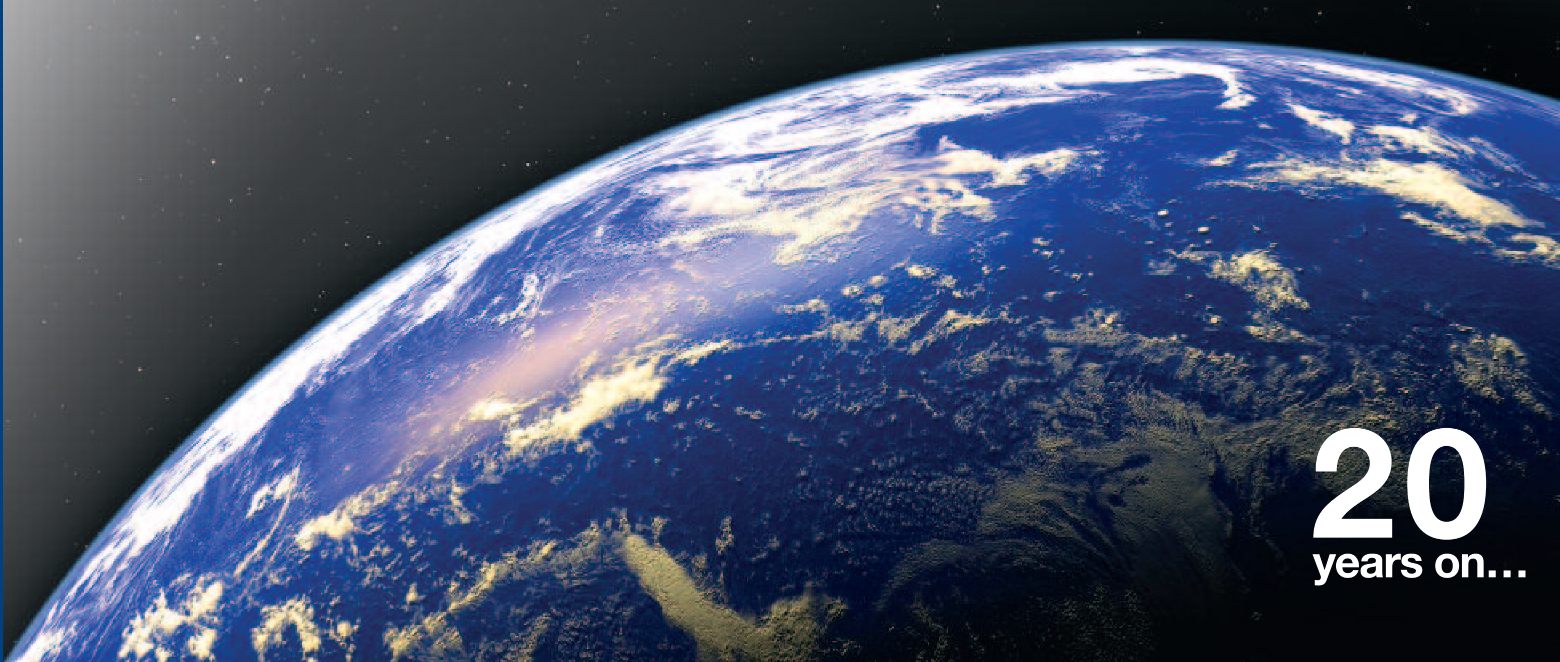
Regus

Regus plc Annual Report and Accounts 2009

thefutureofwork



20
years on…

Regus

Dear shareholder

2009 was the 20th anniversary of the opening of our first centre in Brussels. In one way it seems like only yesterday but it truly was another age. Europe was still divided by an Iron Curtain, a mobile phone was something you carried on your back or in a car and if you'd said 'internet' to anyone they would probably have thought you were talking about fishing.

Throughout the dramatic upheavals of the 1990's and technological innovations of the dot.com boom we have stayed true to our core value of helping organisations, and the people that make them, work whenever, wherever and however they want. Working smarter is as true today as it was when we opened that first centre.

We know this because, irrespective of the internal and external challenges we have faced, we have a successful business which provides a much in demand service whose time, I firmly believe, has finally come. We are in the throes of a working revolution that is changing the way organisations function, the way people live, and the way we relate to our environment. Increasingly, people aren't going to work; work is coming to them.

It is now exactly a decade since Daniel Pink, former speech writer to Al Gore, wrote his book *Free Agent Nation*, in which he contrasted the emerging lifestyle of the flexible worker with that of the traditional 'organisation man' of the late 20th century. Pink was one of the first to consider the ways that such lone wolves would have to be supported in order to link up with business and society – meeting-places and networks both physical and virtual.

But whereas Pink was concentrating on self-employed people, today's flexible worker is just as likely to be employed, albeit in a way that is very different from the traditional employer/employee relationship. The difference today is that the power belongs not with the organisation or employer, but with the flexible workers themselves. As these and other factors, such as the scarceness of capital and mainstreaming of environmental concerns begin to converge I become ever more confident and excited about our future than I have ever been in any of the last 20 years.

Where will we be in 2029? Who can honestly know with any accuracy? Personally I've always found that the easiest way to predict the future is to invent it. What I can be sure of is that over the next 20 years there will be more dramatic upheavals to come and events will continue to blindside us all, but however much the world changes and technologies develop people, and the organisations for which they work, will always need the places to congregate and collaborate, to share thoughts and ideas, to work wherever, whenever and however. And I know that Regus will be at the very forefront of providing these services.

Mark

Our mission

Our mission is to develop, deliver and support outsourced workplace solutions that allow individuals and companies to work however, wherever and whenever they need to.

Our vision

We aim to be the number one in all markets in which we operate, through our controlled and disciplined expansion strategy.

Our values

The commitment, loyalty and efforts of our team members play a key role in differentiating us from our competitors.

Regus Group key facts

78 countries

78% average occupancy

5,387 employees worldwide

173,004 workstations globally

500,000 customers

Contents

Annual and Interim Reports in electronic format online

To receive shareholder communications electronically in future, including your Annual Report and Interim Report, visit www.regus.com/investor

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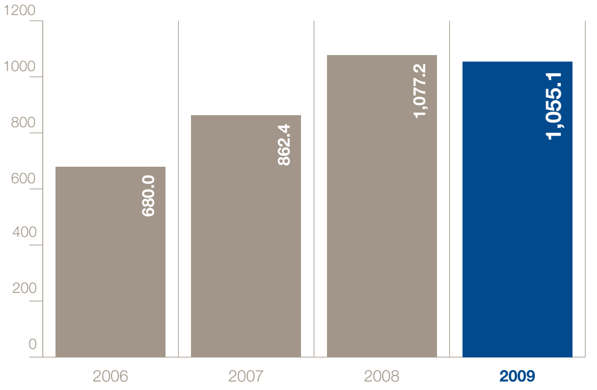
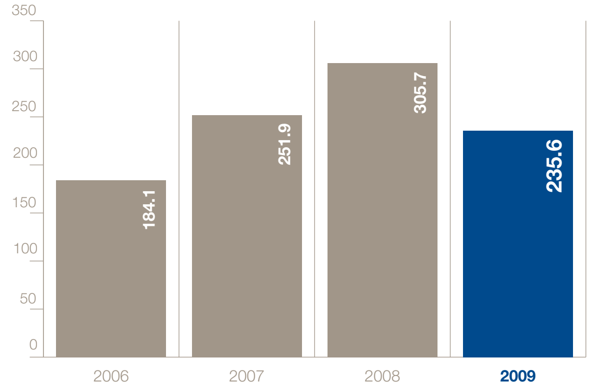
Financial highlights

Delivering the promise

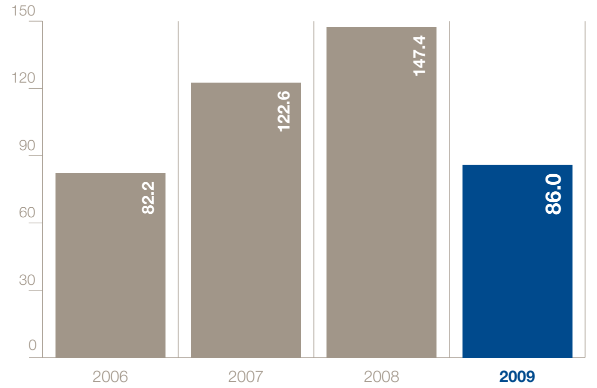
Revenue (£m) £1,055.1m



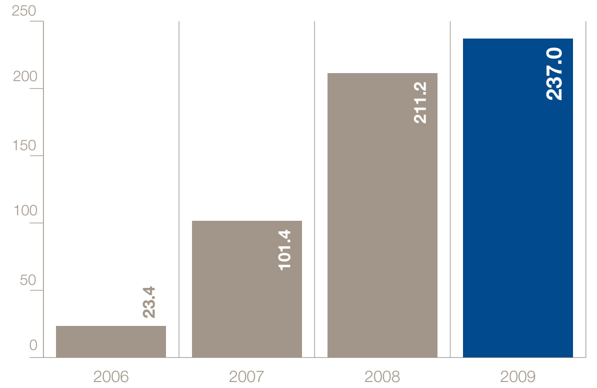
Gross profit (£m) £235.6m



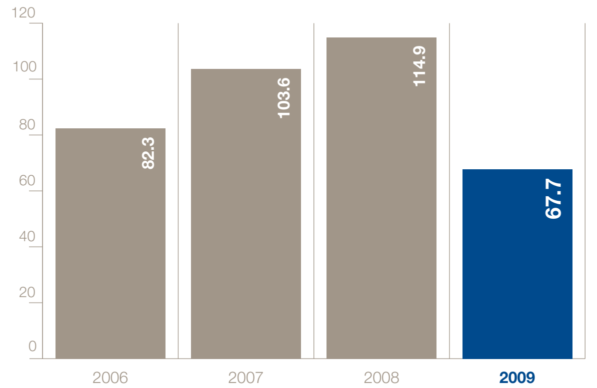
Operating profit (£m) £86.0m



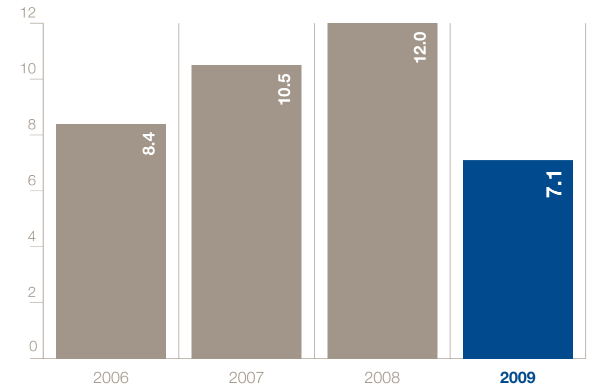
Net cash balance (£m) £237.0m



Profit after tax (£m) £67.7m



Basic earnings per share (p) 7.1p



Continued, robust cash generation

John Matthews

I am pleased to report another year of continued cash generation for the Group. While our post-tax earnings have fallen from £114.9 million to £67.7 million our net cash has increased by £25.8 million to £237.0 million.

