable partner for long-term contracts

Cash & cash equivalents*				
£m	FY-2006	FY-2007	FY-2008	FY-2009
30 September	30.1	29.3	18.3	13.3
Year average	18.9	16.9	7.0	4.6
Year minimum	7.3	(1.8)	(9.0)	(19.3)

*before acquisition facility borrowing



Shareholder return

Adjusted profit from operations up from £4.1m to £17.7m

Five-year BSF net expenditure: £16.3m
Expensed through the income statement

Earnings per share

Growth from 3.8p in 2002 to 15.3p in 2009

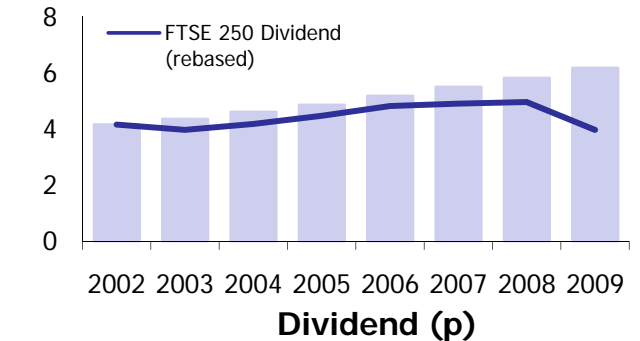
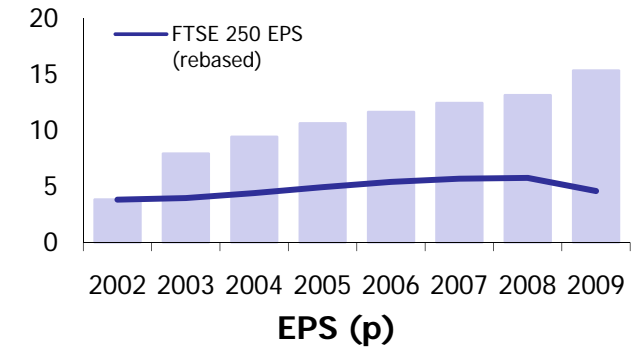
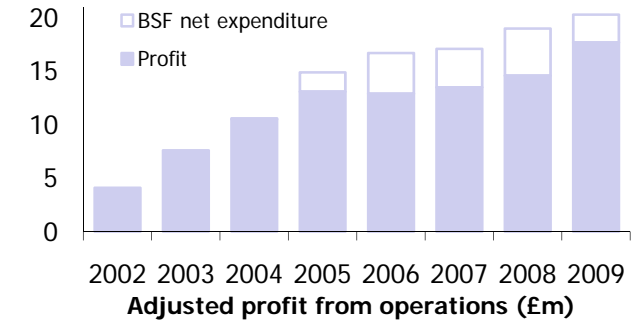
FY-2009 dividend: 6.17p per share

Interim: 1.32p per share; Final: 4.85p per share

Cash cost: £5.7m

Total dividend over last five years: 27.5p per share

Cash cost: £25.3m



Positioned for growth

Strong reputation and track record

Built up over 30 years experience in the education business

Superior education solutions

Broad range of innovative and effective education products and services

Rapidly developing international channels

Exploiting Group intellectual property

Growing committed revenue

£445m

Financially strong

Strong balance sheet, funded for growth

Commitment to dividend through the economic cycle

Progressive dividend policy

Strategy

One of the world's leading education solutions companies

Education markets only

- Education customers need suppliers with specialist understanding
- Deep knowledge of market needs
- Values shared with the customer base
- ...and we can further develop our world-class education expertise

Broadly-based education Group

- Target wider education budgets, not just ICT
- Share customers, domain knowledge, cultural fit
- ...provides scale benefits

International market opportunities

- Use intellectual property in multiple geographies
- Focus on specific territories
- ...enhances current returns and provides scale for future investment

Strategic Framework



Growth opportunities

				FY-2009 Revenue
Qualification providers	RM Assessment and Data	Assessment services	Long term contracts	£19m
National Governments		Outsourced data services		
Local Authorities	RM Learning Technologies	BSF	Long term contracts	£34m
		National ICT infrastructure		£205m
		Authority-wide ICT infrastructure		
Individual Schools	RM Education Resources	School infrastructure	Customer loyalty	
		General resources	Customer loyalty Repeat business	£55m
		UK curriculum software		£9m
US	RM Learning Technologies	Classroom technology	Framework contracts Repeat business	£25m
		District/State-wide ICT infrastructure		

