6 months to 31 May 2014

David Brooks
Chief Executive Officer

Iain McIntosh
Chief Financial Officer

To be read in conjunction with
the Interim Results announcement
released on 7 July 2014

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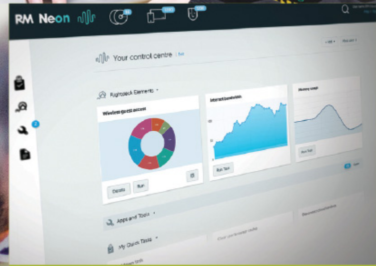
Overview

- **Good operational performance**
  - As expected revenue declined 22.5%
  - Adjusted operating margin increased from 4.1% to 8.0%
- **Reshaping of Education Technology continues**
- **Organic growth and strong margins in ADS and Education Resources**
- **Strong balance sheet**
  - Cash and short term deposits at May 2014: £40.3m (May 2013: £51.8m; Nov 2013: £63.2m) after payment of £14.7m special dividend and £8.0m to pension escrow account
  - Pension deficit decreased to £8.8m (May 2013: £25.3m; Nov 2013: £15.8m)
- **Group adjusted operating profit of £7.3m** (H1 to May 2013: £4.9m)
- **Interim dividend per share increased by 14.3% to 0.96p** (2013: 0.84p)
- **Trading performance in H2 expected to be similar to H1**



Business review

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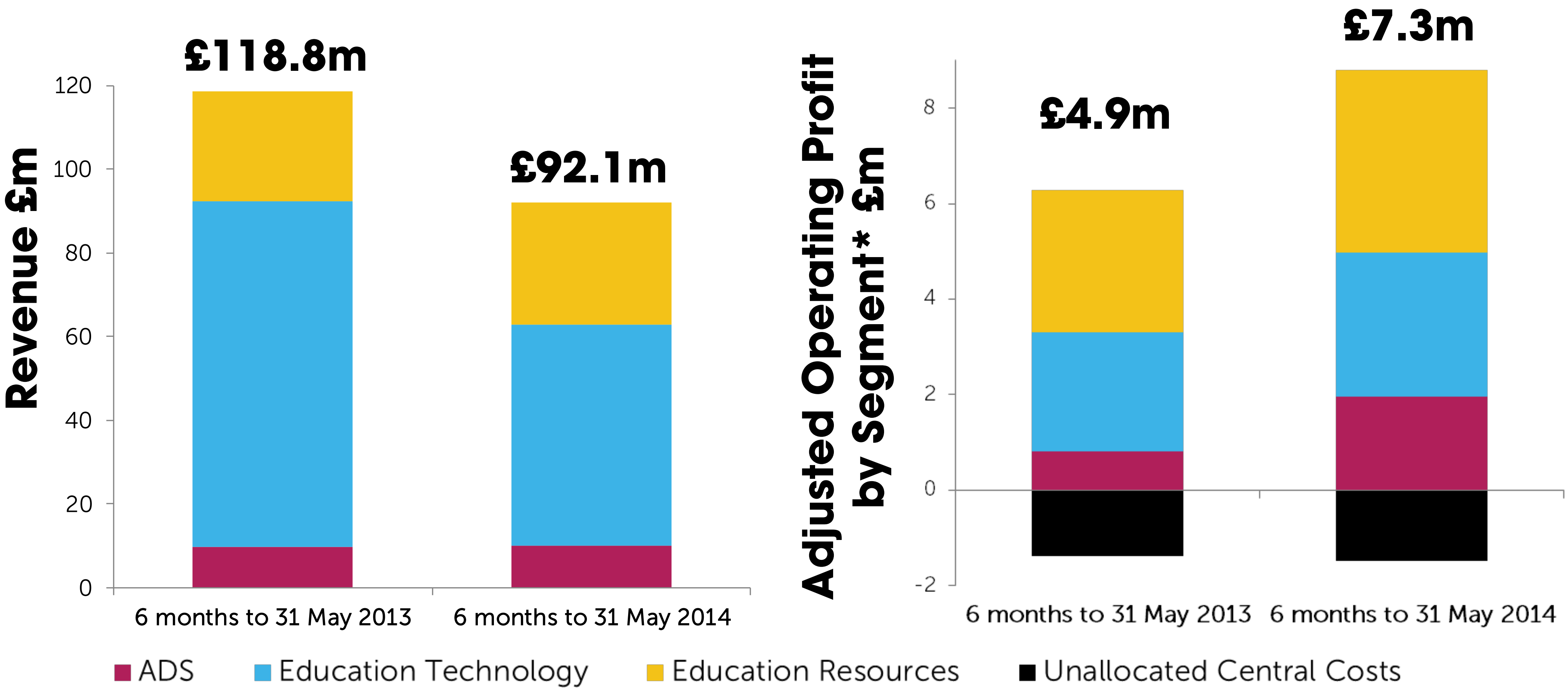
RM plc Group Revenue & Adjusted Operating Profit

Revenue
declined by 22.5%

Adjusted operating profit
increased by 49%



*Adjusted operating profit and EPS are before amortisation of acquisition related intangible assets; impairment of goodwill, acquisition related intangible assets and investments; gain on sale of operations; share-based payment charges; restructuring costs; change in provisions for dilapidations on leased properties and onerous lease contracts; and exceptional credit on settlement.
The Group early adopted the IAS19 Employee Benefits (Revised) accounting standard changes for the defined benefit pension scheme in the year ended 30 November 2013.
The prior period interim financials have been revised for comparability.

RM plc FY14 Half-Year Divisional Summary

6 months to 31 May 2014

£m	Assessment and Data Services		Education Resources		Education Technology		Unallocated Central costs		Total	
	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**
Revenue	9.8	**10.1**	26.4	**29.3**	82.6	**52.7**	-	**-**	118.8	**92.1**
Adjusted Operating Profit*	0.8	**2.0**	3.0	**3.8**	2.5	**3.0**	(1.4)	**(1.5)**	4.9	**7.3**
% Profit	8.4%	**19.4%**	11.3%	**13.1%**	3.0%	**5.7%**	-	**-**	4.1%	**8.0%**

*Adjusted operating profit and adjusted EPS are before amortisation of acquisition related intangible assets; impairment of goodwill, acquisition related intangible assets and investments; gain on sale of operations; share-based payment charges; restructuring costs; change in provisions for dilapidations on leased properties and onerous lease contracts; and exceptional credit on settlement.