This benefits from exceptional net income from settlement of a legal dispute of £18.3 million but is after having returned £20.0 million to shareholders and invested £28.3 million in developing our workstation footprint globally. Both actions reflect the ongoing success of our strategy in creating a well balanced and resilient business mix.

Financial performance

Group revenue has marginally decreased 2.1% to £1,055.1 million and gross profit by 22.9% to £235.6 million. Adjusting for the impact of new centre growth revenue and gross profit decreased by 3.8% and 23.7% respectively. Average occupancy decreased to 77.7% from 82.9% in 2008 and revenue per available workstation ("REVPAW") decreased 7.0% to £6,535 from £7,029 in 2008.

We continue to reduce our cost base to mitigate the impact of the pressures on our revenue – in the year to 31 December 2009 we delivered cost reductions of £54.6 million.

All of these factors combined contributed to earnings (profit after tax) declining by 41.1% to £67.7 million and basic earnings per share decreasing by 40.8% to 7.1p.

Capacity growth

Despite the current trading conditions we have continued to identify and pursue appropriate growth opportunities – both in new markets (such as Senegal, Estonia and Mauritius) and in new cities in existing markets (such as Hiroshima and Brasilia). In the year to 31 December 2009, we grew our average available workstations by 5.3%.

During the financial year we opened 45 centres for a total investment of £28.3 million. We will continue to pursue low risk targeted investments to strengthen our market position.

Dividend

It remains the intention of the Board to pay dividends at a level which it believes is sustainable throughout economic cycles and in line with its progressive payment policy. Reflecting the Group's trading performance and confidence in the future prospects for the Group, the Board is recommending a 33% increase in the final dividend per share from 1.2p per share to 1.6p per share This will be in addition to the interim dividend of 0.8p per share paid in October 2009 which also reflected a year on year increase of 33%. Subject to the approval of shareholders at the 2010 AGM, this final dividend will be paid on Friday 28 May 2010 to shareholders on the register at the close of business on Friday 30 April 2010.

Chairman

As announced in December, I will retire from Regus at the Annual General Meeting in May when Douglas Sutherland, who joined the Board in August 2008, will become Chairman. I wish Douglas every success and good fortune in the role. He brings with him a wealth of business experience, most recently as Chief Financial Officer of Skype during its acquisition by eBay in October 2005 and Chief Financial Officer at SecureWave during its acquisition by PatchLink in July 2007. Prior to this, Douglas enjoyed a career of over 20 years with Arthur Andersen (as a partner for over a decade).

I would also like to thank Martin Robinson, who is also retiring from the Board at the forthcoming Annual General Meeting for his significant contribution over the last eight years.

Over the past eight years of my tenure as Chairman, Regus has been transformed into a customer focused, genuinely international company, now operating in 78 countries. The past year has seen extremely adverse trading conditions but Regus is well-placed for the future, with a strong, international management team and a consistent strategy which I am confident will deliver long term value to shareholders.

John Matthews
Chairman
22 March 2010

Chief Executive's review

Proven resilience

Mark Dixon

Over the course of 2009 we have delivered a robust performance which underscores the resilience of our business model. Despite this once in a generation recession and the extremely challenging and unpredictable trading conditions which have resulted, the geographic and product diversification we have established – and continue to develop – has benefited us, and reflects the success of our long term strategy in creating a balanced business mix.

The nature of our business will ensure that we continue to drive sustainable growth

1

Strategy

Our consistent long term strategy is that of measured, sustainable profitable growth to maximise benefits for our stakeholders.

2

Business model

Companies of all sizes are able to leverage our diverse product range and infrastructure to work in a more efficient manner.

3

Future prospects market moving to Regus

We believe there has been a fundamental structural shift toward flexible working, driven in part by the challenging economic environment which plays to our strengths.

Read our priorities for 2010 on page 9

We have taken aggressive action to reduce our cost base and have remained profitable throughout the year. We continue to re-evaluate our costs on an ongoing basis and in particular look to continue improving the efficiency of the business model. In addition we will take additional cost savings measures as necessary and without delay, including centre closures where continued underperformance is anticipated.

With continued cash generation producing a free cash flow of £80.3 million, we can be confident that we enter 2010 with a stronger balance sheet than was the case twelve months ago.

Our brand awareness continues to grow, and whilst we are now present in 78 countries, we are confident that we can continue to gain market share and expand our global footprint further. We remain ready to take advantage of sustainable and profitable opportunities for developing our portfolio and for ensuring we are appropriately positioned to take advantage of a recovery when it arrives.

Operational Review

On a regional basis, revenues and centre contribution can be analysed as follows:

	Revenue**		Contribution**		Mature Margin*		Mature Occupancy*	
£ million	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
Americas	**423.8**	414.9	**92.9**	116.1	**24%**	30%	**79.3%**	85.4%
EMEA	**306.2**	319.0	**83.0**	109.2	**29%**	36%	**81.2%**	87.7%
Asia Pacific	**132.3**	120.9	**40.3**	37.4	**34%**	36%	**78.1%**	79.0%
UK	**191.4**	220.8	**18.5**	41.5	**11%**	20%	**79.8%**	83.4%
Other	**1.4**	1.6	**0.9**	1.5				
	1,055.1	**1,077.2**	**235.6**	**305.7**	**24%**	**30%**	**79.7%**	**84.7%**

* The mature business is defined as the performance from centres owned and operated at 1 January 2008.

** Restated to reflect the implementation of IFRS 8, see note 3 to the financial results.

Overall

The Group's strategy of controlled and disciplined growth has resulted in an increase in total capacity (including non-consolidated workstations) of 1.0% to 173,004 workstations in the year and the number of actual workstations by 2.9% to 163,740 workstations as at 31 December 2009. The Group has opened 45 new centres this year with the total number of centres now standing at 983. The new centres reflect the Group's strategy of focusing on diverse growth opportunities with 87.0% of new centres opened on variable or flexible lease deals reflecting the focus on low risk opportunities. New locations included Brasilia in Brazil, Doha in Qatar, Dakar in Senegal, Talinn in Estonia and Platina in India.

Strategy and objectives

Despite the severity of the current downturn, our strategic approach remains fundamentally unchanged – that of continued profit and cash generation through controlled and disciplined capacity growth.

After 20 years in business, we have barely scratched the surface of accommodating the way people work. By updating their workplace strategy, companies will reduce overall facilities expenses and will be in a stronger position for success. Furthermore, with forecast changes over the next decade which could see the property market fundamentally altered by huge increases in energy and transport costs and employee demand for a better work-life balance, we feel uniquely positioned in the market to support our current and future customers.

Against this backdrop of constant economic and social change, we will continue to seek to manage our business in a sustainable way, which will have positive impacts on the environment and on the communities in which we operate. We do not consider these goals mutually exclusive to achieving our wider strategic and financial objectives, which continue to be to pursue continued profit and cash generation.

Chief Executive's review continued

The fundamental drivers of our ability to maximise what we see to be significant future opportunities for growth remain:

- Needs of our customers.
- Systems and technology.
- People and processes.

Needs of our customers

It has been two decades since we commenced trading from our first centre in Belgium, and our current portfolio of nearly 1,000 centres in 78 countries is a testament to the growth and solidity of our brand, now recognised globally as the market leader.

Late in 2009 we undertook an extensive survey of global business leaders to assess what they felt the workplace of the future could look like. The following key trends were identified:

- Two thirds of business leaders were implementing extensive innovations to their workplace models over the next three years, primarily through implementing 'socially-networked' workplaces and 'trust-based' practices. These initiatives actively encourage employees to engage and collaborate with likeminded people far beyond the traditional workplace boundaries with a view to significantly increasing innovation and strengthening competitive and creative developments.
- More than 40% of business leaders are changing their workplace models to become more collaborative in nature.
- Technology continues to revolutionise how individuals work and how companies employ people – the workforce is increasingly working from home some of the time, with benefits to companies in terms of reduced fixed-office space, and benefits to employees in reducing commute times and in having an environmental upside.

These findings also continue to be supported by independent third party studies which indicate that:

- it will be even more important in the future to choose the best location for a business centre, avoiding locations where workers have to commute long distances by car; and
- business centre operators will themselves have to be flexible in terms of what they offer to their customers, and ready to adapt to changes in both what clients want and who the clients are.

In light of this, we continue to feel strongly that the Regus product and service offerings available accommodate all businesses – regardless of size – and are uniquely placed to accommodate

1 A leading strategy for growth

anticipated changes to the future workplace on a global scale. Within the current severe trading environment, the Regus proposition also continues to offer businesses immediate and effective cost saving options with the added liquidity advantage of no capital investment.

Systems and technology

Our global scope requires a constant need for technological development and innovation and 2009 has been no different. During the year:

- we have launched our online service agreement initiative, which involves prospective clients being given online visibility of their proposed, specific agreement, in an easy to use way, enabling them to conveniently sign-up to the agreement online on their PC, without the need for printing, signing and faxing.
- booking of Meeting Rooms and DayOffices online via our real-time reservation sites has been implemented. Some 11% of all bookings now go through this route, and we are growing this number every month – with the added benefit of an increase in average booking value via this route. The service gives both a more convenient experience for our clients as well as reducing our cost of sale.
- there has been a further advanced development of our centre front-desk Point of Sale software. We now have a feature rich solution enabling full support of our clients and centre teams in this highly intuitive software.
- we have implemented our new Business Data Warehouse, which now sends out a daily action-targeted report to every centre and salesperson in Regus, who receive them at the start of their day wherever they are around the globe. These reports are used to focus effort for the day, plan the coming days and to improve overall performance.

We also continue to develop our internal global inventory and reservation system to meet the changing global demands of our business.

People and processes

After one of the most challenging years for business that any of us can remember, the efforts of all of our 5,500 team members have been critical to weathering the storm and to continuing to provide the best level of service possible for our customers. Our business relies upon our people, and from a strong platform for growth in 2010, their continued dedication and delivery will be critical to our maximising our potential. I would therefore like to take this opportunity to

2 Business model – a globally diversified business

Regus

Global trend – Flexible working

Centres
- 2010 planned growth
- Low risk, low cost
- Emerging economies
- Multiple brands and price entry points

Mobile workers
- Enabling work from in-between spaces
- Lounges, meeting rooms and VC enhance productivity and effectiveness whilst on the move

Home workers
- Business world is low cost entry point
- Focussed professional products tailored to their needs such as meeting rooms and VC

Corporate
- Global offering leveraging Regus scale
- Low risk
- Easily scalable
- Utilise all Regus products

Regus – The Global Brand of Choice

Chief Executive's review continued

thank all of them throughout the Group for their significant efforts in the year.