Market landscape – UK

Schools budgets

Education budget for year to April 2010: 5.8% growth

March 2009 Budget: 1.3% education spending growth for year to April 2011

Individual school budgets normally set by March

Individual school surpluses total c.£2bn

Education a key priority for both main parties

Frontline education spend prioritised

Discussion on spend reduction focuses on central government and NDPB spend

Focus on public sector efficiency and effectiveness

Creates opportunities for RM

New school programmes

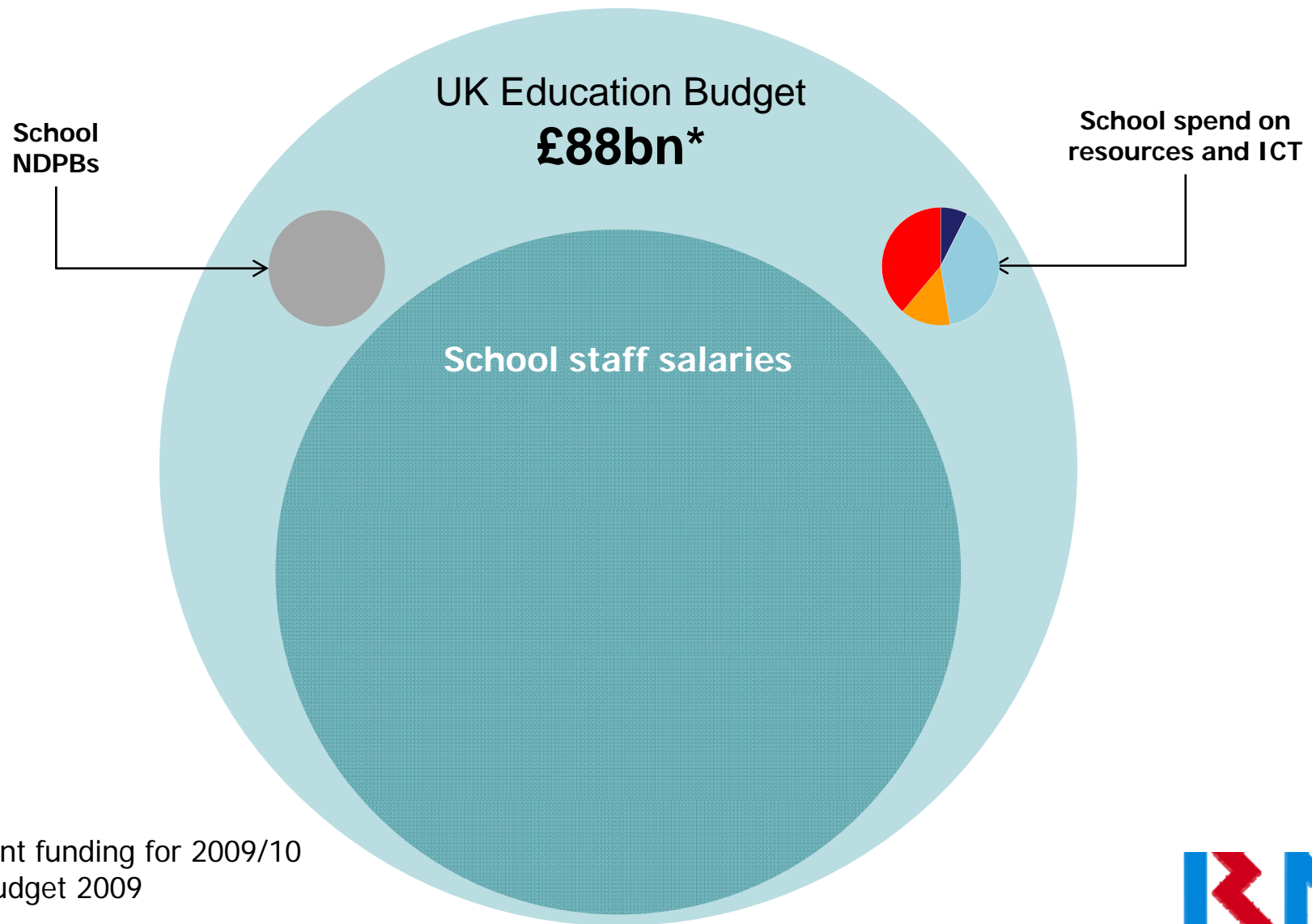
Record BSF opportunity pipeline

Currently bidding 13 (of 16); 20 more planning to reach market in next 12 months

RM well-positioned for Academies and One-School Pathfinders



Market landscape – UK



*Government funding for 2009/10
source: Budget 2009

Market landscape – International

US

American Recovery and Reinvestment Act focus on education

\$100bn allocation for pre-school, K-12 and higher education
includes school modernisation, SEN, technology

Enthusiasm for technology

“Education and learning technology is spoken about at the highest level within our current administration”

US Department of Education: Office for Innovation and Improvement

Rest of world

Australia

Growing funding for education
Increasing interest in learning platforms and assessment and data

Europe

Emerging from recession, continued prioritisation of education

Middle East

Regional economy underpinned by oil revenues
Education prioritised and well-funded
Looking for education improvement partners
RM MENASA – JV established with GEMS Education

RM Learning Technologies

A modern secondary school

ICT is an essential frontline service

Education delivered through ICT

...across all curriculum subjects

Interactive classroom technology

High computer:pupil ratio

Learning platforms

Home access and parental reporting

School operations depend on ICT

Extensive fixed and mobile network

Management information systems

Attendance management

Access control and security

Cashless catering