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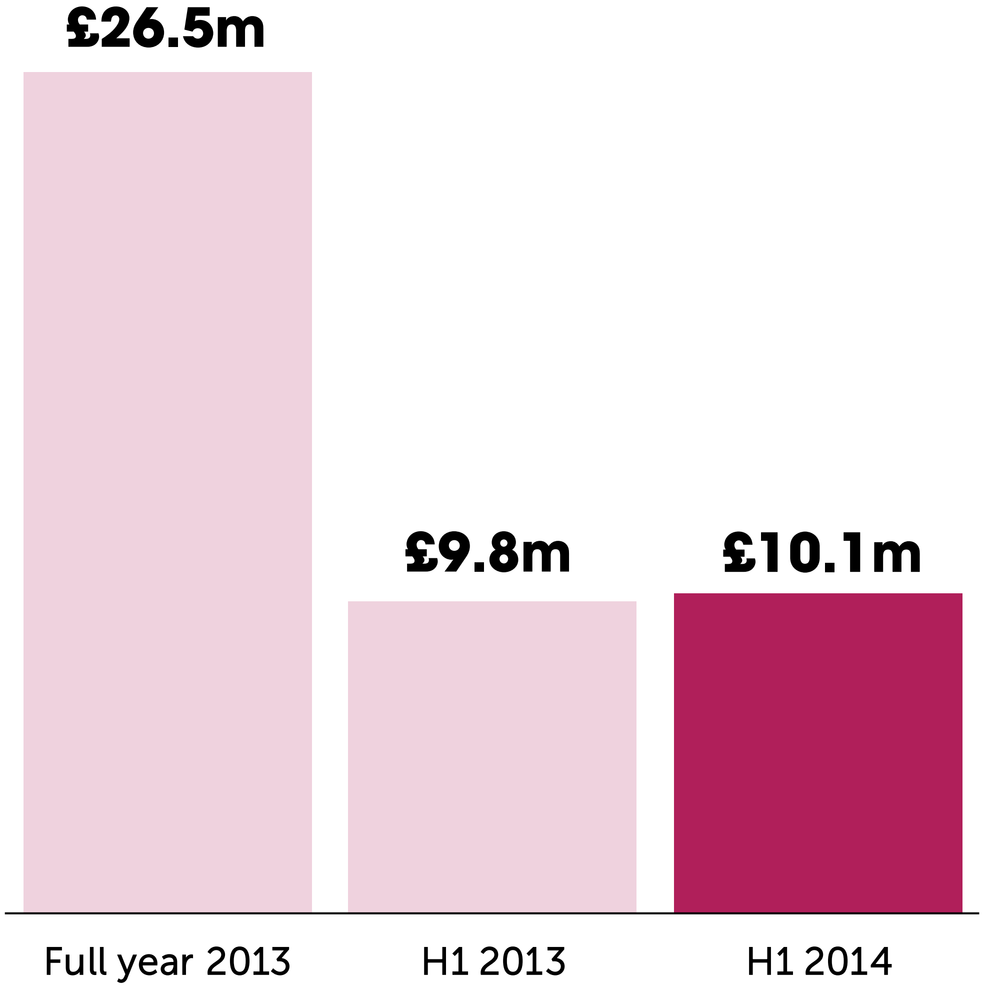
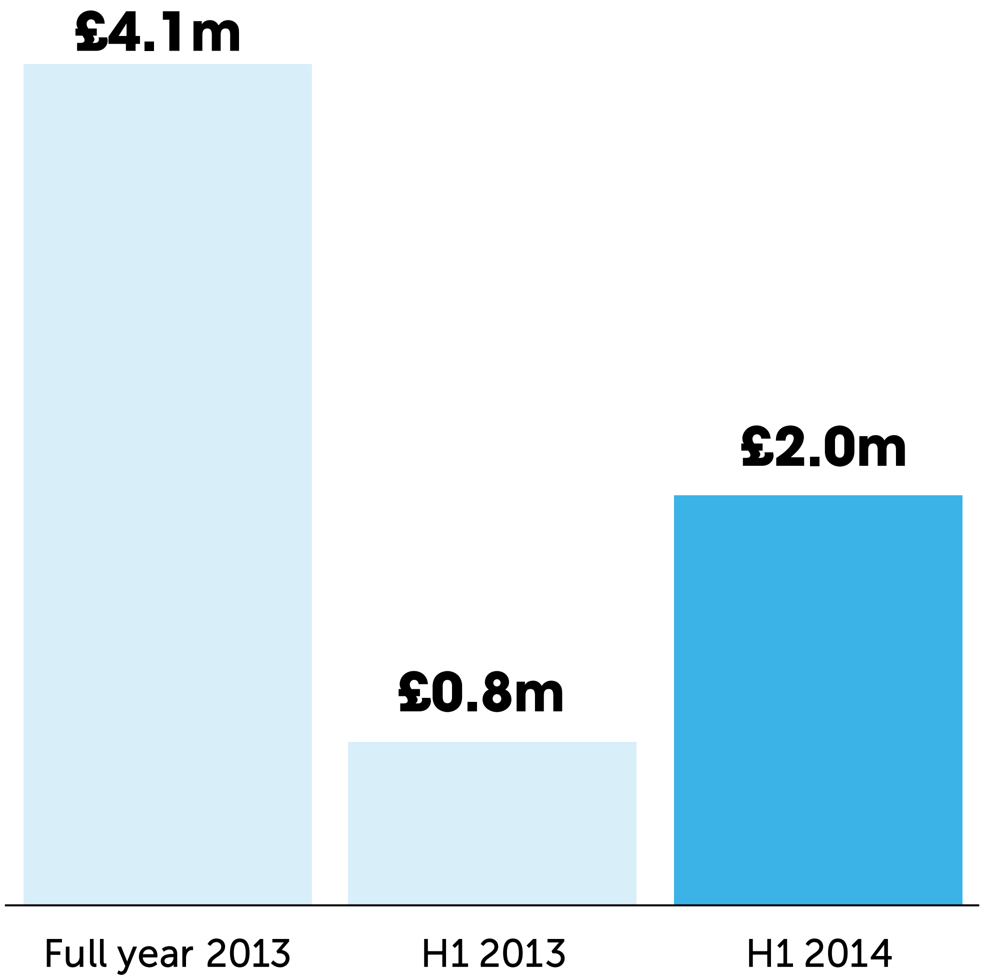
Assessment and Data Services

Financial performance

Revenue



Adjusted operating profit



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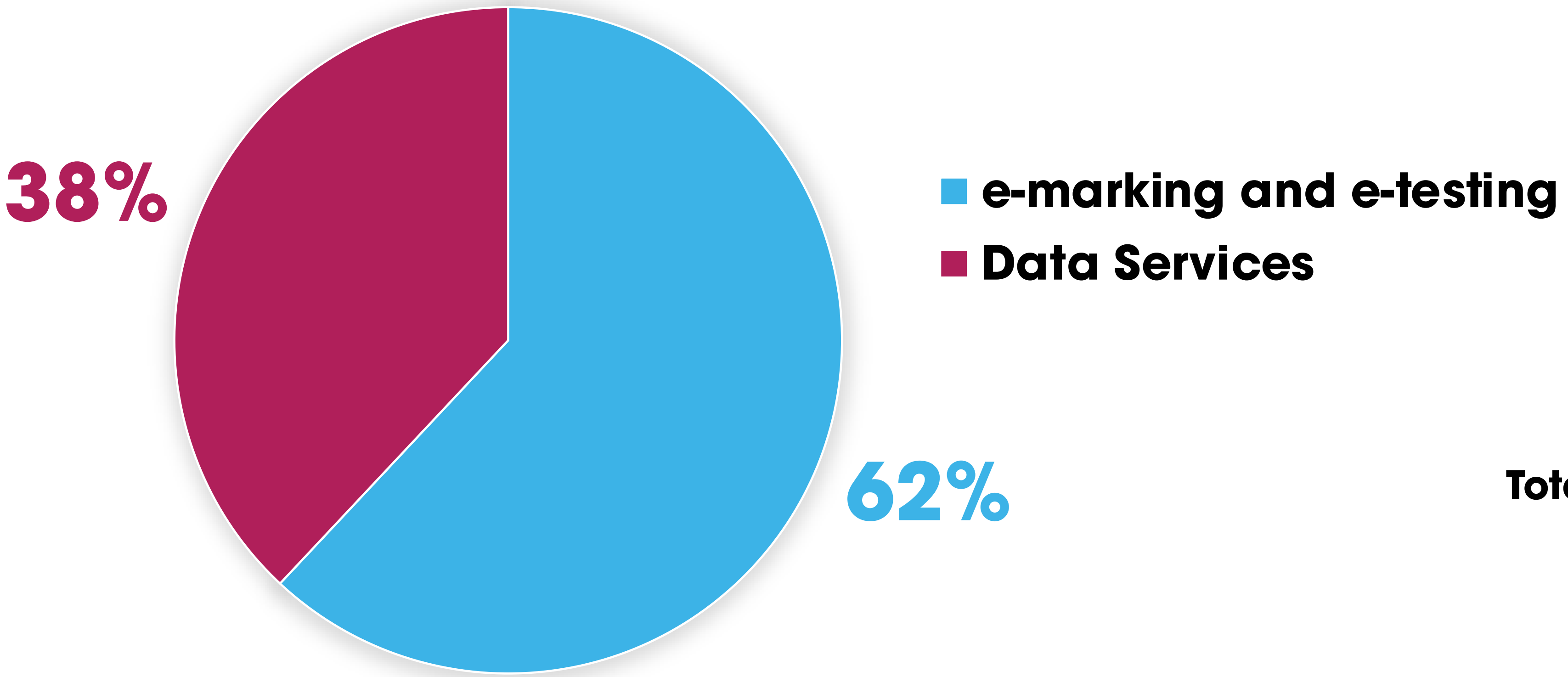
Assessment and Data Services