During 2009, we launched "Reguscareers.com", on a global basis, and have seen this positively received by both employees and prospective candidates alike. This interactive website, tailored for our key global markets, allows us to:

- highlight the wide variety of career options available globally with Regus
- give a clear "day-in-the-life-of" overview for a number of roles throughout the Company;
- provide career building guidance for existing employees

We have also considerably updated core elements of our learning and development programmes to identify and train the next generation of leaders, as well as to ensure talented people within our business are given the appropriate training and encouragement to develop. Specific examples in 2009 have included:

- Creation of new sales content to reflect changes to the sales process and newly defined roles.
- Introduction of field-based Sales and Operations Drills to reinforce critical skills on a monthly basis.
- Development of Leadership Skills Training for Area Directors, Area Operations and Commercial Directors.
- Introduction of new field manuals and a complete training suite to support "SmartWorking" for centre and area staff; driving forward consistency of approach and best practice in customer service.
- Creation of additional online learning modules and assessments to reinforce key knowledge and skill.

Responding to market conditions

Throughout 2009, and in line with our previously communicated intentions, the Group has continued to move decisively to adapt its cost base to the increasingly challenging trading conditions which prevailed in the majority of its markets. We have delivered full year cost savings of £54.6 million when compared to 2008, which exceeded our expectations but which have not left us complacent.

Costs continue to be monitored closely and will be managed at a level which ensures that they remain appropriate for forecast activity levels. In addition, capital spending is being carefully controlled to ensure that we maximise as quickly as possible the value of any investment we make and that we focus on growth opportunities in the most resilient and profitable sectors of the global economy. Working capital management also

3 Future prospects – market moving to Regus

- **In the throes of a working revolution - changing the way organisations function**
- **Increasingly, people aren't going to work; work is coming to them**
- **Technology - the catalyst; no longer the same need to gather in one place**
- **Increasingly, people choosing to work away from the traditional office**
- **Proven increases in productivity via flexible working**
- **Environmental benefits clear**

remains a key focus for the business and we have continued to manage our cash flow tightly.

At the same time, the Group has continued to drive forward with a number of initiatives to increase commercial and operational efficiencies within its regions, and we anticipate completion of the migration of certain administrative functions into our regional service centres during 2010. We have already started to benefit from certain cost savings associated with these centralised locations, and would expect to garner operational efficiencies shortly.

In December 2009, we implemented a restructuring plan to further develop and accelerate our activities relating to the development of our regional service centres. This plan includes reductions in our worldwide workforce, the closure of certain underperforming facilities, and reductions in other related asset values. We incurred an exceptional charge of £2.6 million in 2009 relating to the delivery of the initial phases of this restructuring plan.

Board changes

I would like to take this opportunity to thank John Matthews and Martin Robinson for their significant contribution to the business over the years. Their leadership within Regus has been considerable during their tenure and they have proven real assets to the business. Douglas Sutherland is an excellent candidate to succeed John as Chairman of Regus and we are delighted that he has accepted the role.

Outlook

While the outlook remains unclear, particularly for the UK, we are cautiously optimistic across our other three geographies. We remain focused on increasing revenues, flexing our cost base and further improving efficiency in order to restore our margin. We are experiencing an increased level of growth opportunities as the trend toward flexible working accelerates. This, combined with our strong cash position, will allow us to step up our new centre opening programme in 2010.

Mark Dixon
Chief Executive
22 March 2010

Our priorities for 2010

1

Grow our revenue

The augmentation of our diverse product range and widening our partnerships will enable us to increase our customer base and cross sell additional new services to the customer.

2

Control our costs

We will continue to identify and realise significant cost savings through a combination of operational simplification and leveraging the benefits of scale.

3

Grow our capacity

The current economic situation is presenting us with excellent opportunities to grow in a focussed and controlled way, both organically and through acquisition.

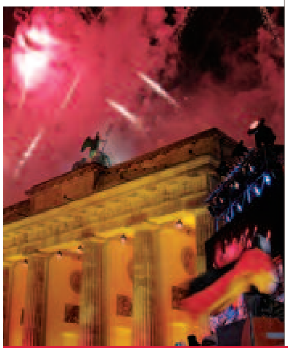
20
years on…

"The easiest way to predict the future is to invent it…"

Since 1989, Regus has consistently developed its portfolio of products and services to meet the needs of our customers to work however, whenever, wherever.

We will continue to invent our future and remain at the forefront of providing quality products and services.

The wall came tumbling down



1989

Mark Dixon launches Regus and opens the first location in Brussels, Belgium

The North American Free Trade Area is established

1994

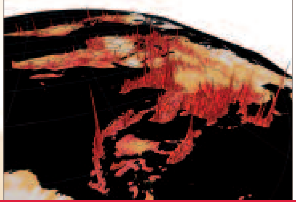
Enters Latin America and China, opening another 36 centres across the world

The Standard & Poor 500 index closes above 1,000 for the first time

1998

Opens first office in United States

The population of Earth exceeds six billion for the first time



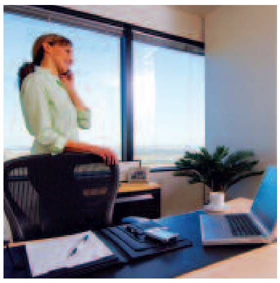
2000

Goes public with IPO on the London Stock Exchange

Apple launch the iPod

2001

Purchases U.S.-based Stratis Business Centres

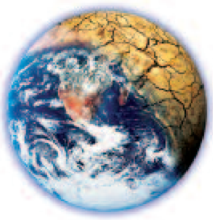


Face book is founded in Cambridge, Massachusetts

2004

Acquires major competitor HQ to become world's largest provider of flexible workspace

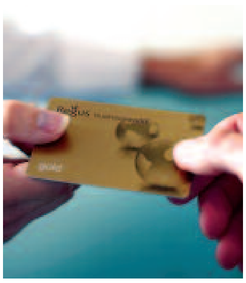
The Kyoto Protocol goes into effect



2005

New business centre openings in 35 capital cities expands footprint to more than 50 countries throughout Asia, North America, and Europe and support Regus' international growth strategy

Launches the innovative businessworld membership card enabling users to access any Regus centre for a fixed annual cost



Google buys YouTube

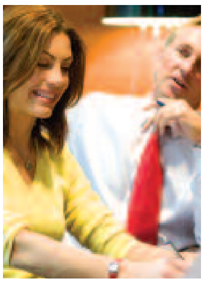
2006

Exceeds 200,000 customers

The European Union expands to 27 countries

2007

Breaks the £100 million of earnings for the first time



The price of a barrel of oil hits an all time high of US$148

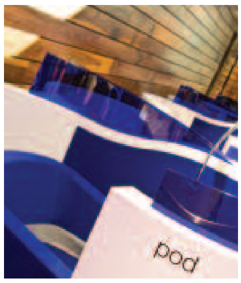
2008

400,000 customers in 950 locations across 70 countries, two thirds of which no longer have a fixed serviced office

The global economy faces its greatest challenge in more than 60 years

2009

In its 20th year passes 500,000 customers. In response to the economic crisis launches more new products than in previous 15 years



Regional review

AMERICAS

Regional strategy

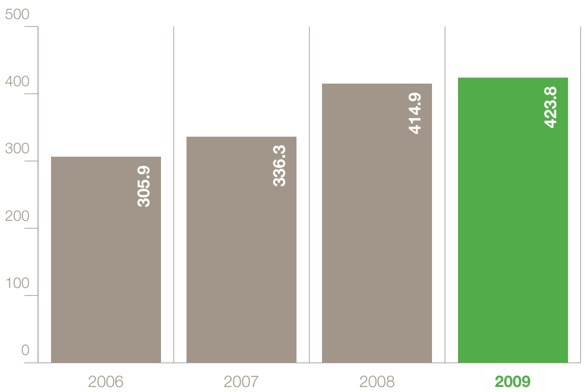
The strategy for the Americas is to maximise yield in our existing centres whilst targeting growth in key cities where we have minimal representation.

Key performance indicators	2009	2008
Total contribution	£92.9m	£116.1m
Mature margin	24%	30%
Mature occupancy	79%	85%

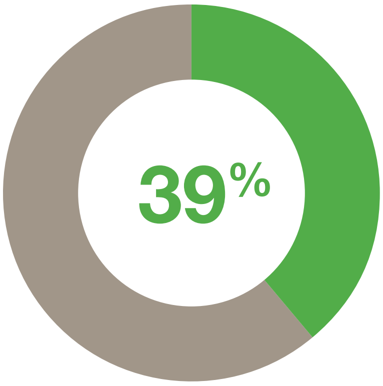
Opportunities in 2010

Maximising our yield, focusing on our cost structure and pursuing opportunistic growth in line with our ongoing strategy.

Revenue (£m)



Gross profit: £92.9m **Total contribution to Group: 39%**



Driving operational efficiencies

"Any company that is looking for ways to be highly productive has to look at their real estate costs. Before Regus we just rented out offices and had to pay for them when they sat empty."

John Challenger, CEO of Challenger, Gray & Christmas

Performance

Our business in the Americas comprises Canada, USA and South America, encompassing 483 centres across 14 countries. Our main business in the USA operates 400 centres. At actual exchange rates, the region delivered revenues of £423.8 million up 2.1% on 2008 and average mature occupancy of 79% during the period (2008: 85%). During the year, we added 14 centres which contributed to the increase in the average number of consolidated workstations from 70,173 in 2008 to 72,277 in 2009. We opened our first centre in the new market of Paraguay.

Outlook

Looking ahead into 2010, our focus remains on maximising our yield on our current centre portfolio, continuing to scrutinise intensely our existing cost structure and pursue opportunistic growth where it fits with our ongoing strategy.

EMEA

Regional strategy

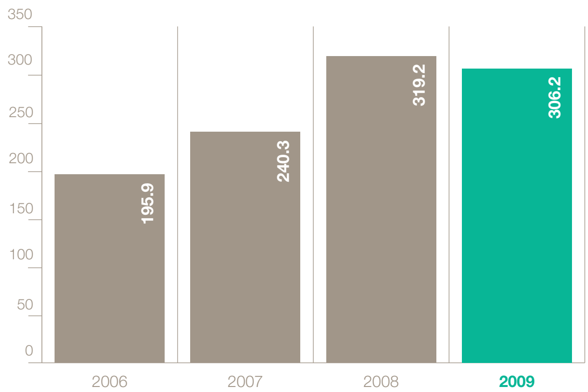
To bolster our prices, leverage our regional shared service centre to drive cost savings initiatives and to look for further low-risk opportunities to expand our network into new markets.