Dimensions

Annual budget: £5.2m

1,000 pupils

165 staff (100 teachers)

3 ICT staff

800 computers

200 applications

60 whiteboards

Source: Becta / RM



RM Learning Technologies

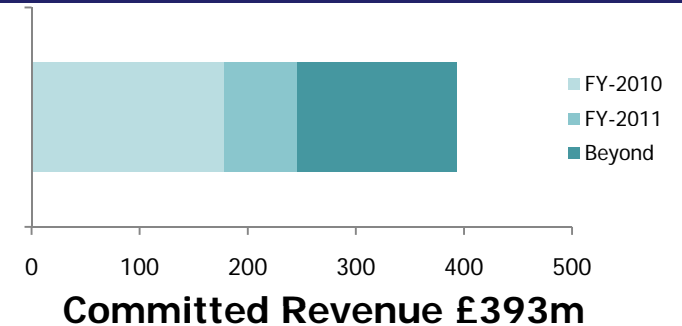
Business review

Revenue up £47.2m (22%)

BSF contracts in delivery +£25m

Computrac +£22m

UK individual schools business flat



Business development

Continuing to invest in technology research and development

New wins

Southwark BSF		Cobb County Classroom Technology		Lambeth BSF Extension		Salford & Wigan BSF		Hull BSF	
£15m	Nov 2008	Up to \$32m	Jan 2009	£7m	Feb 2009	£26m	Jun 2009	£16m	Nov 2009

Renewals

Dudley Two-year Extension		South Lanarkshire Three-year Extension		Glow Two-year Extension	
£14m	Nov 2008	Up to £15m	Mar 2009	£10m	Oct 2009

Outlook

Further growth from BSF contracts in delivery

Well-positioned for new school build programmes



RM Learning Technologies

New school build programmes

BSF – driving medium-term growth

ICT supplier to 14 projects (out of 37 awarded)

Total value: £234m

Plus future phases and add-on opportunities

Only 41 (out of 134) schools delivered so far

Supply chain partner for further 3 projects

Accelerating bid pipeline

16 reach selected bidder in FY-2010

20 more planning to reach market in next year

Positive contribution to profit from FY-2010

Authority	Contracted											Future phases		
	Schools opening in year											Schools	£m	
	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	Total			£m
Solihull	1	-	1	3	-	-	-	-	-	-	5	6		
Stoke	-	1	1	-	-	-	-	-	-	-	2	5		
Knowsley	-	-	-	5	2	-	-	-	-	-	7	14		
Lambeth	-	1	1	9	-	-	-	-	-	-	11	11		
Leeds	-	-	7	2	5	6	-	-	-	-	20	28		
Hackney	-	-	-	2	1	-	-	-	-	-	3	5	6	9
Islington	-	-	-	1	3	-	-	-	-	-	4	8	4	5
Sunderland	-	-	-	6	2	-	-	-	-	-	8	10	11	22
Middlesbrough	-	-	-	-	4	4	-	-	-	-	8	10		
Newham	-	-	-	-	4	6	3	-	1	2	16	54		
Haringey	-	-	-	-	12	-	-	-	-	-	12	25		
Southwark	-	-	-	-	1	1	2	7	3	-	14	15		
Salford and Wigan*	-	-	-	-	15	-	-	-	-	-	15	26	18	36
Hull*	-	-	-	-	-	9	-	-	-	-	9	17	14	21
Total	1	2	10	28	49	26	5	7	4	2	134	234	53	93