- E-marking pilot with AQA
- Caribbean Examinations Council win internationally
- Margins remain strong with H1 performance flattered by cumulative impact of improved forecast lifetime profitability on an established long term contract

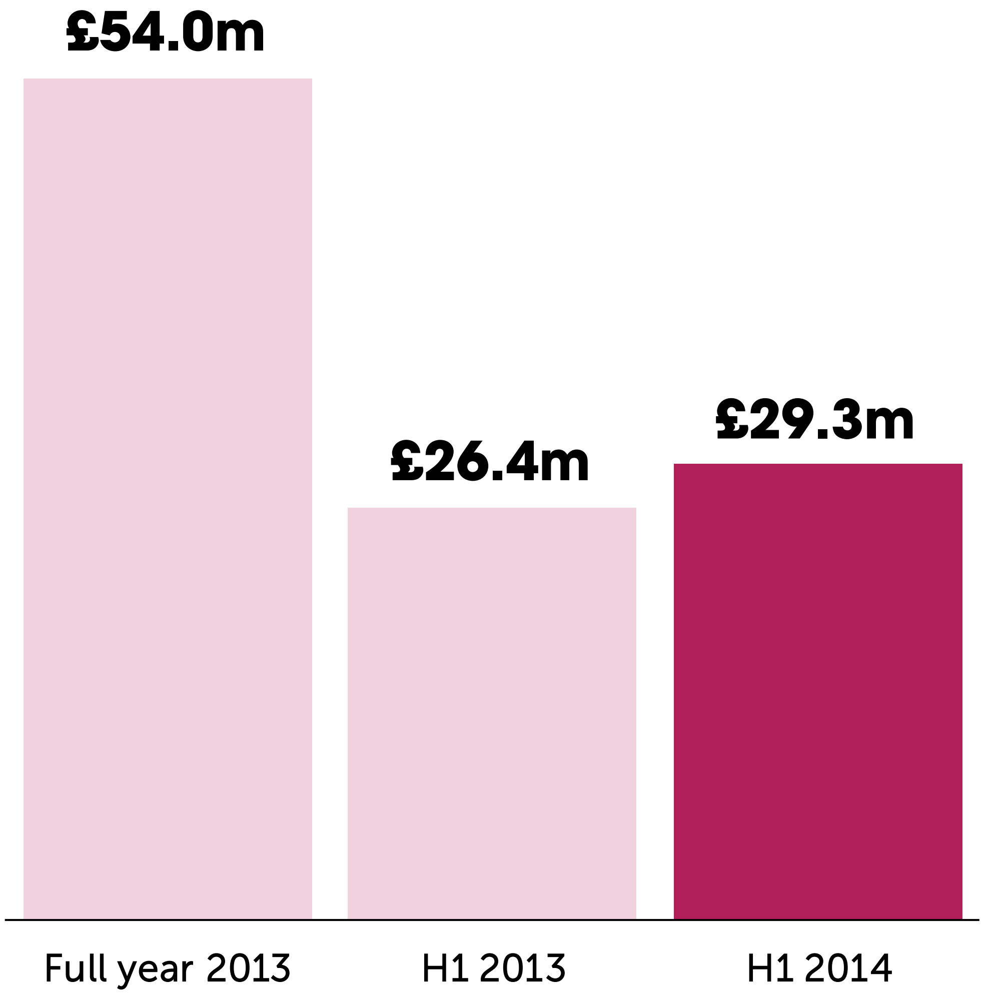


Total H1 revenue = £10.1m

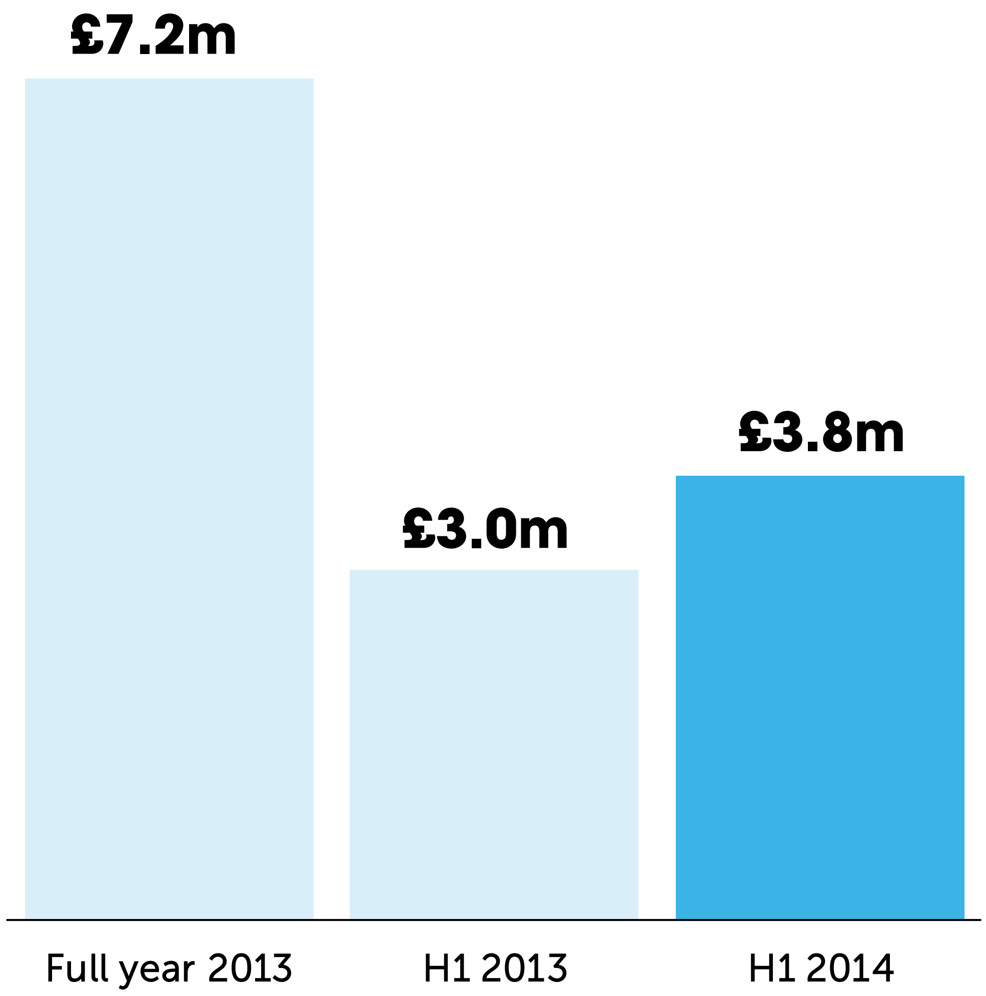
Education Resources

Financial performance

Revenue