Key performance indicators	2009	2008
Total contribution	**£83.0m**	£109.2m
Mature margin	**29%**	36%
Mature occupancy	**81%**	88%

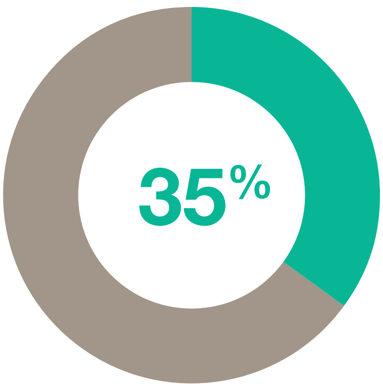
Opportunities in 2010

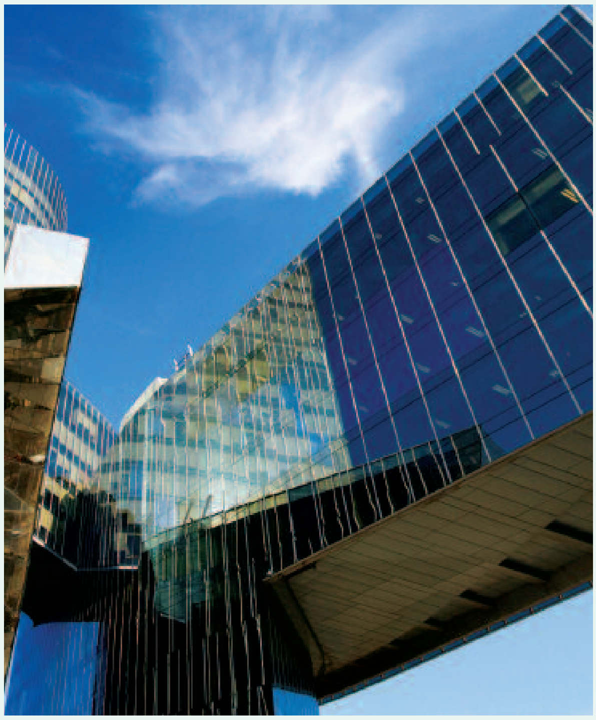
Improved efficiency through the consolidation of processes into a regional shared service centre and continued identification of low-risk opportunities for expansion.

Revenue (£m)



Gross profit: £83.0m **Total contribution to Group: 35%**





Driving operational efficiencies

"Regus provide me with a high quality, professional business environment which helps me project the right image. They take care of all our administrative and secretarial needs which means the business and my customers are always my number one priority."

Elisa Peris, Managing Director, Despacho Professional

Performance

Our business in EMEA encompasses 248 centres across 45 countries. The region delivered revenues of £306.2 million – down 4.0% on 2008 and achieved an average mature occupancy of 81% (2008: 88%). During the year we opened 15 centres which contributed to the increase in the average number of consolidated workstations from 32,352 in 2008 to 34,260 in 2009. We opened our first centres in Senegal, Mauritius and Estonia.

Outlook

We will seek to recover a substantial part of the price erosion experienced in 2009, whilst maintaining occupancy levels, and at the same time open more centres by exploring low risk acquisitions and new centre openings. Furthermore the expansion of the regional service centre in Prague will enable us to ensure better consistency and procedures, and help us drive cost saving initiatives further.

Regional review

ASIA PACIFIC

Regional strategy

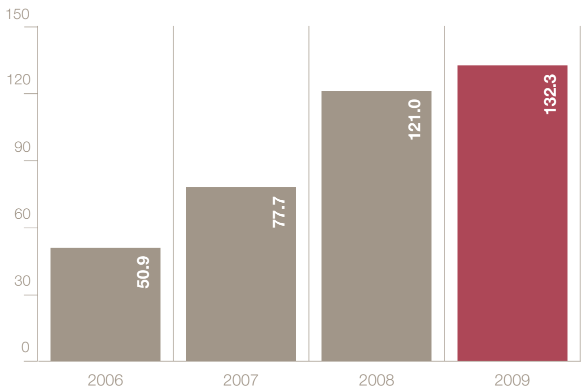
To continue to consolidate and develop our position as the largest provider of serviced offices across all Asia Pacific markets.

Key performance indicators	2009	2008
Total contribution	**£40.3m**	£37.4m
Mature margin	**34%**	36%
Mature occupancy	**78%**	79%

Opportunities in 2010

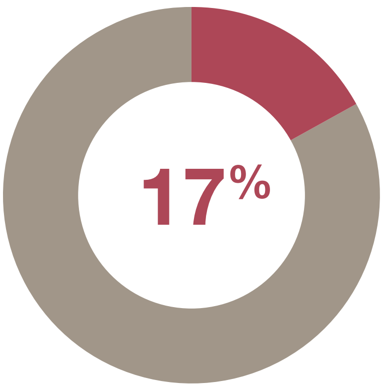
To improve our operational effectiveness through a new customer service centre to handle all customer administration in the region.

Revenue (£m)



Gross profit: £40.3m

Total contribution to Group: 17%



Driving operational efficiencies

"Using a Regus virtual office means that I have the flexibility to mix working from home with a central city location. Virtual offices are the ideal arrangement for entrepreneurs starting out for the first time or looking to expand into a new area."

Anne Kirkness, Kirkness and Partners, Adelaide

Performance

Our business in Asia operates in 116 centres across 16 countries. The region delivered revenues of £132.3 million – up 9.4% on 2008 and achieved an average mature occupancy of 78% (2008: 79%). During the year we opened six centres, which increased the average number of consolidated workstations from 19,836 in 2008 to 21,390 in 2009. We opened our first centre in the new market of Macau.

Outlook

Looking ahead into 2010 we are well positioned to continue to consolidate our position as the largest provider of serviced offices across all Asia Pacific markets. We are seeing many opportunities for measured growth in the region using risk structured new development opportunities, while continuing to focus on the operational effectiveness of our current portfolio of centres. We have built, and are now finessing, a regional service centre in the Philippines which is already delivering both operational as well as financial efficiencies throughout the region.

UNITED KINGDOM

Regional strategy

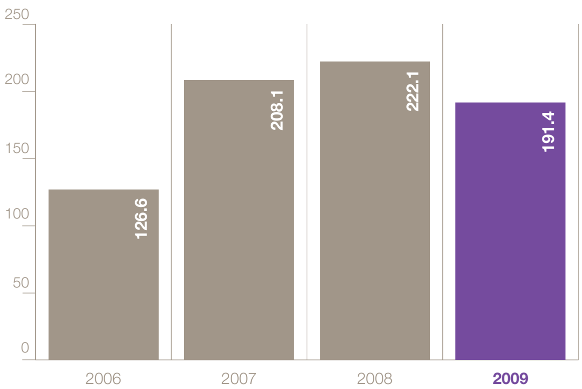
The strategy for the UK is to drive operational efficiencies in a challenging market and introduce new products to support new sales growth.

Key performance indicators	2009	2008
Total contribution	**£18.5m**	£41.5m
Mature margin	**11%**	20%
Mature occupancy	**80%**	83%

Opportunities in 2010

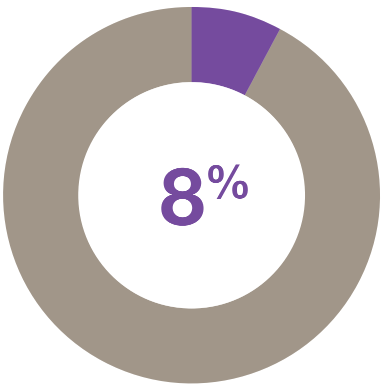
Heightened focus on efficiency and cost and migration of all centres onto centralised billing and credit control.

Revenue (£m)



Gross profit: £18.5m

Total contribution to Group: 8%



Driving operational efficiencies

"Owning a piece of property might mean something to a homeowner, but to an effective new market entrant, it's nothing more than a millstone. That's why we approached Regus."

Anne Taylor, Head of Manchester office, SG Hambros

Performance

Conditions during 2009 continued to be extremely challenging with renewed pressure on key performance indicators and particularly price. Set against this backdrop, the region delivered revenues of £191.4 million down 13.3% on 2008 and achieved an average mature occupancy of 80% (2008: 83%). During the year, we opened 10 centres which contributed to the increase in the average number of consolidated workstations from 30,899 in 2008 to 33,528 in 2009.

Outlook

Looking ahead into 2010 we remain fully committed to developing the business and growing our leadership position in the UK. We will therefore continue to pursue low risk growth opportunities to expand our business within the UK.

Financial review

A resilient business model

Stephen Gleadle

Although we have seen the worst global economic conditions in recent memory, I am pleased to announce that the Group's results for the year ended 31 December 2009 have demonstrated the underlying resilience of our business model.

Revenue
£1,055.1m
-2.1%

Average no. of workstations
161,455
+5.3%

Average mature occupancy
80%
-5 points

REVPAW
£6,535
-7.0%

Cash generated from operations (before the benefit of exceptional items) has remained robust at £105.1 million (2008: £249.6 million). This has allowed us to both continue investing in the business and increase our full year dividend by 33%.

Overall, our net cash on the balance sheet has increased from £211.2 million at the end of 2008 to £237.0 million at the end of 2009 after investing £48.5 million on capital expenditure and £20.0 million on dividends. The closing cash balance also benefited from the receipt of £18.3 million of exceptional net income from the settlement of a previously disclosed legal dispute.

Revenue and gross profit (centre contribution)

Revenue for the Group declined 2.1% to £1,055.1 million (2008: £1,077.2 million) and gross profit (centre contribution) decreased 22.9% to £235.6 million (2008: £305.7 million).

This movement can be analysed as follows:

£ million	Revenue	Gross profit	Margin %
31 December 2008	**1,077.2**	**305.7**	**28.4%**
Impact of exchange rates	115.7	36.6	
31 December 2008 at constant exchange rates	**1,192.9**	**342.3**	**28.7%**
Change in mature business	(156.1)	(108.5)	
Centres added in 2008	35.0	12.2	
Centres added in 2009	6.2	(1.8)	
Centres closed	(22.9)	(8.6)	
31 December 2009	**1,055.1**	**235.6**	**22.3%**

Sterling weakened year on year against both the US dollar and the euro by an average of 14.9% and 10.0% respectively. This would have increased our revenue by £115.7 million and contribution by £36.6 million. Excluding the favourable exchange impact, revenues fell by 11.6% and contribution by 31.2% on a constant currency basis.

Our mature or "like for like" business decreased its revenues by £156.1 million and contribution by £108.5 million driven by reductions in both occupancy and price partially offset by cost savings.