*Selected bidder



November 2009

Academies and One-School Pathfinders



RM Learning Technologies

US

Computrac successfully integrated

Acquired November 2008

Net cost: £5m

FY-2009 revenue (11months): £21.6m (year to July 2008: £18.0m)

Cobb County Classroom Technology	
Up to \$32m	Jan 2009

Single US business trading as RM

Computrac combined with RM Educational Software Inc

Strengthened leadership team

Combined sales force

Reinforced operational capability

Growth potential

Interactive whole-class teaching penetration low

Expansion into other US states

Broadening product range

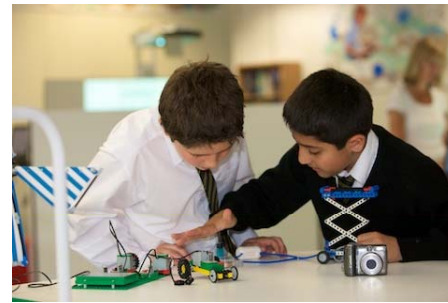
Learning Platforms, Special Education Needs products

Curriculum software R&D now focused on US opportunities



RM Education Resources

Helping teachers deliver the curriculum



RM Education Resources

Broad range of superior education products

Focus on unique solutions

Highly valued by classroom teachers

Large market

Funded from frontline schools budgets

Key growth drivers

Product innovation

Broadening product range

Market share gain

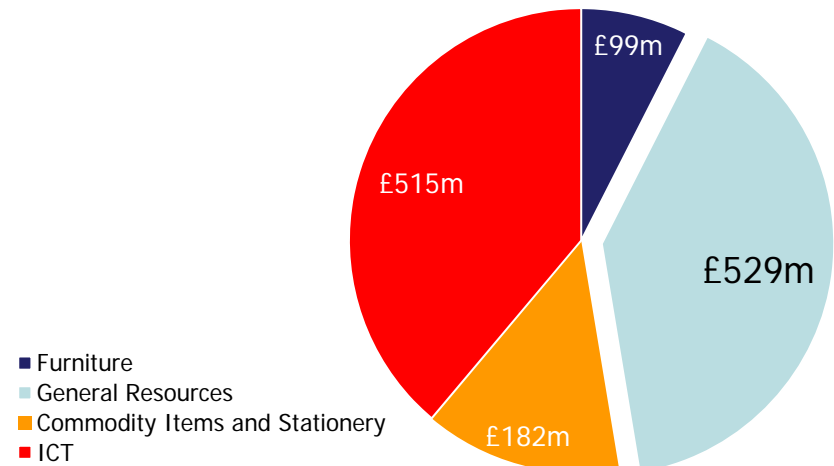
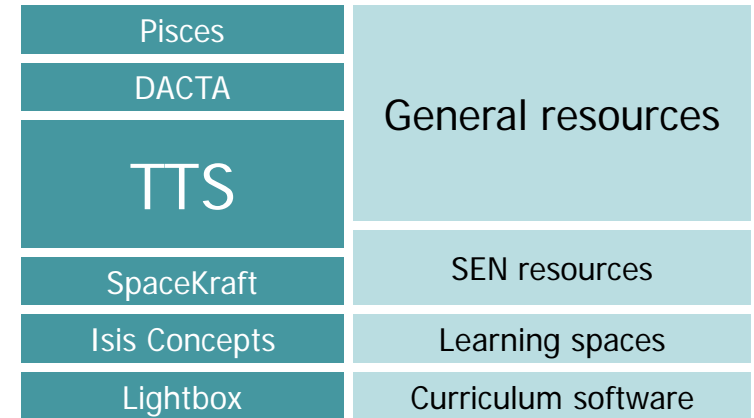
Business characteristics