Adjusted operating profit



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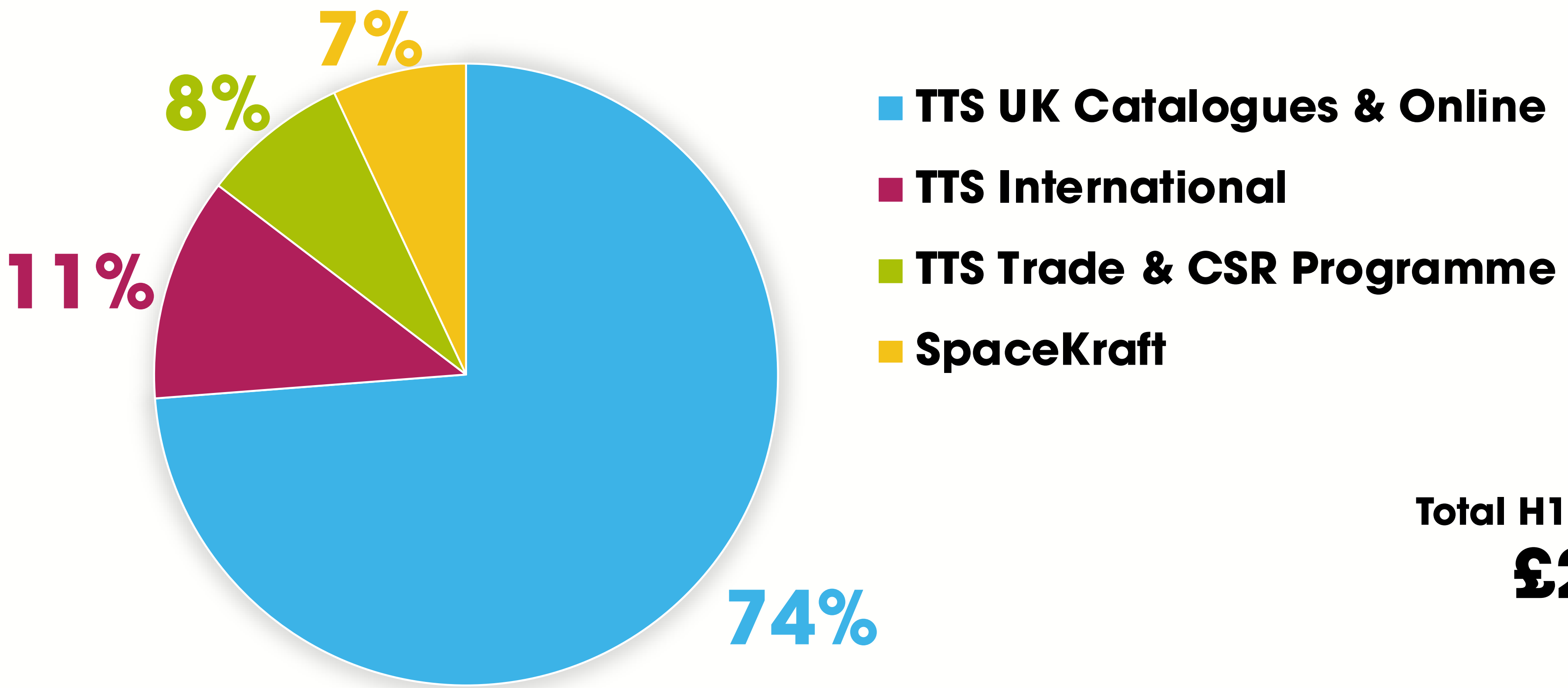
Education Resources

- Organic revenue growth
  - TTS UK Catalogue & Online revenue increased 12.4%
  - TTS International revenue increased 53.6%
  - TTS UK trade & CSR revenue decreased by 24.2%
  - SpaceKraft revenue increased 1.8%; no longer loss making
- Good margins which increased from 11.3% to 13.1%