Centres added in 2008 contributed £35.0 million of revenue and £12.2 million of contribution, reflecting our ability to improve the profitability of centres in the year following opening by increasing both occupancy and price.

New centres added in 2009 contributed £6.2 million of revenue but reduced contribution by £1.8 million due to the normal start up losses incurred in establishing new centres.

The year on year impact of closing centres was to reduce revenue by £22.9 million and contribution by £8.6 million. Taking all this together contribution margins reduced from 28.4% to 22.3%.

Administration expenses

Administrative expenses increased by £9.6 million to £167.9 million in 2009 compared to 2008. As a percentage of revenue they have increased to 15.9% (2008: 14.7%).

This increase can be broadly analysed:

£ million	
31 December 2008	158.3
Impact of exchange rates	14.0
31 December 2008 at constant exchange rates	172.3
Impact of "Smartworking" programme	23.6
2010 restructuring plan	2.6
Underlying cost savings	(30.6)
31 December 2009	**167.9**

During 2009, the Group accelerated the "Smartworking" programme which is centralising certain operational and finance processes previously carried out by centre staff. This has caused an increase in administrative costs offset by reductions in centre costs.

Cost reduction initiatives

The Group exceeded its target and delivered full year cost savings of £54.6 million on a year on year basis.

The year on year saving can broadly be analysed:

£ million	Centre costs	Administration expenses	Total costs
31 December 2008	**771.5**	**158.3**	**929.8**
Impact of exchange rates	79.1	14.0	93.1
Comparative at constant exchange rates	**850.6**	**172.3**	**1,022.9**
Impact of "Smartworking" programme	(23.6)	23.6	–
2010 restructuring plan	–	2.6	2.6
Impact of Growth and Closures	16.5	–	16.5
Underlying cost savings	(24.0)	(30.6)	(54.6)
31 December 2009	**819.5**	**167.9**	**987.4**

As part of the on-going process of realising cost savings, in December 2009 the Board approved a further restructuring plan for the Group with the target of delivering savings in 2010 of £11.3 million (£13.2 million on an annualised basis) at a cost of £2.6m. These savings will be achieved by further improving the efficiency of our back office support functions and sales teams through leveraging the establishment of the regional shared service centres and a restructured sales force. In addition we will continue to aggressively address the parts of the Regus network that do not make an adequate contribution to Group performance.

Operating profit (before exceptionals)

Arising from the above was operating profit of £67.7 million (2008: £147.4 million), representing a margin of 6.4% (2008: 13.7%).

Exceptional income

In addition, in the period ended 31 December 2009 the Group recognised exceptional net income of £18.3 million from the settlement of a dispute with a supplier.

Share of profit in joint ventures

In the twelve months ended 31 December 2009, the share of joint venture profits attributable to Regus decreased to £2.0 million (2008: £2.3 million). This reflects trading performance in the USA and start-up losses in new joint ventures partially offset by improved profitability in the Middle East.

Financing costs

Financing costs can be summarised as follows:

£ million	2009	2008
Interest payable	(1.6)	(3.5)
Interest receivable	2.6	5.3
Finance lease interest	(0.1)	(0.2)
Non-cash: Amortisation of deferred financing fees	(0.5)	(0.6)
Non-cash: UK acquisition related	(1.5)	(1.5)
Total financing costs	**(1.1)**	**(0.5)**

The lower interest payable reflects the early repayment of the remaining £24 million loan balance outstanding on the Group's senior debt facility in November 2008 and the voluntary surrender in April 2009 of the Group's £100 million undrawn senior committed facility.

The £2.7 million decrease in interest receivable reflects the impact of falling global interest rates (reducing the Group's average yield from 3.55% to 1.19%) partially offset by the increase in the Group's average cash balance to £219.2 million (2008: £150.3 million). The movement in the year end cash balance has been explained in the cash flow section overleaf.

Finance lease costs have remained low reflecting the continued reduced level of finance lease liabilities held by the Group. The amortisation of deferred financing fees relates to the facility arrangement costs incurred for the new credit facilities entered into during 2006 and which were voluntarily surrendered in April 2009 resulting in the recognition of an accelerated amortisation charge of £0.2 million. The unwinding of discounted fair value adjustments on the Regus UK acquisition resulted in a non-cash net financing charge of £1.5 million in the year ended 31 December 2009.

Financial review continued

Taxation

The Group has recognised a £19.2 million tax charge for the period (representing an accounting tax rate of 22.1% of profit before tax), compared to a charge of £34.3 million (23.0%) in the comparative period.

The current tax charge for the period was £12.5 million (2008: £57.3 million), a decrease from 38.4% to 14.4% of profit before tax. Deferred tax was a £6.7 million charge in the period (2008: £23.0 million credit). On a cash basis, the Group paid £24.3 million in tax. Cash tax represents approximately 28.0% of profit before tax compared to 21.0% in the same period in 2008.

Earnings per share

Earnings per share for the year decreased from 12.0p to 7.1p with the impact of falling underlying operating profits having been offset by a one-off exceptional item and a lower tax charge. The average number of shares in issue during the year reflected the re-purchase of Regus shares under the share buy-back programme during 2008 and consequently reduced to 948,203,737 (2008: 950,319,978).

Dividend

An interim dividend of 0.8p per share was paid on Friday 9 October 2009 and the Board is proposing a final dividend of 1.6p per share. Subject to shareholder approval the full year dividend will have increased 33% year on year.

The Group will continue to operate the Income Access Share arrangements for the final dividend to enable shareholders to receive either UK sourced dividends or Luxembourg sourced dividends.

Currency hedging

During 2009, the Group implemented a policy approved by the Board to hedge, subject to strict limits, the rates at which we translate our overseas earnings. As a result the Group realised currency hedging gains of £2.2 million which partially offset the impact of the fluctuations in sterling during the year. The Group intends to continue with this strategy in 2010.

Goodwill

Regus has £259.1 million of goodwill in the balance sheet largely arising from the purchase in August 2004 of HQ Global Holdings Inc. and the purchase in April 2006 of the remaining 58% interest in the Regus UK business not already owned.

The carrying value of the goodwill was tested for impairment at the year end and indicated that no impairment was necessary. Although the short term performance of the business has worsened since the 2008 impairment review was carried out, the relatively high discount rates that were previously applied by the market to our future cash flows have also reduced. It should be noted, however, that the headroom in the calculations particularly with respect to the UK, remains low. It is therefore possible that a future, non-cash, impairment may be necessary arising from relatively small changes in assumptions. Full details of the approach taken and sensitivities are provided in note 12.

Cash flow

The Group's cash flow statement can be summarised as follows:

£ million	**2009**	2008
Cash generated from operations	**105.1**	**249.6**
Exceptional net income from legal settlement	18.3	–
Dividend income and disposal proceeds	1.2	1.9
Tax and net interest paid	(24.1)	(30.2)
Maintenance capex	(20.2)	(32.9)
Free cash flow	**80.3**	**188.4**
New centre openings	(28.3)	(57.4)
Other acquisitions and JV investments	1.0	(12.1)
Share buy back, settlement of share award and dividend	(20.4)	(36.3)
Loan repayment	(0.3)	(37.5)
Change in cash	**32.3**	**45.1**
Opening cash	**219.5**	**142.9**
Change in cash	32.3	45.1
Effect of exchange rates on cash held	(6.7)	31.5
Closing cash	**245.1**	**219.5**

Cash flow from operations has fallen £144.5 million from £249.6 million to £105.1 million driven both by the impact of the fall in operating profit and an outflow of working capital. As occupancy and price increased in 2008 the business benefited from a working capital inflow of £35.7 million and as it has declined in 2009 there has been a working capital outflow of £39.4 million.

Nevertheless the business has remained strongly cash positive producing a free cash flow of £80.3 million. This has allowed the Group to continue to invest in growth and increase the dividend.

During 2009, 45 new centres were opened at a cost of £28.3 million. In addition to the investment in growth the Group returned £20.0 million to shareholders through the payment of the 2008 final and 2009 interim dividends and still ended the year with an increased cash position. This can be analysed as follows:

(£ million	**2009**	2008
Cash and cash equivalents	205.1	219.5
Liquid investments	40.0	–
Bank and other loans	(6.0)	(5.3)
Finance leases	(2.1)	(3.0)
Net financial assets/net cash	**237.0**	**211.2**

Liquid investments are comprised of cash balances invested for over three months to improve the interest yield. At the balance sheet date the longest remaining maturity was approximately four months.

Of the net cash balance £47.0 million is pledged as security against outstanding bank guarantees and a further £17.3 million is pledged against various other commitments of the Group.

In summary, given the robust cash performance in 2009 the Group is both well positioned to manage the continuing uncertain economic climate as well as capitalise on the many growth opportunities that exist in our market place.

Stephen Gleadle
Chief Financial Officer
22 March 2010

Responsive to our stakeholders

As a responsible global company and leader in its field Regus wants to be best in its class for corporate responsibility and this year has brought it to the top of our agenda. We have established clearly where we are and where we want to be as well as what we are good at and what we need to do better.

Our approach to Corporate Responsibility (CR) has never been about writing big cheques and planting trees; we are well aware of the plethora of evidence that demonstrates a company's long term performance will benefit from a broad, planned and sustained CR programme. There are four elements to our CR plan:

- Workforce
- Marketplace
- Environment
- Community

As the table overleaf shows we have established a number of Key Performance Indicators for Corporate Responsibility and over the coming years we will report our performance against these at each full results announcement.

Regus has always had a good track record when it comes to social responsibility and community involvement as some of the examples overleaf bear out. But we are now putting greater emphasis on our response to climate change as well as putting a more coherent structure around the other elements of our CR strategy.

Workforce

Our long term success depends on attracting and retaining the most talented people to work for us across 78 countries.

Diversity and inclusion

Regus is committed to providing a work environment in which all individuals are treated with respect and dignity. Each individual has the right to work in a professional atmosphere that promotes equal employment opportunities and prohibits discriminatory practices, including harassment. Therefore, the Company expects that all relationships among persons in the workplace are business-like and free of bias, prejudice and harassment.

It is the policy of Regus to ensure equal employment opportunity without discrimination or harassment on the basis of race, colour, religion, gender, marital status, age, national origin, disability, or any other protected characteristic as established by law. The Company prohibits and does not tolerate any such discrimination or harassment. Indeed on a number of metrics Regus can be seen as best practice and industry leading; more than 60% of our workforce and 50% of our middle and senior managers are female. In all markets our workforce is broadly representative of the ethnic make up of the wider community.

