3 July 2018

RM plc
Interim Results for the period ending 31 May 2018

RM plc ("RM"), a leading supplier of technology and resources to the education sector, reports its interim results for the period ending 31 May 2018.

HIGHLIGHTS

	2018	2017	Change
Revenue	£94.9m	£71.3m	+33.1%
Adjusted* operating profit	£8.3m	£6.5m	+27.4%
Statutory operating profit	£7.7m	£4.3m	+78.4%
Adjusted* operating profit margin	8.8%	9.2%	-0.4pp
Adjusted* diluted EPS	7.3p	6.8p	+7.4%
Interim dividend	1.90p	1.65p	+15%
Net (debt) / cash	(23.4)	29.3	
Pension deficit	(9.1)	(22.2)	

- Revenue increase of 33% reflects The Consortium acquisition
- On track to deliver £4m p.a. of synergies by 2020
- Slightly lower operating margins reflect profit seasonality of The Consortium
- Continued progress at divisional level
    - RM Resources : 5% organic revenue growth in the UK and 12% internationally
    - RM Results : international pipeline gaining traction with three contract wins
    - RM Education : operating margin improvement of 200 bps
- Interim dividend up 15%

David Brooks, Chief Executive of RM, said:

"The first six months has seen good progress in each of the three divisions. RM Resources continues to grow in international markets, has achieved growth in the UK and the integration of The Consortium acquisition is progressing as planned. RM Results is gaining traction internationally with three contract wins and RM Education continues to reposition itself with a lower cost base and improved operating margins. This progress, together with a strong balance sheet, has enabled the Board to increase the interim dividend by 15% and the Board is confident of at least meeting full year expectations."

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* Throughout this statement, adjusted profit and adjusted EPS are stated before adjustments to profit which are considered exceptional in nature or with potential significant variability year on year in non-cash items which might mask underlying trading performance: the amortisation of acquisition related intangible assets; acquisition and restructuring costs and changes in the provisions for onerous lease contracts. Prior year comparative numbers have been re-presented to include share based payment charges in adjusted profit and adjusted EPS.

Notes to Editors

RM plc is a leading education resources, IT software and services group, operating through three divisions:

- RM Resources: providing education resources used in schools in the UK and internationally
- RM Results: providing IT software and e-Assessment services globally to enable e-marking, e-testing and the management and analysis of educational data
- RM Education: a UK focused business supplying ICT software and services to schools and colleges

RM plc

Interim results for the 6 months ended 31 May 2018

Results

	6 months to May 2018	6 months to May 2017	12 months to November 2017
Revenue	**£94.9m**	£71.3m	£185.9m
Adjusted* operating profit	**£8.3m**	£6.5m	£21.3m
Adjusted* profit before tax	**£7.6m**	£6.0m	£19.7m
Adjusted* profit after tax	**£6.1m**	£5.6m	£17.2m
Statutory profit after tax	**£5.6m**	£3.8m	£12.9m
Adjusted* diluted Earnings per share	**7.3p**	6.8p	21.0p
Ordinary dividend per share	**1.90p**	1.65p	6.60p
Net (debt)/cash	**£(23.4)m**	£29.3m	£(13.4)m

Revenue increased by 33% to £94.9m compared with the same period last year. This increase was driven by the revenues associated with the acquisition of The Consortium which were £24m. RM Resources grew in the period with underlying organic TTS brand growth, alongside the acquisition, offsetting small revenue reductions in the RM Results and RM Education divisions.

Adjusted* operating profit increased 27.4% on the prior period to £8.3m (H1 2017: £6.5m). Adjusted* profit before tax was £7.6m, an increase of 25.9%.

Cash used in operations was £1.3m (H1 2017: cash used £4.1m), reflecting the seasonal effects of the working capital cycle. Net debt at 31 May 2018 was £23.4m.

The adjusted tax charge in the period was £1.5m with an effective tax rate of 19.3% (H1 2017: 7.0%).

Adjusted* diluted earnings per share increased by 7.4% to 7.3p.

RM Resources

This division provides education resources used in schools and nurseries in the UK and internationally. Products supplied are a mix of third party and own branded and TTS own designed items manufactured from a network of third party suppliers.

