



RM plc

acquisition of Computrac

4 November 2008



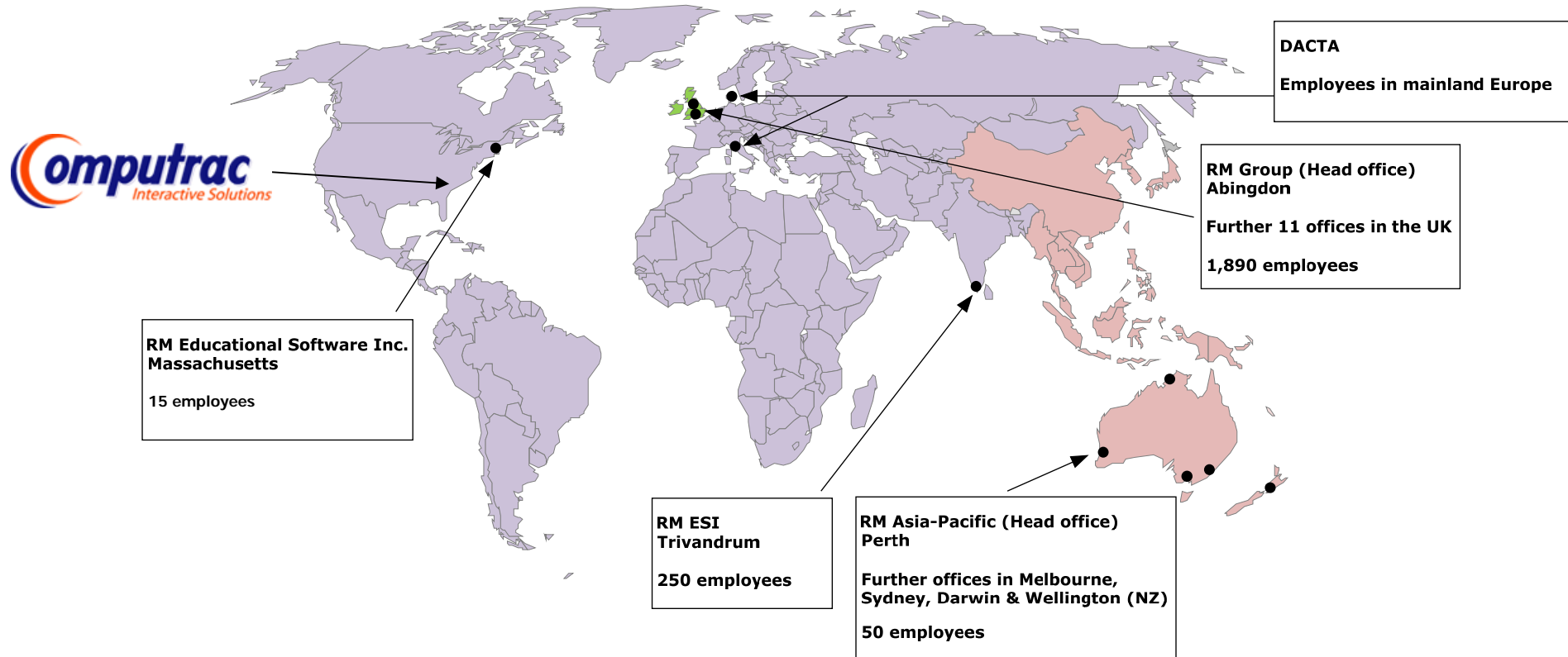
RM Group structure

RM Group

Education Management Systems	Assessment and Data Services	Education Resources and Curriculum Software	Learning Technologies	International
Management, administration and finance software for schools and government education departments	Outsourced IT services and data analysis for examination boards and government education departments	Software and general resources for use in classrooms	ICT infrastructure products and services for schools, colleges and universities BSF projects	International sales and channel management for Group products and services
Long-term contracts	Long-term contracts	Frequent sales to known customer base Specialist distribution	Sales to known customer base Increasing proportion of long-term contracts	Sales to new customers Increasing proportion of known customers
Local Authorities / government education departments / individual schools	Examining bodies / government education departments	Individual schools / trade distributors	Individual schools / Local Authorities	Individual schools / government agencies & departments / trade distributors

100% focused on education

International presence



US market background

Demographics

US: >50m K-12 students and growing

Projected growth 2005 – 2017: 10%

Southeastern US (Georgia, Florida, N. & S. Carolina, Kentucky, Alabama): 7.8m K-12 students

Projected growth 2005 – 2017: c.20%

7.5% of GDP spent on education vs. 6.1% in UK (source: OECD)

Diversified funding

State, local and federal funding from property, sales and income taxes

County and District wide projects

Priority market

Obama: “A World class education”

McCain: “Excellence, choice and competition in American education”

Spend on curriculum has grown consistently for ten years

Whole-class teaching technology relatively under-penetrated

Proportion of classrooms with interactive whole-class teaching technology

US: 21.2% (source: FutureSource)

UK: c.75% (source: BESA/RM)

RM – current US presence

RM Educational Software Inc

Established in 2003 in Boston MA

15 people

Active across the US

School, District and State level

Direct sales in Texas and North East US

OEM and reseller channels elsewhere

Principally education software products based on RM Group IP

RM Easiteach – whole-class teaching software

RM MathAlive – whole-course math teaching resource

Sonica – English for Spanish-speakers

... some complementary hardware products

Profitable since FY-2007

Turnover approximately doubled in FY-2008

Founded 1998 by current CEO Kevin Talentino

54 employees

Based in Ball Ground, Georgia (near Atlanta)

Revenue: \$28.8m; Operating income: \$1.3m (year to July 2008)

100% education

Focus on interactive whole-class teaching solutions

Electronic whiteboards, interactive pads, student voting devices, whole-class teaching software, digital projectors, other audio-visual products

Strong relationships with School Districts in Southeastern US

Solutions supplied to 10,000 K-12 (kindergarten to 12th grade) classrooms

Integration

Pre-existing relationship

Computrac has resold RM software products for two years

Well-prepared integration plan

Six months due diligence

External: financial, legal

Internal: financial, legal, HR, operational, market

Computrac will be combined with RM Education Software Inc

Computrac Management Team remains in place

delivering current plan & driving further development

Operational activities concentrated in Atlanta

Headquarters, distribution centre

CEO: Kevin Pawsey

RM International Managing Director

Seven-year RM veteran

Appointed US-based Managing Director of RM Educational Software Inc in 2006

Relocating to Atlanta



Value creation opportunities

For existing Computrac business

Broader range of RM products and IP in Southeastern US

Kaleidos Learning Platform, Network solutions, Honeycomb

Education resources products

For existing RM Educational Software Inc business

Computrac products and services in North East US

For combined business

Combined product range to additional US regions

For RM Education (UK)

Innovative interactive classroom solutions for BSF and other schools

Operational delivery models

For RM Group

Group sourcing/ purchasing



Transaction

Financial details – estimated

Initial cash consideration	\$3.0m	£1.9m
Deferred cash consideration	\$0.7m	£0.4m
Equity	\$3.7m	£2.3m
Debt	\$4.3m	£2.7m
Enterprise value	\$8.0m	£5.0m
Net assets	\$1.2m	£0.7m

\$1.61 = £1

Financed from HSBC facility

£25m committed facility

Five-year term

Entered into in July 2008

Additional \$2.7m from facility to finance seasonal working capital requirements

Conclusions

Significantly enlarged integrated US business

Builds on success of existing US operation

Confirms RM's long-term commitment to US operation

Provides critical mass in US education market

Robust platform for further growth in US

Immediate value creation opportunities