Health and wellbeing

Protecting and promoting the wellbeing of our employees is an integral part of the Regus culture. We demand the highest standards of health and safety whilst encouraging our employees to enjoy a healthy and active lifestyle. Regus offers generous holiday packages in all countries and encourages its team members to take time off in order to rejuvenate and create a balance between work and home life. In the Americas we provide a 2 week sabbatical for team members who reach their 10 year anniversary. In our facilities with gyms in the building our team members are encouraged to utilise the facilities. In November 2009 a wellness road show was held in our Dallas Corporate office where free biometric screenings were provided and where team members could get advice on nutrition, preventative care and other medical issues.

Skills and talent

Our goal has always been to create an environment in which our people can develop their talents, realise their ambitions and achieve their best work. In 2009 we radically overhauled the quality and quantity of training provided to team members. We doubled the amount of face-to-face training we provided to more than 8,500 training sessions and team members took part in more than 37,000 online training sessions on subjects as diverse as Sales Techniques, Leading and Managing the Team and The Perfect Tour.

Recruiting and training school and university leavers remains a high priority for the business around the world. Examples include:

- In India and East Asia 14 graduate trainees were hired from the Institute of Hotel Management.
- In Greater China 10 graduate trainees were recruited from Fudan University Shanghai, Polytechnic University Hong Kong and Chinese University, Hong Kong.
- In France we have a close relationship with Paris based École Française

Corporate Responsibility continued

d'hôtesse et de tourisme school which results in students spending half of their time working at our centres whilst they study.

- In the Netherlands we work with Rotterdam based ROC Zadkine College which provides us with some 15-20 workplace students for four month long placements each year.
- We have had a traineeship programme running in Germany for many years. The annual intake is two and the trainees spend on average three years with the business working across different functions before being placed in a permanent position.

We are also driven to progress the careers of our team members, more than 10% received a promotion in 2009. Regus also encourages cross border opportunities; team member exchanges have happened between Brazil and the US, UK to Germany, US to Australia amongst many others.

Marketplace

Customers

Like any prudent company we know that without customers we don't have a business; treating them with respect is part and parcel of what we do. At Regus we define respect as being mindful of specific and unique needs, allowing them absolute choice in what they want and when they want it; providing the right level of accessible information in the right form, always selling with honesty and integrity, and finally ensuring at all times the safety of our customers.

With more than 500,000 individual customers we take great effort to solicit regular feedback on all aspects of our product portfolio and service delivery both in centre and from our regional service centres. Such feedback is regularly acted upon to enhance what we do.

Suppliers

Regus only selects products and solutions from suppliers which take an active role within their community and look to minimise the environmental impact of their operations. All new suppliers are asked to comment on how they address each of the following areas:

- maintaining a healthy and safe environment for staff;
- work with and support for local charities and groups;
- energy efficiency and the use of low carbon assets; and,
- waste minimisation and recycling.

Environment

As a responsible company we want to significantly reduce our environmental impact and support our clients in doing the same. In 2010 in the UK we are consequently putting in place a robust programme of measures to reduce our carbon footprint by 50% by 2020 (using our 2007 baseline) which will then be rolled out to other geographies in subsequent years. To show our firm commitment we will be making every effort to achieve 20% of this target by 31 December 2010. This will be achieved by:

1. Liaising and working together with our property stakeholders to implement a prioritised and visible carbon reducing energy saving plan in all our offices whilst complying fully with the requirements of the CRC;
2. Integrating our planned and reactive maintenance strategies to include better energy saving and carbon reduction measures;
3. Reviewing our new centre opening strategy to accommodate better energy saving and carbon reduction principles;
4. Working with our clients as necessary to help them reduce their carbon footprints;
5. Engaging and involving our staff and suppliers in the formation and operation of carbon reduction policies;
6. Training as appropriate all our staff involved in our carbon reduction implementation;
7. Communicating our strategy to all our staff and clients and supporting them in its implementation;
8. Moving towards more renewable energy sources as soon as practicable; and,
9. Measuring, reviewing, acting quickly and communicating the outcomes.

Community

Our centres are visible landmarks within the communities in which they reside. As such we strive to play a positive community based role as well as supporting those in need further afield. From competing in triathlons and other sports activities to raise money for charity to recycling waste paper to help a local hospital and donating redundant office furniture to local schools our community activity is not a directed corporate edict but a bottom up desire by our team members to make a difference. Just a few of our many examples from around the world are highlighted on this page.

Regus CR Key Performance Indicators in the UK

Activity	2010 target
Reduction in carbon footprint	20% reduction on 2007 levels.
Water usage	5% reduction on 2007 levels.
Waste	5% reduction on 2007 levels.
Transport	Reduce air miles by 20% and increase rail travel by 20% on 2007 levels.
Corporate charity	Enable employees to select in-country corporate charity on an annual basis.
Employee volunteer days	500 days available to employees globally to partake in community based activities.
Suppliers	All major suppliers signed up to Regus CR policy.
Recruitment and training	Implement a formal graduate training programme in US, UK, France, the Netherlands, China and India.
Team member career development and training	Implement a global group training certification process for all customer facing role holders.

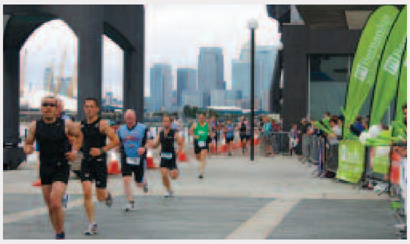
Using our success to make a difference

Macmillan Cancer Support

For many years Regus employees in the UK have competed in the London Triathlon and with the help of their colleagues raised many tens of thousands of pounds. 2009 was no exception and 25 brave souls took to the streets and waters of London raising more than £10,000.

"Macmillan Cancer Support would like to say a big thank you to all the Regus staff in the UK for their support and of course to those that took part in the Triathlon itself!"

Helen Rogers,
Macmillan Fundraising Manager



Warran Autism Training Center, Giant Steps Illinois, Chicago

A recent downsize at the Warrenville centre in suburban Chicago left the team with excess furniture. The team donated the furniture to the Autism Training Center at Giant Steps Illinois. The organization had just leased a 70,000 square foot facility in nearby Lisle and had no budget to furnish the space.

"I can't begin to express our gratitude for the furniture donated by Regus. You have made an enormous impact on our ability to reach out and train the greater autism community. Your contribution has made us look like a "real" school."

Bridget O'Connor, Executive Director,
Warran Autism Training Center

South Florida Team Lends a Hand for Local Charity

Former Miami Dolphins star and Regus client, OJ McDuffie, is an active leader in South Florida. His charity, the Catch 81 Foundation is committed to helping the less fortunate throughout the region.

McDuffie recently organised his first annual charity softball event and invited Regus team members from South Florida to participate in the tournament. Although team Regus lasted only two games in the tournament, they managed to raise $1,000 to help children in need.

Team members recently put their endurance to the test at the Toyota US Open Triathlon in Dallas raising money to benefit the Make-A-Wish Foundation. Twenty team members competed and two of our teams took first and second place in the sprint relay, raising US$28,000

"It was great to see Regus come together and help in supporting my foundation. I will continue to build on our relationship with Regus and always mention their great services to my colleagues and people in the community."

OJ McDuffie, Catch 81 Foundation

Katie Piper Foundation

Katie Piper is a 26 year old woman who was the victim of a vicious acid attack in 2008 which destroyed her face, her life and her career as she knew it. In October 2009 she told her story in a tv documentary, this resulted in a huge response from the public. As a result, Katie set up the Katie Piper Foundation to help other burns victims like herself. Regus is providing the foundation with its office space.

"Since October 2009 when the documentary went out I have been overwhelmed by the amount of offers of support I've had. Regus were one of the first organisations to contact me and I wouldn't have been able to set up my charity without them. They have been instrumental in allowing me to register the charity."

Katie Piper

Centre Recycling in Argentina funds local hospital

Since opening two years ago, the team at Regus Olivos Libertador in Buenos Aires has been doing its part to help clean up the environment. Their recycling efforts also benefit a local hospital. Every week the centre donates its cardboard and plastic items to the Garrahan Foundation. The foundation collects recyclables from businesses, schools and households throughout Buenos Aires and sells them to a recycling company. So far, more than 42,000 tons of paper items have been recycled. The money collected from the programme is allocated to various local social service organisations, including Casa Garrahan, a home for children receiving medical treatment.

Board of directors

An international team

The board has a blend of experience demonstrating both depth and global perspective

John Matthews [c]
Chairman

John joined the Regus Board of Directors in 1995 as Non-Executive Director and was appointed Chairman in 2002; he also serves as Chairman of the Nomination Committee. John has announced his retirement from the Board of Directors with effect from 18 May 2010 (following the Company's 2010 annual general meeting). He is Independent Director of Diploma plc, Minerva plc and SDL plc. A Chartered Accountant, he was previously Managing Director of County Natwest and Deputy Chairman as well as Deputy Chief Executive of Beazer plc, the international aggregates, construction and housing group.

Mark Dixon
Chief Executive Officer

Mark founded the Regus Group in 1989 and has been Chief Executive for over 18 years, leading the Group's worldwide expansion programme and the development of pioneering workplace solutions. Prior to 2007, Mark was located in the USA overseeing the integration of the HQ Global Workplaces acquisition and has now re-located to Europe. Prior to Regus he established businesses in the retail and wholesale food industry.

Stephen Gleadle
Chief Financial Officer

Stephen joined the Regus Group as Chief Financial Officer in October 2005. Prior to Regus, he was Group Financial Controller of Tarmac plc and Finance Director at both Synstar plc and lastminute.com plc. Stephen is a Chartered Accountant.

Martin Robinson [a,b,c]
Senior Independent non-executive director

Martin joined the Regus Board of Directors in 2002, he is Senior Independent Director and Chairman of the Remuneration Committee. Martin has announced his retirement from the Board of Directors with effect from 18 May 2010 (following the Company's 2010 annual general meeting). Martin is currently Chairman of Centre Parcs (U.K.), a partner in Figaro LLP and a Director of the Supervisory Board of EuroDisney SCA. He was Chairman of the Board of Management of Centre Parcs Europe until August 2004. Martin previously held senior management positions with Scottish and Newcastle plc and Sara Lee Corporation and worked as a management consultant for four years with McKinsey & Co Inc.

For more information visit
regus.com

Notes
(a) Member of the Audit Committee
(b) Member of the Remuneration Committee
(c) Member of the Nomination Committee

Lance Browne (a,b,c)
Independent non-executive Director

Lance was appointed Non-Executive Director of Regus on 27 August 2008 and will become Senior Independent Director on 18 May 2010 (following the Company's 2010 annual general meeting). Lance is Vice Chairman of Standard Chartered Bank (China) Limited, Non Executive Vice Chairman of Earthport plc and member of the G3 Advisory Council. He was previously China Senior Advisor to the City of London, Non-Executive Director of IMI plc, Chairman of China Goldmines plc and Director of Business Development at Powergen International (HK).