	6 months to May 2018	6 months to May 2017	12 months to November 2017
RM Resources revenue	**£51.1m**	£25.5m	£83.6m
RM Resources adjusted* operating profit	**£4.2m**	£2.8m	£11.6m

RM Resources doubled revenues in the period to £51.1m, with £24.0m of the £25.6m increase coming from the acquisition of The Consortium. Revenues in the existing TTS brand grew by 6%, with 5% growth in UK revenues supported by a strong performance in Early Years establishments and 12% growth in international revenues.

Adjusted operating profit grew to £4.2m (H1 2017: £2.8m) as a result of the increased revenues and acquisition synergies in excess of £1m. Adjusted operating margins reduced to 8.2% (H1 2017: 11.1%)

with the inclusion of The Consortium which has a lower operating margin than the existing TTS business, as well as a profit seasonality weighted to the second half of the year. Full year margins are expected to benefit from the seasonally stronger second half and the increasing synergy levels as they build towards the £4m per annum target.

RM Results

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

	6 months to May 2018	6 months to May 2017	12 months to November 2017
RM Results revenue	**£12.3m**	£13.5m	£31.6m
RM Results adjusted* operating profit	**£2.8m**	£2.8m	£7.8m

Revenue declined by 8.6% to £12.3m (H1 2017: £13.5m). This decline primarily reflects the planned reduction in Data contract revenues (-£0.8m) following planned contract exits in 2017 alongside the absence of a major new client e-Assessment implementation project in H1 2018. However our sales pipeline has improved with three new contract wins, all of which are International customers.

Adjusted* operating profit was flat at £2.8m due to improved adjusted operating margins of 23.0% (H1 2017: 20.5%) resulting from operating cost efficiencies and an improved margin outlook in the long term contract portfolio benefiting the margin in the period.

RM Education

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

	6 months to May 2018	6 months to May 2017	12 months to November 2017
RM Education revenue	**£31.5m**	£32.4m	£70.6m
RM Education adjusted* operating profit	**£3.6m**	£3.1m	£6.6m

Revenues in RM Education reduced slightly by 2.6% reflecting further reductions in the Building Schools for the Future spend which were partly offset by growth in the Infrastructure and Digital Platform areas.

The division significantly improved adjusted operating margins to 11.6% (H1 2017: 9.6%) reflecting continued progress in the transition of the division with an 8% year on year reduction in operating costs and effective management of its long-term contract risk positions as they complete or progress towards completion.

Corporate Costs

Corporate costs have increased to £2.3m (H1 2017: £2.1m) reflecting increased corporate and pension related costs associated with the acquisition of The Consortium. Corporate costs include a £0.6m charge related to share based payments in both periods.

Pension

The IAS 19 deficit relating to RM's defined benefit pension schemes has decreased since 30 November 2017 by £11.1m to £9.1m (30 November 2017: £20.2m), primarily reflecting positive asset performance and changes in other assumptions.

The current deficit recovery plans include payments of £4.4m per annum. The triennial valuation of the RM Scheme is currently underway with a valuation date of 31 May 2018. The triennial review dates for the two schemes associated with the acquisition of The Consortium are December 2018 and December 2019 respectively.

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 2017 Annual Report remain applicable. This is available from the RM website: www.rmplc.com. In summary, those risks relate to public policy, education practice, 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 15% to 1.90p. The dividend will be payable on 7 September 2018 to shareholders on the register on 10 August 2018.

Outlook

The Board notes the good progress being made in each of the three divisions and is confident of at least meeting full year expectations. The balance sheet is strong and the focus continues to be on performance improvement in each of the three divisions.