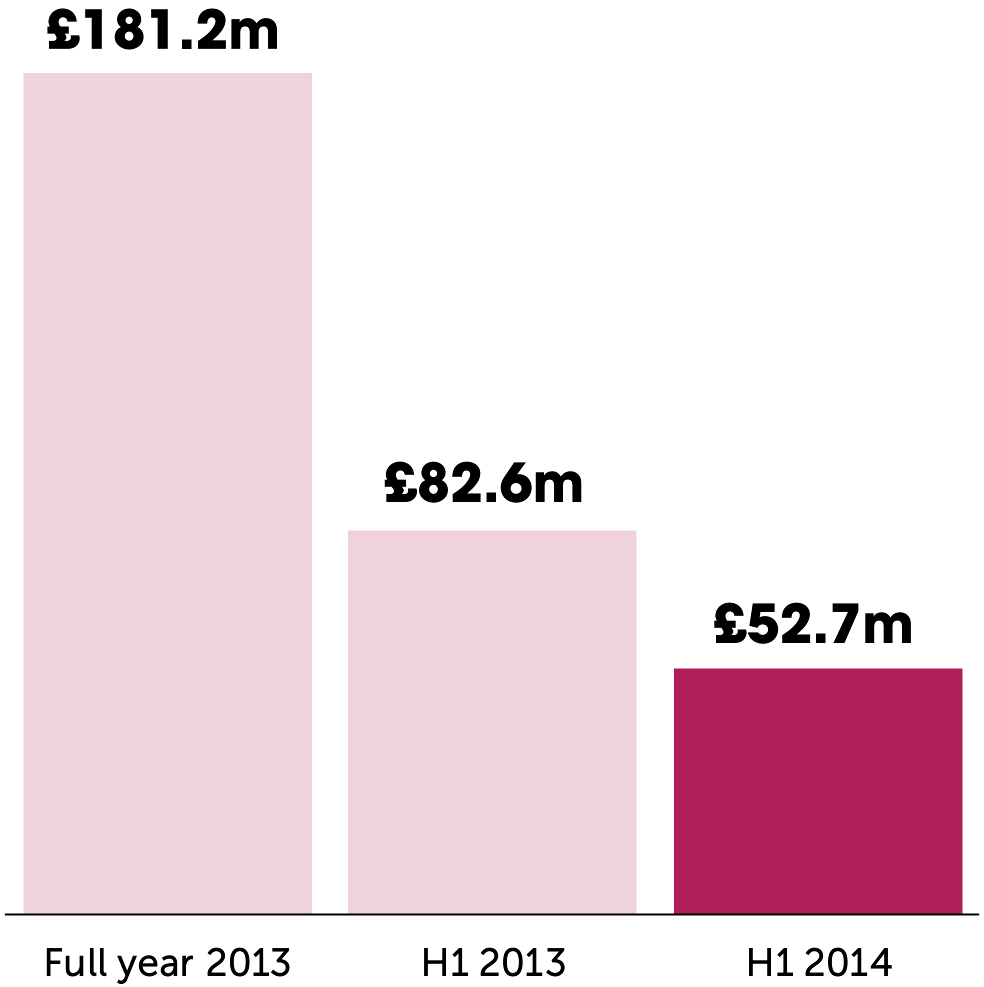


Total H1 revenue =
£29.3m

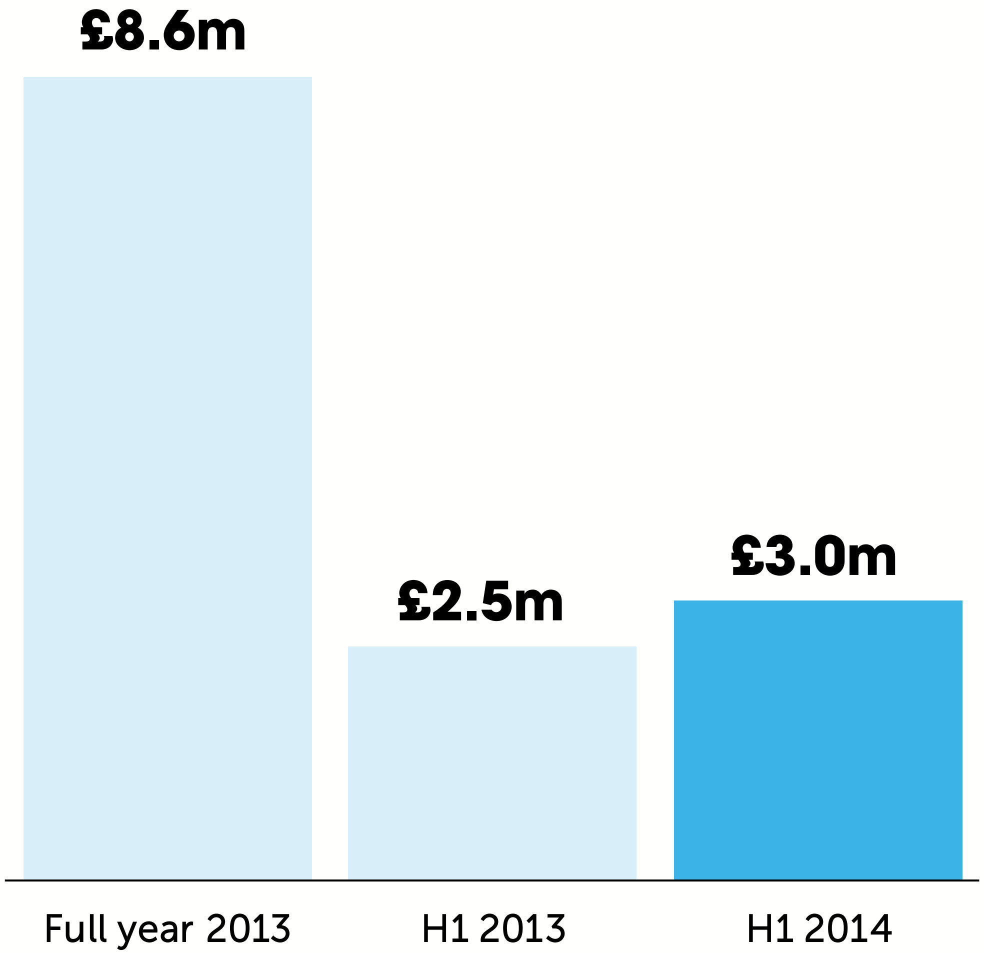
Education Technology

Financial performance

Revenue

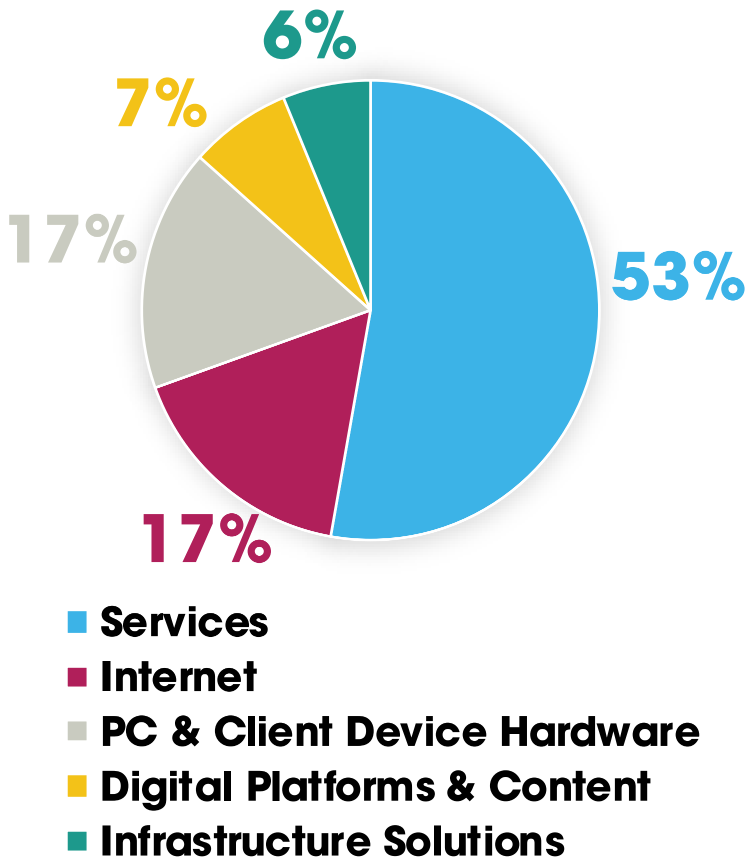


Adjusted operating profit

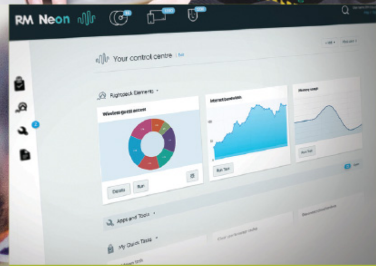


Reshaping of Education Technology

- **Third party hardware partners contracted**
  - Misco to provide PC & client device hardware
  - Kelway to manage hardware maintenance & warranty claims
- **Move into refurbished single office for Abingdon-based staff to complete in Q4**
  - Factory exit on track
  - Last PC manufactured in June
- **Costs below plan and hardware revenue ahead of plan**
  - Headcount reductions ahead of plan
  - Hardware revenues higher than expected
  - Significantly better hardware inventory realisations than planned
- **Adoption of new digital propositions remains modest**
- **Focus on repositioned IT Services and contract renewals**



Total revenue = £52.7m



Financial summary

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Group Financial Summary

£m	6 months to 31 May 2013	**6 months to 31 May 2014**	**% Change**	Year to 30 Nov 2013
Revenue	118.8	**92.1**	(23)%	261.8
Adjusted* EBITDA	7.0	**9.0**	28%	21.7
Adjusted* operating profit	4.9	**7.3**	49%	17.2
Adjusted* profit before tax	4.4	**7.0**	58%	16.4
Adjusted* diluted EPS	3.6p	**6.2p**	72%	12.4p
Dividend per share	0.84p	**0.96p**	14%	3.30p
Special dividend per share	-	**-**	-	16.00p

*Adjusted operating profit and adjusted EPS are before amortisation of acquisition related intangible assets; impairment of goodwill, acquisition related intangible assets and investments; gain on sale of operations; share-based payment charges; restructuring costs; change in provisions for dilapidations on leased properties and onerous lease contracts; and exceptional credit on settlement.