Ulrich Ogiermann (a,b,c)
Independent non-executive director

Ulrich was appointed Non-Executive Director of Regus on 27 August 2008 and will become Chairman of the Remuneration Committee on 18 May 2010 (following the Company's 2010 annual general meeting). Ulrich is President and Chief Executive of Cargolux International Airlines. He is also a member of the Cargo Committee of IATA, Chairman of the Board of Governors of the International Air Cargo Association, and member of the Boards of SITA Inc. and Champ Cargo Systems. Ulrich previously held senior management positions with Lufthansa.

Douglas Sutherland (a,b,c)
Independent non-executive director

Douglas was appointed Non-Executive Director of Regus on 27 August 2008 and with effect from the 18 May 2010 (following the Company's 2010 annual general meeting) will become non-executive Chairman and Chairman of the Nomination Committee. Douglas currently serves as Chairman of the Audit Committee and will stand down from this role on 18 May 2010. Douglas was previously Chief Financial Officer of Skype during its acquisition by eBay in October 2005 and was also Chief Financial Officer at SecureWave during its acquisition by PatchLink in July 2007. Prior to this, Douglas enjoyed a career with Arthur Andersen (as a partner for over a decade). Douglas is currently also a Director of HosCo Kliniken Sarl and HosCo Gruppe S.à.r.l.

Other information

The directors of Regus plc (société anonyme) (the "Company") present their Annual Report and the audited financial statements of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2009.

Directors

The directors of the Company who held office during the financial year were:

Executive directors

Mark Dixon
Stephen Gleadle

Non-executive directors

John Matthews
Martin Robinson
Lance Browne
Ulrich Ogiermann
Douglas Sutherland

Biographical details for the directors are shown on pages 22 and 23.

Details of the directors' interests and shareholdings are given in the Remuneration Report on pages 33 to 39.

The Corporate Responsibility Statement, Corporate Governance Statement, Remuneration Report and Director Statements on pages 19 to 21 and 26 to 39 all form part of this report.

Principal activity

The Company is the world's leading provider of global office outsourcing services.

Business review

The directors have presented a business review as follows:

The Chief Executive's Review and Financial Review on pages 4 to 9 and 16 to 18 respectively address:

- Review of the Company's business (pages 12 to 15).
- Trends and factors likely to affect the future development, performance and position of the business (page 7).
- Development and performance during the financial year (pages 16 to 18).
- Position of the business at the end of the year (page 18).
- Principal risks and uncertainties (pages 28 to 30).

The Corporate Responsibility Report on pages 19 to 21 includes the sections of the Business Review in respect of:

- Environmental matters
- Employees
- Social and community issues

The Corporate Governance Statement on pages 26 to 31 includes a description of the principal risks and uncertainties facing the Company.

The Directors Statements on page 32 includes the statutory statement in respect of disclosure to auditors.

The directors do not consider any contractual or other relationships with external parties to be essential to the business of the Group.

Results and dividends

Profit before taxation for the year was £86.9 million (2008: £149.2 million).

The directors are pleased to recommend the payment of a final dividend for 2009 of 1.6 pence per share (2008: 1.2 pence per share). This is in addition to the interim dividend of 0.8 pence per share paid by Regus Group Limited in October 2009. The final dividend of £15.2 million (2008: £11.3 million) is expected to be paid on 28 May 2010 to shareholders on the register at the close of business on 30 April 2010.

Policy and practice on payment of creditors

The Group does not follow a universal code dealing specifically with payments to suppliers but, where appropriate, our practice is to:

- Agree the terms of payment upfront with the supplier
- Ensure that suppliers are made aware of these terms of payment
- Pay in accordance with contractual and other legal obligations.

At 31 December 2009, the number of creditor days outstanding for the Group was 21 days (2008: 21 days) and the Company, 48 days (2008: 36 days).

Going Concern

The directors, having made appropriate enquiries, have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Accounts on pages 41 to 88.

In adopting the going concern basis for preparing the financial statements, the Directors have considered the further information included in the business activities commentary as set out on pages 12 to 15 as well as the Group's principal risks and uncertainties as set out on pages 28 and 30. Based on the performance of the Group, its financial position and cash flows, the Board is satisfied that the Group Is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Further details on the going concern basis of preparation can be found in note 23 to the notes to the accounts on page 66.

Employees

The Group treats applicants for employment with disabilities with full and fair consideration according to their skills and capabilities. Should an employee become disabled during their employment, efforts are made to retain them in their current employment or to explore opportunities for their retraining or redeployment elsewhere within the Group.

Political and charitable donations

It is the Group's policy not to make political donations either in the UK or overseas. The Group made charitable donations of £0.1 million during the year (2008: £0.1 million).

Capital structure

The Company's share capital comprises 950,969,822 issued and fully paid up ordinary shares of 1p nominal value in Regus plc (2008: 950,969,822). All ordinary shares have the same rights to vote at general meetings of the Company and to participate in distributions. There are no securities in issue that carry special rights in relation to the control of the Company. The Company's shares are traded on the London Stock Exchange.

On 14 October 2008, the Group completed a capital reorganisation which resulted in the introduction of the new holding company of the Group, Regus plc, a company incorporated in Jersey with its place of central administration (head office) in Luxembourg and accordingly being registered as a société anonyme. The ordinary shares of Regus plc were admitted to listing on the main market of the London Stock Exchange. The ordinary shareholders of Regus Group plc acquired ordinary shares in Regus plc in the same proportions in which they held Regus Group plc ordinary shares immediately prior to the reorganisation and Regus Group plc became a wholly owned subsidiary of Regus plc. The transaction was accounted for as a reverse acquisition in the consolidated accounts and details can be found in note 2 to the Accounts on page 45.

Details of the role of the Board of Directors (the "Board") and the process for the appointment of directors can be found on pages 26 to 27.

At the Company's Annual General Meeting held on 19 May 2009 the shareholders of the Company approved a resolution giving authority for the Company to purchase in the market up to 94,821,908 ordinary shares representing approximately 10% of the issued share capital (excluding treasury shares) as at 20 April 2009.

Details of the Company's employee share schemes can be found in the report of the Remuneration Committee on pages 33 to 39. The outstanding awards and options do not carry any rights in relation to the control of the Company.

Substantial interests

At 22 March 2010, the Company has been notified of the following interests held in the issued share capital of the Company.

	Number of ordinary shares	% of issued share capital
Estorn Limited*	320,141,288	33.66%
Prudential plc	104,043,649	10.95%
Ameriprise Financial Inc.	53,821,569	5.67%
Standard Life Group	46,538,104	4.93%
BlackRock Inc	46,064,455	4.85%
Tree Top Convertible SICAV**	45,167,670	4.75%

* Mark Dixon indirectly owns 100% of Estorn Limited

** The interest held by Tree Top Convertible SICAV relates to a financial instrument convertible into ordinary shares of the company.

Auditors

In accordance with the Articles of Association of the Company, a resolution for the re-appointment of KPMG Audit S.à.r.l. as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

Approval

This report was approved by the board on 22 March 2010.

On behalf of the Board

Tim Regan
Company Secretary
22 March 2010

Corporate governance

The Board is committed to the high standards of corporate governance set out in the Combined Code published in June 2008 ("the Code") for financial periods beginning after 29 June 2008. The Board is accountable to the Company's shareholders and this report describes how the Board applied the principles of good governance. In its prospectus dated 8 September 2008 the Company stated its intention to voluntarily comply with the Combined Code so far as it is practical for a Luxembourg company to do so. There is no similar corporate governance regime in Luxembourg.

The Board

At 31 December 2009, the Board of Directors was made up of seven members comprising the Chairman, two executive directors and four non-executive directors. Biographical details of the directors are set out on pages 22 and 23.

Role of the Board

The primary role of the Board is to provide entrepreneurial leadership and to review the overall strategic development of the Group. The Board approves the corporate plan and the annual budget and reviews performance against targets at every meeting. Through the Audit Committee, the directors ensure the integrity of financial information and the effectiveness of financial controls and the internal control and risk management system. The Board has delegated authority to the Remuneration Committee to set the remuneration policy for directors and senior management. The Nomination Committee recommends the appointment of Board Directors and has responsibility for succession planning at Board level. The various Board Committees (the "Committees") have authority to make decisions in their areas of expertise.

Frequency of meetings

There were nine Board meetings during 2009.

The number of meetings of the Board and Committees and individual attendance by the directors are shown below.

	Main Board	Audit Committee	Remuneration Committee	Nomination Committee
Total meetings	9	4	7	5
Mark Dixon	9			
Stephen Gleadle	9			
John Matthews	8			3
Martin Robinson	8	4	7	5
Lance Browne	9	4	7	5
Ulrich Ogiermann	9	4	7	5
Douglas Sutherland	9	4	6	5

Matters reserved for the Board

The Board has a formal schedule of matters reserved to it for its decision, to ensure that no one individual has unfettered powers of decision. These include:

- Approval of regulatory announcements including the interim and annual financial statements.
- Terms of reference and membership of the Board and its Committees.
- Changes to the Group's capital structure.
- Changes to the Group's management and control structure.
- Capital investment in excess of £5 million.
- Material contracts (annual value in excess of £5 million).

Minutes are taken of all Board discussions and decisions and all directors are encouraged to request inclusion of any unresolved concerns that they may have in the Board minutes.

Roles of Board members

There is a clear division of responsibilities between the Chairman and the Chief Executive.

The Chairman

John Matthews is responsible for leadership of the Board, setting its agenda and monitoring its effectiveness. He ensures effective communication with shareholders and that the Board is aware of the views of major shareholders. He facilitates both the contribution of the non-executive directors and constructive relations between the executive directors and non-executive directors.

The Chairman, together with the Company Secretary, are responsible for ensuring all directors are properly briefed on issues arising at Board meetings and that they have full and timely access to relevant information.

The Chairman is not deemed to be independent.

On 18 December 2009, it was announced that John Matthews will retire from the Board with effect from 18 May 2010 (the date of the next Annual General Meeting) and will be replaced as Chairman by Douglas Sutherland, who joined the Board in August 2008.

The Chief Executive

Mark Dixon is responsible for formulating strategy and for its delivery once agreed by the Board. He creates a framework of strategy, values, organisation and objectives to ensure the successful delivery of key targets, and allocates decision-making and responsibilities accordingly.

Non-executive directors

The non-executive directors each bring their own senior level of experience and objectivity to the Board. The independent counsel brought to the group by the non-executives enhances the overall decision making of the Board. Non-executives are appointed for an initial three year term, subject to election by shareholders at the first Annual General Meeting ("AGM") after their appointment.