Condensed Consolidated Income Statement
for the 6 months ended 31 May 2018

		6 months ended 31 May 2018			6 months ended 31 May 2017			Year ended 30 November 2017		
	Note	**Adjusted £000**	**Adjustments £000**	**Total £000**	Adjusted* £000	Adjustments* £000	Total £000	Adjusted* £000	Adjustments* £000	Total £000
Revenue		**94,890**	**-**	**94,890**	71,285	-	71,285	185,863	-	185,863
Cost of sales		**(56,245)**	**-**	**(56,245)**	(41,628)	-	(41,628)	(112,857)	-	(112,857)
Gross profit		**38,645**	**-**	**38,645**	29,657	-	29,657	73,006	-	73,006
Operating expenses	4	**(30,301)**	**(603)**	**(30,904)**	(23,109)	(2,208)	(25,317)	(51,729)	(5,083)	(56,812)
Profit from operations		**8,344**	**(603)**	**7,741**	6,548	(2,208)	4,340	21,277	(5,083)	16,194
Investment income		**100**	**-**	**100**	170	-	170	365	-	365
Finance costs		**(890)**	**(18)**	**(908)**	(716)	(36)	(752)	(1,920)	(45)	(1,965)
Profit before tax		**7,554**	**(621)**	**6,933**	6,002	(2,244)	3,758	19,722	(5,128)	14,594
Tax	5	**(1,455)**	**106**	**(1,349)**	(417)	479	62	(2,561)	818	(1,743)
Profit for the period		**6,099**	**(515)**	**5,584**	5,585	(1,765)	3,820	17,161	(4,310)	12,851
Earnings per ordinary share:	6									
Basic		**7.5p**		**6.8p**	6.9p		4.7p	21.1p		15.8p
Diluted		**7.3p**		**6.7p**	6.8p		4.6p	21.0p		15.7p
Paid and proposed dividends per share:	7									
Interim				**1.90p**			1.65p			1.65p
Final				**-**			-			4.95p

*Re-presented (see note 2)
All amounts were derived from continuing operations.

Condensed Consolidated Statement of Comprehensive Income
for the 6 months ended 31 May 2018

	6 months ended 31 May 2018	6 months ended 31 May 2017	Year ended 30 November 2017
	£000	£000	£000
Profit for the period	**5,584**	3,820	12,851
Items that will not be reclassified subsequently to profit or loss:			
Defined benefit pension scheme remeasurements	**9,376**	11,366	17,960
Tax on items that will not be reclassified subsequently to profit or loss	**(1,294)**	(1,905)	(3,123)
Items that are or may be reclassified subsequently to profit or loss:			
Fair value gain/(loss) on hedged instruments	**256**	(553)	(1,306)
Exchange (loss)/gain on translation of overseas operations	**(115)**	60	(36)
Tax on items that are or may be reclassified subsequently to profit or loss	**90**	51	(80)
Other comprehensive income	**8,313**	9,019	13,415
Total comprehensive income	**13,897**	12,839	26,266

Condensed Consolidated Balance Sheet

At 31 May 2018

	Note	**6 months ended 31 May 2018 £000**	6 months ended 31 May 2017 £000	Year ended 30 November 2017 £000
Non-current assets				
Goodwill		**45,164**	14,067	45,164
Other intangible assets		**19,464**	762	20,377
Property, plant and equipment		**9,782**	5,112	10,369
Defined Benefit Pension Scheme Surplus		**565**	-	495
Other receivables	8	**950**	1,144	1,144
Deferred tax assets		**4,844**	6,706	6,484
		80,769	27,791	84,033
Current assets				
Inventories		**22,070**	12,501	19,413
Trade and other receivables	8	**31,021**	24,899	29,147
Cash and short-term deposits		**1,240**	29,268	1,797
		54,331	66,668	50,357
Total assets	3	**135,100**	94,459	134,390
Current liabilities				
Trade and other payables	9	**(50,611)**	(48,119)	(57,636)
Tax liabilities		**(452)**	(403)	(632)
Provisions	12	**(3,088)**	(1,748)	(3,436)
Overdraft		**(2,277)**	-	(2,028)
		(56,428)	(50,270)	(63,732)
Net current (liabilities)/assets		**(2,097)**	16,398	(13,375)
Non-current liabilities				
Other payables	9	**(699)**	(1,051)	(852)
Provisions	12	**(2,678)**	(3,367)	(3,019)
Deferred tax liability		**(2,889)**	-	(2,993)
Defined Benefit Pension Scheme obligation	13	**(9,714)**	(22,238)	(20,731)
Bank loan	10	**(22,347)**	-	(13,188)
		(38,327)	(26,656)	(40,783)
Total liabilities		**(94,755)**	(76,926)	(104,515)
Net assets		**40,345**	17,533	29,875
Equity attributable to shareholders				
Share capital		**1,891**	1,890	1,890
Share premium account		**27,080**	27,035	27,035
Own shares		**(1,406)**	(1,987)	(1,406)
Capital redemption reserve		**94**	94	94
Hedging reserve		**(171)**	326	(427)
Translation reserve		**(274)**	(63)	(159)
Retained earnings - (deficit)		**13,131**	(9,762)	2,848
Total equity		**40,345**	17,533	29,875