High margin specialist products

Repeat business

Stable and loyal customer base

Complex barriers to entry



Individual School Spending on Education Resources: £1.3bn

England

Source: British Education Suppliers Association Survey 2007/08



RM Education Resources

Business review

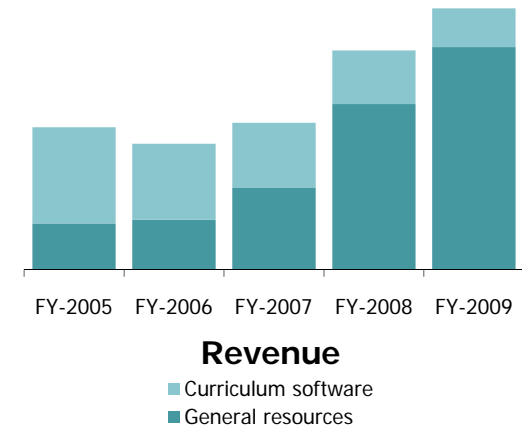
Revenue up £10.3m (19%)

General resources up £14.0m (34%)

Organic: 25%

Acquisitions: 9%

Curriculum software down 28%



Improving operational efficiency

New 100,000 sq ft Group warehouse

Continued focus on product innovation

Increasingly broad product range



Acquisitions

Isis Concepts Learning Spaces		Pisces Art Arts and Crafts	
Net cost £2.6m	May 2009	Net cost £0.4m	Apr 2009

Outlook

Continued organic growth

Developing international channels for Group IP



RM Assessment and Data Services

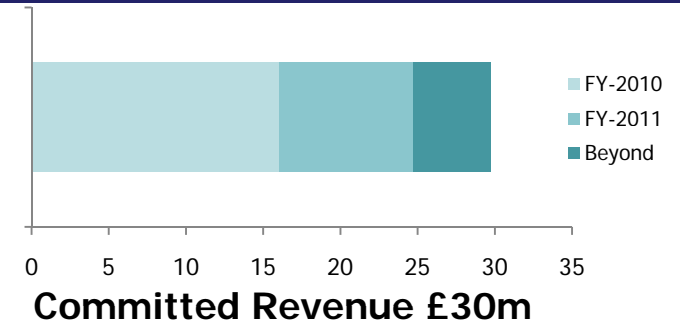
Business review

Excellent delivery and quality

3.8 million exam scripts processed in 2009 – no errors

20 million exam results for 1.8 million pupils processed for National Pupil Database

Developing the world's best assessment and data technology



Long-term contracts with global organisations

15 long-term customers

ACCA (Association of Chartered Certified Accountants)

Market leader in 47 countries

International Baccalaureate

Active in 134 countries

Expected to move to long-term outsourced relationship in H1-2010

ACCA On-screen marking		IB MoU	
£9m	Jun 2009	MoU	Apr 2009

Outlook

Committed revenue > FY-2009 revenue

Demand for assessment growing

Strong and robust pipeline

"scoris was built from first principles in partnership with RM and our examiners... As a result, we created the best on-screen marking system I have seen anywhere in the world."

Greg Watson, CEO OCR Examination Board



Managing costs for the future

Aligning cost base with business conditions

Restructuring

Temporary staff cost reduction

Increased activity in India

- Headcount growth to 270

- Second office being established

Property rationalisation

One RM – simplifying the business

New shared distribution centre

Common back-office functions

Single set of Group systems

Outlook

Early in the year

Highly seasonal business

Continued growth

BSF – delivery of existing contracts

General education resources

US

Continuing to execute our strategy

Appendices

RM Group

RM Group

RM Learning Technologies	RM Education Resources <small>(inc. UK Curriculum Software)</small>	RM Assessment and Data	International
ICT infrastructure software, products and services for schools, colleges and BSF programmes Management and finance software for schools and government education departments	General resources for use in classrooms Curriculum software products	Outsourced IT services and data analysis for examination boards and government education departments	International sales and channel management for Group products and services
Individual schools Local authorities Government	Individual schools Trade distributors Channel partners	Government & agencies Examination boards Professional associations	Individual schools Government & agencies Trade distributors Channel partners

100% focused on education



Pensions

Deficit (IAS19) Sep 2009: £12.8m (Sep 2008: £0.6m)