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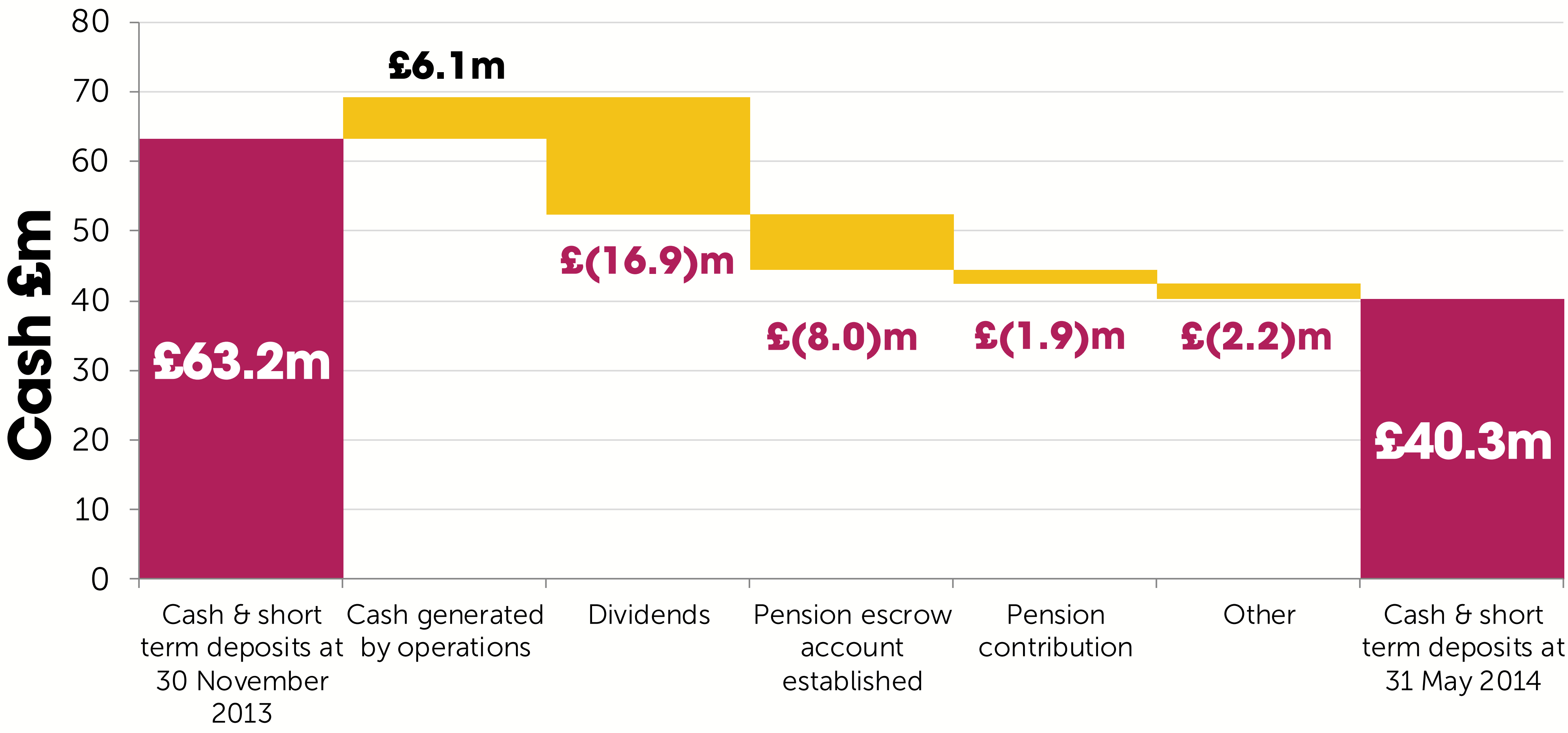
Cash Flow Bridge



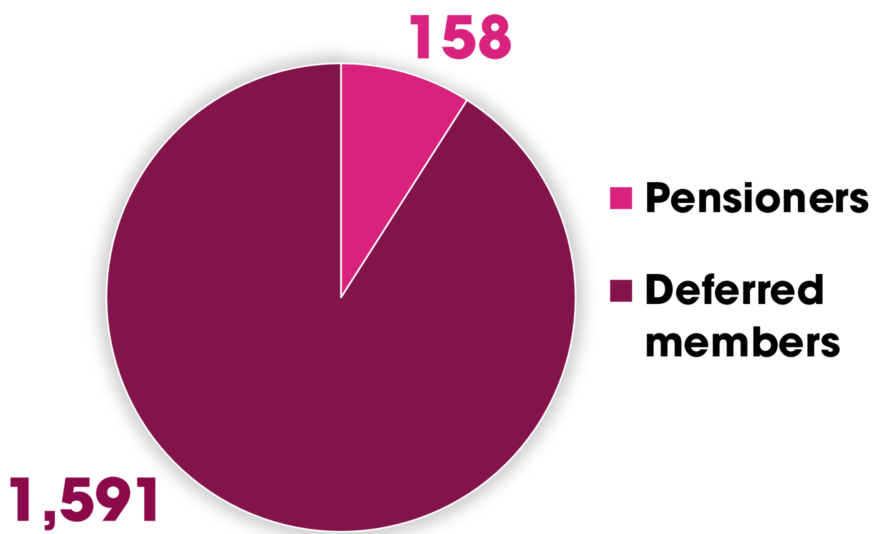
IAS 19 balance sheet deficit decreased since last year end

	£m	
Deficit at 30 Nov 2013	**(15.8)**	**£(12.7)m net of tax**
Escrow account establishment	8.0	
Cash contribution	1.9	
Asset returns	6.4	
Interest on liabilities	(3.7)	
Impact of market assumptions on liabilities	(5.6)	
Deficit at 31 May 2014	**(8.8)**	**£(5.4)m net of tax**

Investments at 31 May 2014

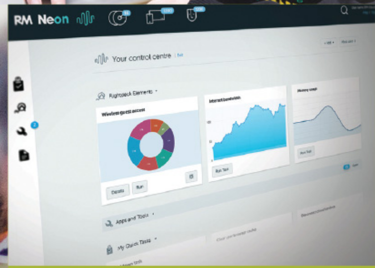
Equities	48%
Fixed income	
• Gilts	24%
• Corporate bonds	23%
Cash	5%
Total	**100%**

Number of members



Pension Risk Mitigation

- **Escrow account established with £8.0m for risk mitigation exercises**
  - Funds usage to be mutually agreed between Company and Trustees
- **Pensioner buy-in**
  - Quotations received from 4 providers to de-risk pensions in payment
  - Buy-in instrument expected to replace fixed income investments
- **Other risk mitigation exercises being evaluated**
  - Budget announcement on changes to Defined Contribution schemes and consultation over transfers from Defined Benefit schemes may delay implementation until policy application clear



Outlook

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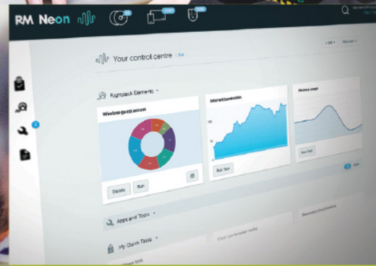
Outlook

- **Education Resources continues to grow organically with strong margins**
- **ADS operational focus on the biggest volume of scripts to date. Margins remain good**
- **One-off benefit of lower costs than planned through the Education Technology restructuring process in FY14. Repositioning to software and services will take time**
- **Management of pensions risk**
- **Trading performance in H2 expected to be similar to H1**