Condensed Consolidated Statement of Changes in Equity

for the 6 months ended 31 May 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 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 6 months ended 31 May 2017	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 2016		1,890	27,035	(1,987)	94	879	(123)	(19,992)	7,796
Profit for the period		-	-	-	-	-	-	3,820	3,820
Other comprehensive expense		-	-	-	-	(553)	60	9,512	9,019
Total comprehensive income/(expense)		-	-	-	-	(553)	60	13,332	12,839
Transactions with owners of the Company:									
Sale of shares held in staff share scheme		-	-	-	-	-	-	-	-
Share-based payment fair value adjustments		-	-	-	-	-	-	558	558
Ordinary dividends paid	7	-	-	-	-	-	-	(3,660)	(3,660)
At 31 May 2017		1,890	27,035	(1,987)	94	326	(63)	(9,762)	17,533

for the year ended 30 November 2017	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 2016		1,890	27,035	(1,987)	94	879	(123)	(19,992)	7,796
Profit for the year		-	-	-	-	-	-	12,851	12,851
Other comprehensive income/(expense)		-	-	-	-	(1,306)	(36)	14,757	13,415
Total comprehensive income/(expense)		-	-	-	-	(1,306)	(36)	27,608	26,266
Transactions with owners of the Company:									
Share-based payment awards exercised		-	-	581	-	-	-	(581)	-
Purchase of own shares		-	-	-	-	-	-	-	-
Share-based payment fair value adjustments		-	-	-	-	-	-	821	821
Ordinary dividends paid	7	-	-	-	-	-	-	(5,008)	(5,008)
At 30 November 2017		1,890	27,035	(1,406)	94	(427)	(159)	2,848	29,875

Condensed Consolidated Cash Flow Statement

for the 6 months ended 31 May 2018

	Note	**6 months ended 31 May 2018**	6 months ended 31 May 2017	Year ended 30 November 2017
		£000	£000	£000
Profit before tax		**6,933**	3,758	14,594
Investment income		**(100)**	(170)	(365)
Finance costs		**908**	752	1,965
Profit from operations		**7,741**	4,340	16,194
Adjustments for:				
Acquisition related costs	4	**-**	1,324	2,643
Impairment of acquisition related intangible assets		**-**	-	33
Amortisation of other related intangible assets		**1,083**	101	1,107
Depreciation and impairment of property, plant and equipment		**884**	1,237	2,289
Loss on disposal of other intangible assets		**-**	-	21
Loss on disposal of property, plant and equipment		**76**	7	135
Loss/(gain) on foreign exchange derivatives		**256**	(491)	(1,306)
Share-based payment fair value adjustment		**574**	558	821
Increase in provisions	12	**518**	482	1,997
Defined Benefit Pension Scheme administration cost	13	**300**	318	552
Operating cash flows before movements in working capital		**11,432**	7,876	24,486
Increase in inventories		**(2,657)**	(1,812)	(27)
(Increase)/decrease in receivables		**(1,349)**	(422)	5,443
Movement in payables:				
- decrease in trade and other payables		**(7,531)**	(7,636)	(7,129)
- utilisation of onerous lease and dilapidations provisions	12	**(357)**	(15)	(308)
- utilisation of employee-related restructuring provisions	12	**(850)**	(1,752)	(1,697)
- utilisation of other provisions	12	**-**	(295)	(236)
Cash (used in)/generated by operations		**(1,312)**	(4,056)	20,532
Defined Benefit Pension Scheme cash contributions		**(2,291)**	(1,992)	(4,187)
Tax paid		**(978)**	(563)	(2,019)
Income on sale of finance lease debt		**-**	-	9
Net cash (outflow)/inflow from operating activities		**(4,581)**	(6,611)	14,335
Investing activities				
Interest received		**48**	89	307
Repayment of loans by third parties		**52**	8	16
Acquisition net of cash acquired		**-**	-	(58,407)
Acquisition related costs		**(335)**	(80)	(2,834)
Proceeds on disposal of property, plant and equipment		**-**	18	12
Purchases of property, plant and equipment		**(563)**	(110)	(1,150)
Purchases of other intangible assets		**(12)**	(158)	(176)
Amounts transferred from short-term deposits		**-**	3,014	3,014
Net cash (used in)/generated by investing activities		**(810)**	2,781	(59,218)
Financing activities				
Ordinary dividends paid	7	**(4,047)**	(3,660)	(5,008)
Drawdown of borrowings		**9,000**	-	14,000
Borrowing facilities arrangement and commitment fees		**(163)**	(193)	(1,098)
Interest paid		**(235)**	-	(224)
Purchase of own shares		**45**	-	-
Net cash generated by/(used in) financing activities		**4,600**	(3,853)	7,670
Net decrease in cash and cash equivalents		**(791)**	(7,683)	(37,213)
Cash and cash equivalents at the beginning of the period/year		**(231)**	36,973	36,973
Effect of foreign exchange rate changes		**(15)**	(22)	9
Cash and cash equivalents at the end of period/ year		**(1,037)**	29,268	(231)