Increase in year attributable to:

Market-related movements: £(13.5)m

Increase in liabilities £(18)m

Impact of discount rate reduction

Increase in assets: £4.5m

Offset by cash payment in excess of service charge: £2.8m

DB pension £m	30 Sep 2008	30 Sep 2009
Assets	76.2	89.9
Liabilities	(76.8)	(102.7)
Deficit	(0.6)	(12.8)
Deferred tax asset	0.2	3.6
Deficit post-tax	(0.4)	(9.2)

Sensitivity analysis		
Current assumption	Change in assumption	Increase/(decrease) in deficit
5.6%	0.1% increase in discount rate	£(2.5)m
3.0%	0.1% increase in inflation	£1.9m
PA92 Medium Cohort	1 year increase in life expectancy	£1.5m

Management actions

One percentage point increase in employee contributions in FY-2009

Employee contribution 13.1% (retirement age 60)

...following introduction of 5% salary cap in FY-2007

Further action in FY-2010

Triennial valuation as at 31 May 2009

BSF

Contract awards

Local Authority	Type	ICT Supplier	Wave	Constructor
Solihull	ICT	RM	1	BAM/HBG
Bristol	Consortium	Northgate	Pathfinder	Skanska
Bradford	Consortium	Sun	Pathfinder	Amey/Costain
Newcastle	Consortium	In-house	1	Aura
Lancashire	Consortium	Redstone	1	Bovis Lend Lease
Sheffield	Consortium	Civica	Pathfinder	Taylor Woodrow
Manchester	ICT	Ramesys	1	Laing O'Rourke / Balfour Beatty
Waltham Forest	Consortium	Ramesys	1	Bouygues
Stoke-on-Trent	ICT	RM	1	Balfour Beatty/Thomas Vale/Wates
Knowsley	ICT	RM	1	Balfour Beatty
Leeds	ICT	RM	1	Interserve
Leicester City	Consortium	Northgate	1	Miller
Lewisham	Consortium	VT	Pathfinder	VT/Costain
Lambeth	ICT	RM	2	Apollo/Willmott Dixon/Alfred McAlpine
Islington	Consortium	RM	2	Balfour Beatty
STaG	Consortium	Morse	1	Carillion
Hackney	Consortium	RM	2	Mouchel Parkman Babcock
Westminster	Consortium	Ramesys	3	Bouygues
Kent (LEP 1)	Consortium	Northgate	3	Kier
Sunderland	ICT	RM	1	Balfour Beatty
Nottingham	Consortium	Ramesys	2	Carillion
Middlesbrough	ICT	RM	2	Willmott Dixon
Tameside	Consortium	Ramesys	3	Carillion
Newham	Consortium	RM	1	Laing O'Rourke
Haringey	ICT	RM	2	Framework
Tower Hamlets	Consortium	Ramesys	2	Bouygues
Southwark	Consortium	RM	3	Balfour Beatty
Barnsley	Consortium	Civica	3	Hochtief / Laing O'Rourke
Derbyshire	Consortium	Dell	3	Equitix
Luton	Consortium	Civica	3	QED Wates
Birmingham	Consortium	Redstone	2	Bovis Lend Lease
Sandwell	Consortium	Agilisys	3	Interserve
North Lincolnshire	Consortium	MASS	3	May Gurney
Salford and Wigan	Consortium	RM	3	Hochtief / Laing O'Rourke
Rochdale	Consortium	Carillion IT Services	4	Carillion
Blackburn and Darwen with Bolton	Consortium	Northgate	4	Balfour Beatty
Hull	Consortium	RM	2	Morgan Sindall