Appendices

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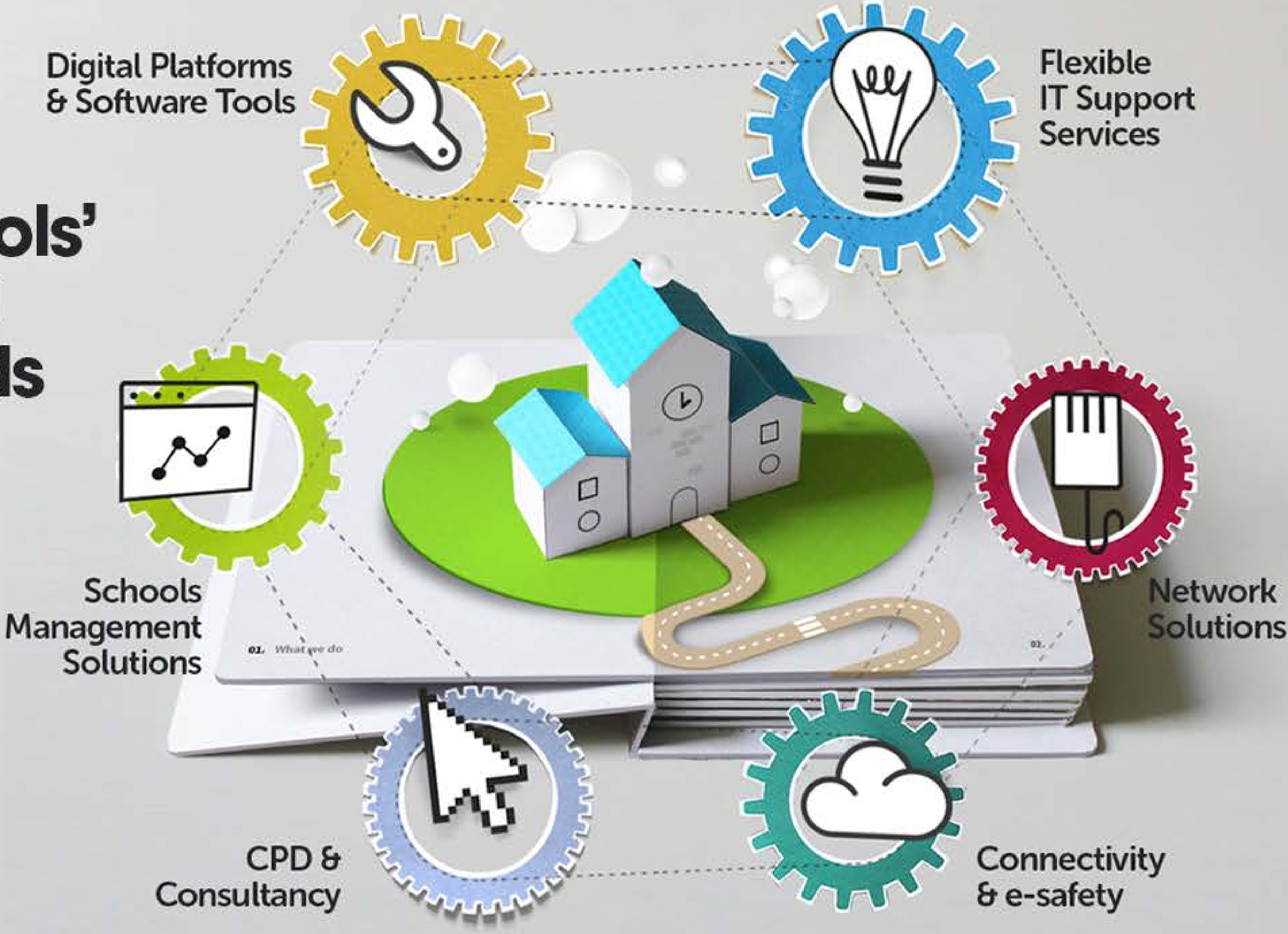
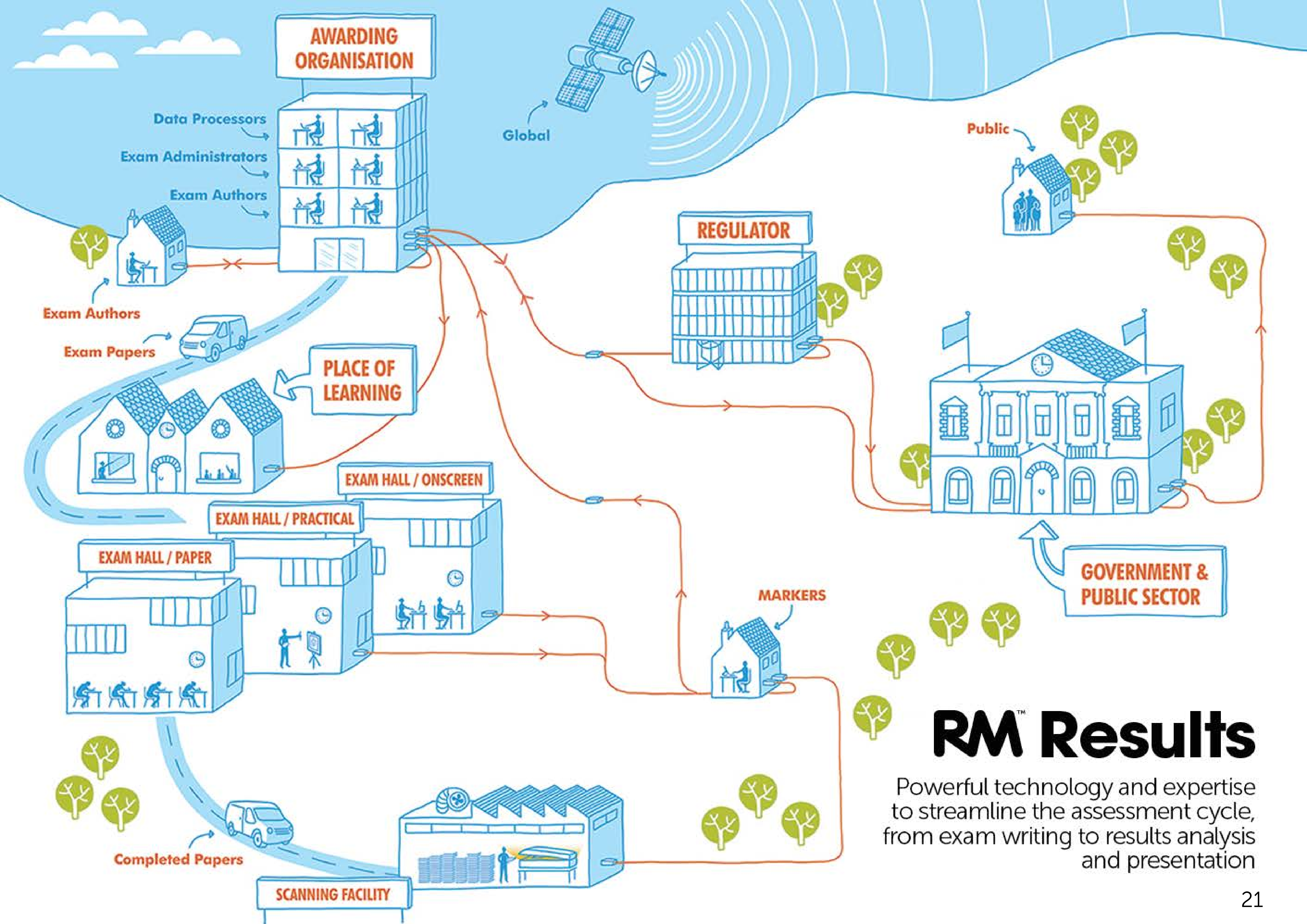
We make technology work for schools' teaching and learning needs