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 2018 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 2017 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, £9.4m of actuarial gains relating to the defined benefit pension scheme deficit have been recognised in Other Comprehensive Income. These include cash contributions from the Company of £2.3m.

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 2017.

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 2017.

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.

During the year, the Group has refined its policy in relation to adjustment items so as to streamline its application, simplify the Group's reporting and ensure consistency between Adjusted and Adjustment performance. In particular, the Board considers the recognition of share based payments should be included in arriving at Adjusted profits. In prior periods such payments have been excluded in arriving at Adjusted profit. On this basis prior year results have been re-presented, giving rise to a decrease in the Group's Operating profit of £0.6m, and a decrease in the Group's Profit before tax of £0.6m. There is no impact on the Statutory performance of the Group or the Group's condensed consolidated balance sheet, further detail is set out in note 4.

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 2017.

3. Segmental results

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.

6 months ended 31 May 2018	**RM Resources £000**	**RM Results £000**	**RM Education £000**	**Corporate Services £000**	**Total £000**
Revenue	**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**

6 months ended 31 May 2017	RM Resources £000	RM Results £000	RM Education £000	Corporate Services £000	Total £000
Revenue	25,480	13,450	32,355	-	71,285
Adjusted* profit/(loss) from operations	2,827	2,751	3,098	(2,128)	6,548
Adjusted investment income					170
Adjusted finance costs					(716)
Adjusted* profit before tax					6,002
Adjustments* (see note 4)					(2,244)
Profit before tax					3,758

Year ended 30 November 2017	RM Resources £000	RM Results £000	RM Education £000	Corporate Services £000	Total £000
Revenue	83,632	31,618	70,613	-	185,863
Adjusted* profit/(loss) from operations	11,604	7,761	6,552	(4,640)	21,277
Adjusted investment income					365
Adjusted finance costs					(1,920)
Adjusted* profit before tax					19,722
Adjustments* (see note 4)					(5,128)
Profit before tax					14,594

* Re-presented (see note 2)

3. Segmental results (continued)

Segmental assets

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 31 May 2017	RM Resources £000	RM Results £000	RM Education £000	Corporate Services £000	Total £000
Segmental	33,533	6,912	17,682	138	58,265
Other					36,194
Total assets					94,459

At 30 November 2017	RM Resources £000	RM Results £000	RM Education £000	Corporate Services £000	Total £000
Segmental	103,935	6,324	15,627	205	126,091
Other					8,299
Total assets					134,390

Other non-segmented assets includes tax assets, cash and short-term deposits and other non division-specific assets.