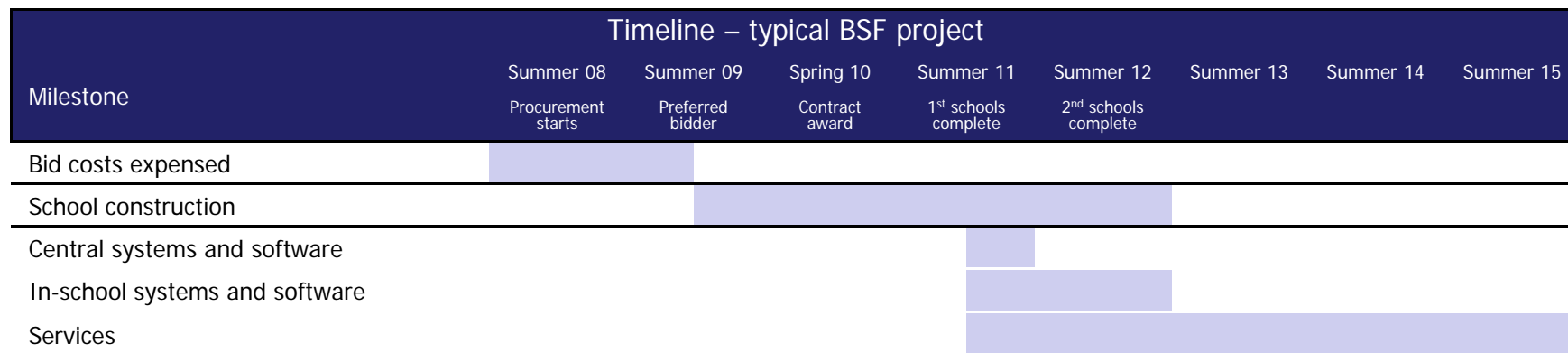


BSF

Typical project

Allocation of spend – typical BSF project		
Average value of ICT contract: £15m		
Central systems and software	10%	Data centre Learning Platform
In-school systems and software	45%	User equipment Network equipment Software
Services	45%	Managed Service Implementation and integration Training
Typical BSF invoicing		
30-day payment terms	70% on issue of acceptance certificate 25% two months later 5% on completion of group of schools	

Competitive Dialogue	
Stage	Typical # bidders
OJEU advertisement	
Pre-qualification questionnaire	5-10
Invitation to participate in dialogue	3-6
Invitation to continue dialogue	3
Invitation to submit final bid	2
Preferred bidder	1
Contract award	1



Acquisitions

Business	Activities	Date	Net cost
3T Productions	Interactive design and development	Mar 2000	£5.5m
Softease	Educational software	Oct 2001	£4.8m
Helicon	Educational content	Feb 2002	£0.7m
Forvus	Data analysis	Jul 2003	£4.0m
peakschoolhaus	Education inspection services	Oct 2003	£1.6m
Sentinel	Network management software	Feb 2004	£6.1m
TTS	Education resources	Sep 2004	£12.0m
Caz Software	Education management software (Australia)	Jun 2006	£1.6m
MES	Education resources	Aug 2006	£1.0m
DACTA	Education resources (Europe)	May 2007	£4.2m
SERAP	Data analysis	Aug 2007	£0.7m
SpaceKraft	Education resources (SEN)	Oct 2007	£4.6m
Inclusive (25%)	Education resources (SEN)	Apr 2008	£1.0m
EasyTrace	Identity management	July 2008	£2.8m
Computrac	Learning technologies (USA)	Nov 2008	£5.0m
Pisces	Education resources	Apr 2009	£0.4m
ISIS Concepts	Education resources	May 2009	£2.6m

Education projects

Contracts

Education Projects	Awarded	Value	Term	Extension
Dudley Grid for Learning	Jan 1999	>£50m	10 years	+2 years
Classroom 2000 Lot 3 (Northern Ireland)	Feb 2003	£21m	complete	
QCA – Key Stage 3 online testing	Feb 2003	£23m	complete	
South Yorkshire eLearning Programme	May 2003	£34m	complete	
South Lanarkshire Council	Jul 2003	>£30m	7 years	+3 years
Warwickshire LEA PFI	Apr 2004	£16m	8 years	
Newham LEA PFI	May 2004	£20m	8 years	
Lambeth LEA PFI	Feb 2005	£17m	8 years	
South West Grid for Learning	Aug 2005	>£30m	3–5 years	
Glow / Scottish Schools Digital Network	Sep 2005	£37.5m	5 years	+2 years
DfES – achievement and attainment tables	Jan 2006	£16m	5 years	
Cambridge Assessment	May 2007	>£21m	5 years	
Merlin (South West Grid for Learning)	Feb 2008	£5m	3 years	
Aberdeen College	Jun 2008	£7.5m	5 years	
Cobb County	Jan 2009	Up to \$32m	2+ years	
DCSF Open School for Languages	Mar 2009	£6m	2 years	
ACCA	Jun 2009	£9m	5 years	