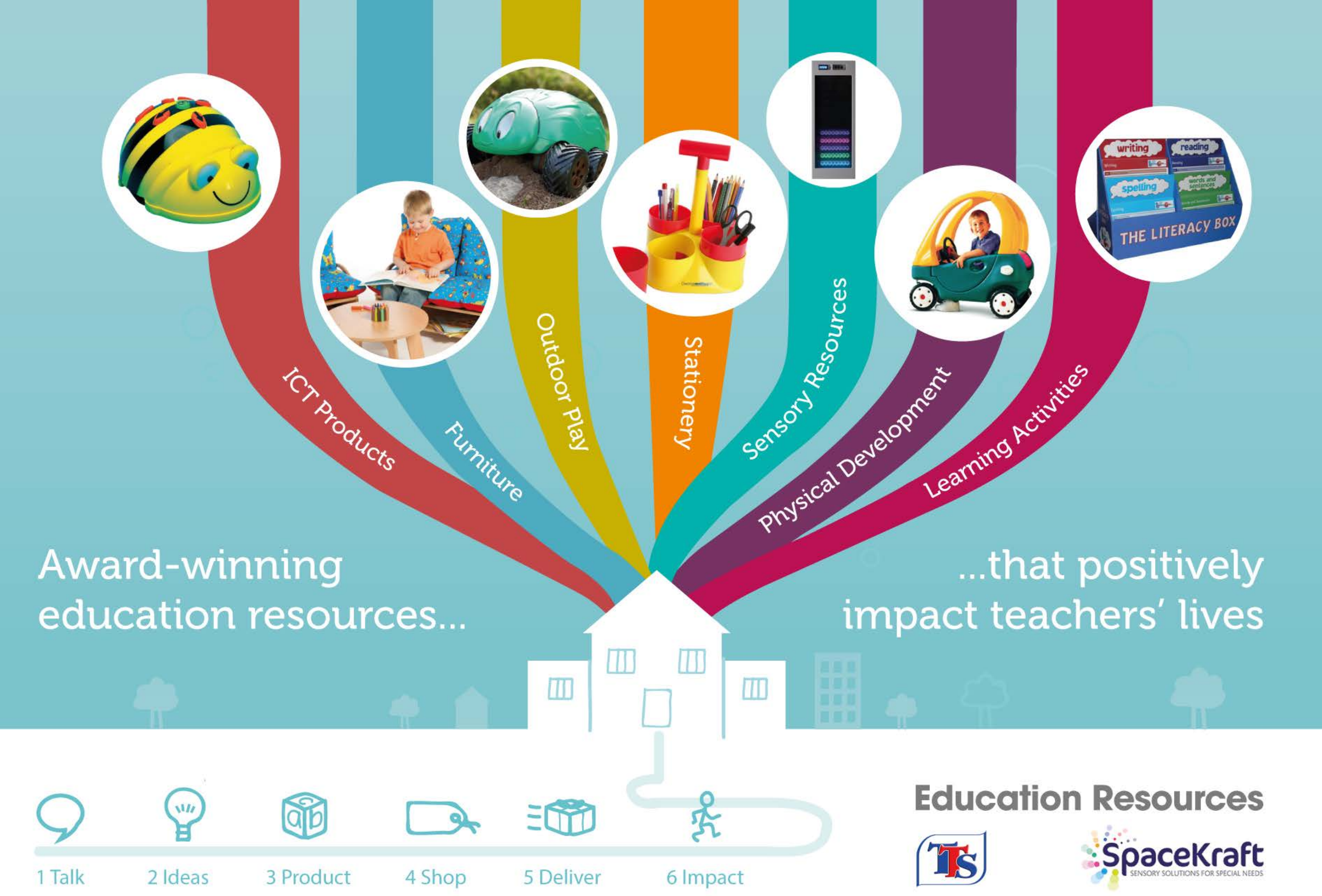


RM Education



RM™ Results

Powerful technology and expertise to streamline the assessment cycle, from exam writing to results analysis and presentation


ICT Products
Furniture
Outdoor Play
Stationery
Sensory Resources
Physical Development
Learning Activities
writing
reading
spelling
words and sentences
THE LITERACY BOX
Award-winning education resources...
...that positively impact teachers' lives
1 Talk
2 Ideas
3 Product
4 Shop
5 Deliver
6 Impact
Education Resources
TTS
SpaceKraft
SENSORY SOLUTIONS FOR SPECIAL NEEDS

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Income Statement

£m	6 months to 31 May 2013 Adjusted	2013 Adjustments	2013 Total	2014 Adjusted	2014 Adjustments	2014 Total
Revenue	**118.8**	-	118.8	**92.1**	-	92.1
Cost of sales	**(85.3)**	-	(85.3)	**(57.0)**	-	(57.0)
Gross profit	**33.5**	-	33.5	**35.1**	-	35.1
Gross profit %	***28.2%***	-	*28.2%*	***38.1%***	-	*38.1%*
Operating expenses	**(28.5)**	-	(28.5)	**(27.7)**	-	(27.7)
Amortisation of acquisition related intangible assets	**-**	(0.1)	(0.1)	**-**	(0.2)	(0.2)
Gain on sale of operations	**-**	0.2	0.2	**-**	-	-
Share-based payment charges	**-**	(0.2)	(0.2)	**-**	(0.4)	(0.4)
Restructuring costs	**-**	(0.3)	(0.3)	**-**	(0.1)	(0.1)
Exceptional credit on settlement	**-**	0.5	0.5	**-**	-	-
Release of property related provisions	**-**	-	-	**-**	0.4	0.4
	(28.5)	0.2	(28.4)	**(27.7)**	(0.2)	(27.9)
Profit from operations	**4.9**	**0.2**	**5.1**	**7.3**	**(0.2)**	**7.1**
Profit from operations %	***4.1%***	*N/A*	*4.3%*	***8.0%***	*N/A*	*7.7%*
Net investment income and finance costs	**(0.5)**	(0.1)	(0.6)	**(0.3)**	(0.2)	(0.5)
Profit before tax	**4.4**	**0.1**	**4.5**	**7.0**	**(0.4)**	**6.7**
Tax	**(1.2)**	-	(1.2)	**(1.5)**	-	(1.4)
Profit for the period	**3.3**	**0.1**	**3.3**	**5.6**	**(0.3)**	**5.2**
Diluted earnings per ordinary share	**3.6p**	**-**	**3.6p**	**6.2p**	**(0.3)p**	**5.9p**
Dividend per share			**0.84p**			**0.96p**

Data has been rounded to the nearest £0.1m so may not sum exactly to the totals shown.

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Balance Sheet

£m	31 May 2013	31 May 2014
Goodwill and acquisition intangibles	15.3	14.7
Property, plant & equipment and software intangibles	12.7	9.1
Other receivables	1.9	1.9
Deferred tax assets	7.4	4.9
Total non-current assets	**37.4**	**30.6**
Inventories	17.0	11.6
Trade & other receivables	38.6	32.5
Tax assets	0.3	0.1
Cash & short-term deposits	51.8	40.3
Total current assets	**107.7**	**84.5**
Total assets	**145.0**	**115.1**
Current liabilities	(90.5)	(78.1)
Retirement benefit obligation	(25.3)	(8.8)
Other non-current liabilities	(7.1)	(12.0)
Total liabilities	**(123.0)**	**(98.9)**
Net assets / total equity	**22.0**	**16.2**

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Cash Flow

Operating cash flows – £m	6 months to 31 May 2013	6 months to 31 May 2014
Profit from operations	**5.1**	**7.1**
Amortisation	0.4	0.3
Depreciation	1.8	1.5
Share-based payments	0.2	0.4
Other adjustments	0.5	(0.5)
Operating cash flows before movements in working capital	**8.0**	**8.8**
Increase in inventories	(2.2)	(1.0)
Decrease in receivables	19.9	2.5
Decrease in payables	(6.0)	(4.3)
Cash generated by operations	**19.6**	**6.1**
Non-operating cash flows – £m		
Defined benefit pension contribution	(2.2)	(9.9)
Tax paid	(0.1)	(1.3)
Net capital expenditure less proceeds on disposal	(1.3)	(0.4)
Dividends paid	(2.1)	(16.9)
Other	-	(0.5)
Net (decrease)/increase in cash and cash equivalents	**13.9**	**(22.9)**

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Impact of Revised IAS19 Pension Standard

The adjustments made as a result of adopting IAS19 *Employee Benefits* in the FY13 Income Statement are as follows:

£m	Assessment and Data Services	Education Resources	Education Technology	Unallocated Central costs	Total
Interim FY13 Adjusted operating profit	0.9	3.0	2.7	(1.4)	5.2
IAS19 (Revised) adjustment	(0.1)	-	(0.2)	-	(0.3)
Interim FY13 Restated adjusted operating profit	**0.8**	**3.0**	**2.5**	**(1.4)**	**4.9**

Interim FY13 Net interest	(0.2)
IAS19 (Revised) adjustment	(0.2)
Interim FY13 Restated net interest	(0.5)

Interim FY13 Adjusted profit before tax	4.9
IAS19 (Revised) adjustment	(0.5)
Interim FY13 Restated adjusted profit before tax	4.4

Adoption affected results for Interim FY14 by reducing adjusted operating profit by £0.2m, interest payable by £0.3m and adjusted profit before tax by £0.4m. Data has been rounded to the nearest £0.1m so may not sum exactly to the totals shown.