4. Adjustments to Consolidated Income Statement

Operating expenses	**6 months ended 31 May 2018 £000**	6 months ended 31 May 2017 £000	Year ended 30 November 2017 £000
Amortisation of acquisition related intangible assets	**(603)**	-	(503)
Net increase of provisions for onerous lease contracts	**-**	(884)	(353)
Acquisition related costs	**-**	(1,324)	(2,643)
Restructuring costs	**-**	-	(1,584)
Total operating expenses adjustments*	**(603)**	(2,208)	(5,083)
Finance costs	**(18)**	(36)	(45)
Total finance costs adjustments	**(621)**	(2,244)	(5,128)
Tax	**106**	479	818
Total tax adjustments*	**(515)**	(1,765)	(4,310)

* Prior year/period re-presented (see note 2)

In the 6 months ended 31 May 2018 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; changes in the provision for onerous lease contracts; 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.

In the current accounting period there are no highlighted items.

5. Tax

Corporation tax for the interim period is charged at the expected effective tax rate for the financial year ending 30 November 2017, based upon adjusted profit as explained within note 4. The charge incorporates both current and deferred taxation:

	6 months ended 31 May 2018			6 months ended 31 May 2017			Year ended 30 November 2017		
	Adjusted £000	**Adjustments £000**	**Total £000**	Adjusted* £000	Adjustments* £000	Total £000	Adjusted* £000	Adjustments* £000	Total £000
Profit before tax	**7,554**	**(621)**	**6,933**	6,002	(2,244)	3,758	19,722	(5,128)	14,594
Tax charge	**(1,455)**	**106**	**(1,349)**	(417)	479	62	(2,561)	818	(1,743)
Effective tax rate	**19.3%**	**(17.0%)**	**19.5%**	6.9%	(21.3%)	(1.6%)	13.0%	(16.0%)	11.9%

* Re-presented (see note 2)

6. Earnings per ordinary share

	6 months ended 31 May 2018			6 months ended 31 May 2017			Year ended 30 November 2017		
	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	**5,584**	**81,751**	**6.8**	3,820	81,324	4.7	12,851	81,455	15.8
Adjustments* (see note 4)	**515**	**-**	**0.7**	1,765	-	2.2	4,310	-	5.3
Adjusted* basic earnings	**6,099**	**81,751**	**7.5**	5,585	81,324	6.9	17,161	81,455	21.1
Diluted earnings per ordinary share:									
Basic earnings	**5,584**	**81,751**	**6.8**	3,820	81,324	4.7	12,851	81,455	15.8
Effect of dilutive potential ordinary shares: share-based payment awards	**-**	**1,655**	**(0.1)**	-	1,248	(0.1)	-	179	(0.0)
Diluted earnings per ordinary share	**5,584**	**83,406**	**6.7**	3,820	82,572	4.6	12,851	81,634	15.7
Adjustments* (see note 4)	**515**	**-**	**0.6**	1,765	-	2.2	4,310	-	5.3
Adjusted* diluted earnings	**6,099**	**83,406**	**7.3**	5,585	82,572	6.8	17,161	81,634	21.0

* Re-presented (see note 2)

7. Dividends

Amounts recognised as distributions to equity holders were:

	6 months ended 31 May 2018	6 months ended 31 May 2017	Year ended 30 November 2017
	£000	£000	£000
Final dividend for the year ended 30 November 2017 - 4.95p per share (2016: 4.50p)	**4,047**	3,660	3,660
Interim dividend for the year ended 30 November 2017 - 1.65p per share	**-**	-	1,348
	4,047	3,660	5,008

The proposed interim dividend of 1.90p per share was approved by the Board on 02 July 2018. The anticipated cost of £1,550,000 has not been included as a liability at 31 May 2018.

8. Trade and other receivables

	Note	**6 months ended 31 May 2018**	6 months ended 31 May 2017	Year ended 30 November 2017
		£000	£000	£000
Current				
Financial assets				
Trade receivables		**20,765**	16,896	20,770
Long-term contract balances	11	**332**	206	3
Other receivables		**1,179**	1,214	1,146
Derivative financial instruments		**-**	362	-
Accrued income		**1,858**	1,681	1,366
		24,134	20,359	23,285
Non-financial assets				
Prepayments		**6,887**	4,540	5,862
		31,021	24,899	29,147
Non-current				
Financial assets				
Other receivables		**950**	1,144	1,144

9. Trade and other payables

	Note	**6 months ended 31 May 2018**	6 months ended 31 May 2017	Year ended 30 November 2017
		£000	£000	£000
Current				
Financial liabilities				
Trade payables		**16,664**	11,525	18,524
Other taxation and social security		**4,433**	3,867	4,765
Other payables		**1,103**	964	535
Derivative financial instruments		**109**	45	389
Accruals		**10,423**	8,336	12,975
Long-term contract balances	11	**6,318**	12,389	10,183
		39,050	37,126	47,371
Non-financial liabilities				
Deferred income		**11,561**	10,993	10,265
		50,611	48,119	57,636
Non-current				
Non-financial liabilities				
Deferred income:				
- due after one year but within two years		**604**	603	409
- due after two years but within five years		**95**	448	443
		699	1,051	852

10. Borrowings

	6 months ended 31 May 2018	6 months ended 31 May 2017	Year ended 30 November 2017
	£000	£000	£000
Bank loan	**(23,000)**	-	(14,000)
Capitalised fees	**653**	-	812
	(22,347)	-	(13,188)

During the period the Group has drawn down a further £9 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 2017.

11. Long-term contracts

		6 months ended 31 May 2018	6 months ended 31 May 2017	Year ended 30 November 2017
	Note	**£000**	£000	£000
Amounts due from contract customers included in trade and other receivables	8	**332**	206	3
Amounts due to contract customers included in trade and other payables	9	**(6,318)**	(12,389)	(10,183)
		(5,986)	(12,183)	(10,180)

12. Provisions

	Onerous lease and dilapidations	**Employee-related restructuring**	**Other**	**Total**
	£000	**£000**	**£000**	**£000**
At 1 December 2017	3,770	978	1,707	6,455
Utilisation of provisions	(357)	(850)	-	(1,207)
Release of provisions	(43)	(37)	(199)	(279)
Increase in provisions	31	719	29	779
Unwind of discount	18	-	-	18
At 31 May 2018	**3,419**	**810**	**1,537**	**5,766**

The new restructuring provision is for reorganisation costs in the RM Education division, amounts are anticipated to be finalised and paid before the year end. It is considered to be part of ongoing trade in the division therefore management do not consider this to be part of APM.

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 The Consortium in 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 The Consortium 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 2018. 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. In the year ended 30 November 2017 the RM and CARE schemes show a deficit and the Platinum scheme is in surplus.

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 2015 by a qualified independent actuary. IAS 19 Employee Benefits (revised) liabilities at 31 May 2018 have been rolled forward based on this valuation’s base data.

As at 31 May 2015, the triennial valuation for statutory funding purposes showed a deficit of £41.8m (31 May 2012: £53.5m). The Group agreed with the Scheme Trustees that it will repay this amount via deficit catch-up payments of £4m in December 2015 and £3.6m per annum until 30 September 2024. At 31 May 2018 there were amounts outstanding of £0.3m (2017: £0.3m) for one month's deficit payment and £32,000 (2017: £32,000) for Scheme expenses. The next triennial valuation of the Scheme is due as at 31 May 2018 and may result in changes to the level of deficit catch-up payments required.

In addition to the £4.0m of catch-up payments in December 2015, a further £4.0m contribution was paid in December 2015 into an escrow account established in March 2014, the use of which within the Scheme is required to be agreed by RM Education Limited and the Scheme Trustee.

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, The Consortium for Purchasing and Distribution Ltd ("The Consortium", acquired by the Company on 30 June 2017) 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, The Consortium 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 by The Consortium of West Mercia Supplies, 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 The Consortium 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.

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 for IFRS 15 and system support which total £36,190. Grant Thornton were appointed through a competitive tender exercise and Deena Mattar was not involved in this process.

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

2 July 2018

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 2018 which comprises Condensed Consolidated Income Statement, Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Balance Sheet, Condensed Consolidation Cash Flow Statement, Condensed Consolidated Statement of Change in Equity 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 2018 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

2 July 2018