On 18 December 2009, it was announced that Martin Robinson, senior independent non-executive director and Chairman of the Remuneration Committee, will also retire from the Board with effect from 18 May 2010 (the date of the next AGM). The Board will seek to appoint a new international independent non-executive director in due course.

Company Secretary

The Company Secretary, Tim Regan, is responsible for advising the Board, through the Chairman, on all governance matters and for ensuring that appropriate minutes are taken of all Board meetings and discussions. The appointment and removal of the Company Secretary is a matter reserved for the Board.

Board Committees

The Board has delegated certain of its governance responsibilities to the Audit, Nomination and Remuneration Committees. The Company Secretary acts as secretary to all of the Board Committees and minutes of meetings are circulated to all Board members.

The terms of reference of the Committees have been documented and approved by the Board and are available on the Company's website www.regus.com. A brief summary of the members, activities and terms of reference of the Committees is provided below.

Audit Committee

Douglas Sutherland (Chairman)
Martin Robinson
Ulrich Ogiermann
Lance Browne

The Board has delegated the responsibility for applying an effective system of internal control and compliance, accurate external financial reporting, fulfilling its obligations under law and the Combined Code, and managing the relationship with the Company's external auditors to the Audit Committee. The Committee consists entirely of non-executive directors.

The Audit Committee meets at least three times a year. At the request of the Chairman, the external auditors, the Executive Directors, the Company Secretary and the Head of Risk Management attend each meeting.

Summary terms of reference:

- Financial Reporting – provide support to the Board by monitoring the integrity of and ensuring that the published financial statements of the Group and any formal announcements relating to the Company's financial performance comply fully with the relevant statutes and accounting standards.
- Internal control and risk systems – review the effectiveness of the Group's internal controls and risk management systems.
- Internal audit – monitor and review the annual internal audit programme ensuring that the internal audit function is adequately resourced and free from management restrictions, review and monitor responses to the findings and recommendations of the internal auditors.
- External audit – the Audit Committee advises the Board on the appointment, re-appointment, remuneration and removal of the external auditors.
- Employee concerns – the Audit Committee reviews the Company's arrangements under which employees may in confidence raise any concerns regarding possible wrongdoing in financial reporting or other matters. The Audit Committee ensures that these arrangements allow proportionate and independent investigation and appropriate follow up action.

The Audit Committee also meets independently with the Company's auditors and with the Head of Risk Management to informally discuss matters of interest.

External auditors:

KPMG Audit S.à.r.l. were the Company's auditors for the year ended 31 December 2009. For 2010, the Audit Committee has recommended to the Board that a resolution to re-appoint KPMG Audit S.à.r.l. as the Company's auditors be proposed at the AGM. The Audit Committee will continue to keep under review the independence and objectivity of the external auditors, the effectiveness of the audit process and the rotation of the lead audit partner.

The scope and extent of non-audit work undertaken by the Company's external auditor is monitored by and, above certain thresholds, requires prior approval from the Audit Committee to ensure that the provision of non-audit services does not impair their independence or objectivity. During the year, KPMG performed due diligence work on certain acquisitions. KPMG is prohibited from providing services that would be considered to jeopardise their independence such as book keeping services, valuations and system design.

Remuneration Committee

Martin Robinson (Chairman)
Lance Browne
Ulrich Ogiermann
Douglas Sutherland

Details of the Remuneration Committee are set out in the Remuneration Report on pages 33 to 39.

Nomination Committee

John Matthews (Chairman)
Martin Robinson
Lance Browne
Ulrich Ogiermann
Douglas Sutherland

The Committee meets as required during the year to consider matters delegated to it under its terms of reference. Board effectiveness, performance and leadership were discussed informally by the Board as a whole.

Summary terms of reference:

- Board appointment and composition – to regularly review the structure, size and composition of the Board and make recommendations on the role and nomination of directors for appointment and reappointment to the Board for the purpose of ensuring a balanced Board in respect of skills, knowledge and experience.
- Board Committees – to make recommendations to the Board in relation to the suitability of candidates for membership of the Audit and Remuneration Committees. The appointment and removal of directors are matters reserved for the full Board.
- Board effectiveness – to assess the role of Chairman and Chief Executive and make appropriate recommendations to the Board.
- Board performance – assist the Chairman with the annual performance evaluation to assess the overall and individual performance and effectiveness of the Board.
- Leadership – to remain fully informed about strategic issues and commercial matters affecting the Company and to keep

Corporate governance continued

under review the leadership needs of the organisation to enable it to compete effectively.

Principal risks and uncertainties

There are a number of risks and uncertainties which could have an impact on the Group's long-term performance. The group has a risk management structure in place designed to identify, manage and mitigate business risks. Risk assessment and evaluation is an essential part of the annual planning, budgeting and forecasting cycle.

The directors have identified the following principal risks and uncertainties affecting the company. These do not constitute all of the risks facing the Group.

Economic downturn in significant markets

The Group has a significant proportion of its centres in the Americas (predominantly the USA) and Europe. An economic downturn in these markets could adversely affect the Group's operating revenues thereby reducing operating performance or, in an extreme downturn, resulting in operating losses.

Generally, the terms on which the Group earns revenues from customers and pays its suppliers (principally landlords) are matched to reduce working capital needs. However, a reduction in revenues, with no immediate decline in the cost base, could result in significant funding shortfalls in the business. Any funding shortfall may require the Group to seek external funding or sell assets in the longer term.

In addition, competition may increase as a result of landlords offering surplus space at discounted prices and companies seek to reduce their costs by sub-letting space. These factors could result in reduced revenue for the Group as the prices it is able to charge customers would be reduced.

The Group has taken a number of actions to mitigate this risk:

- The Group has entered into performance based leases with landlords where rent costs vary with revenues earned by the centre.
- Building lease contracts include break clauses at periodic intervals to allow the Group to exit leases should they become onerous. In cities with a number of centres this allows the Group to stagger leases such that an orderly reduction in exposure to the location may be facilitated.
- The profile of clients in a centre is continually reviewed to avoid undue reliance on a particular client or clients in a particular industry group.

Additionally, in the event of a downturn, the Group has a number of options for mitigating losses, for example by closing centres at lease break points.

The Group's strategy also focuses its growth into emerging markets that will reduce the proportion of the Group's revenue generated from the USA and Europe over time and provide better protection to the Group from an economic downturn in a single market.

Exposure to movements in property markets

A number of the Group's lease contracts contain market rent review clauses. This means that the costs of these leases may vary as a result of external movements in the property market. In particular, in the UK, lease contracts typically contain 'upward only' rent reviews which means that should open market rents decrease, then Regus could be exposed to paying higher than market rent in these locations.

If the Group is unable to pass on increased rent costs to customers due to local property market conditions then this could result in reduced profitability or operating losses in these markets.

Equally, for Group lease contracts without market rent review clauses, the Group may benefit from paying below market rent in a market with increasing open market rents. This may allow the Group to improve profitability if the movements in open market rents are passed on to clients.

The length of the Group's leases (or the period after which the Group can exercise any break option in the leases) is usually significantly longer than the duration of the Group's contracts with its customers. If demand falls, the Group may be unable to increase or maintain occupancy or price levels and if revenue declines the Group may be unable to reduce the lease cost base. Additional costs could be incurred if the Group disposes of unprofitable centres.

Changes in assumptions underlying the carrying value of certain Group assets could result in impairment.

Regus completes a review of the carrying value of its assets annually to assess whether those carrying values can be supported by the net present value of future cash flows derived from such assets. This review examines the continued appropriateness of the assumptions in respect of which the carrying values of certain of the Group's assets are based. This includes an assessment of discount rates and long term growth rates, and timing and quantum of future capital expenditure. Due to the Group's substantial carrying value of goodwill under IFRS, the revision of any of these assumptions to reflect current or anticipated changes in operations or the financial condition of the Group could lead to an impairment in the carrying value of certain assets in the Group. While impairment does not impact reported cash flows, it does result in a non-cash charge in the consolidated income statement and thus no assurance can be given that any future impairments would not affect the Company's reported distributable reserves and therefore its ability to make distributions to its shareholders or repurchase its shares.

The Group's geographic expansion may increase exposure to unpredictable economic, political and legal risks.

Political, economic and legal systems in emerging markets historically are less predictable than in countries with more developed institutional structures. As the Group increasingly enters into emerging markets, the value of the Group's investments may be adversely affected by political, economic and legal developments which are beyond the Group's control.

Exposure to movements in exchange rates

The Group has significant overseas operations whose businesses are generally conducted in the currency of the country in which they operate. The principal exposures of the Group are to the US dollar and the euro with approximately 39% of the Group's revenues being attributable to the US dollar and 19% to the euro respectively.

Given that transactions generally take place in the functional currency of Group companies, the Group's exposure to transactional foreign exchange risk is limited. However, the translation into sterling of overseas profits and net assets will be affected by prevailing exchange rates. In the event that either the US dollar or euro were to significantly depreciate or appreciate against sterling, this would have an adverse or beneficial impact to the Group's reported performance and position respectively.

The financial risk management objectives and policies of the Group, together with an analysis of the exposure to such risks are set out in note 23 of the Accounts. Wherever possible, the Group attempts to create natural hedges against currency exposures through matching income and expense and assets and liabilities in the same currency.

Given the continued volatility in exchange rates in January 2009 the Board approved a policy which allows the Group to hedge, subject to strict limits, the rates at which overseas earnings are translated. This will enable the Group to have more certainty over the sterling value of these earnings.

Group reorganisation and restructuring

In October 2008, the Group entered into a Group reorganisation to create a new Group structure. Reorganisations of international groups can lead to a risk of a significant tax liability. In addition, as a result of the scheme, it is expected that Regus plc will be regarded as tax resident solely in Luxembourg. If Regus plc were nonetheless to be treated as tax resident in any other jurisdiction, this could lead to an increase in the overall effective tax rate and tax compliance costs of the Group.

As a Jersey-incorporated company having its place of central administration (head office) in Luxembourg and being tax resident in Luxembourg, Regus plc is required to comply with both Jersey law and Luxembourg law, where applicable. In addition, Regus plc's ordinary shares are listed on the Official List of the UKLA and admitted to trading on the main market of the London Stock Exchange. It is possible that conflicts may arise between the obligations of Regus plc under the laws of each of these jurisdictions or between the applicable laws and the Listing Rules. If an irreconcilable conflict were to occur then Regus plc may not be able to maintain its status as a company tax resident in Luxembourg.

The Group manages the risk that a significant tax liability could arise by taking appropriate advice, both in carrying out the Group reorganisation and on an ongoing basis. In addition, the Group believes that under current laws and regulations the risk of irreconcilable conflicts between current laws and regulations impacting Regus plc is also low.

As part of the Group reorganisation, the Group announced plans to operate an income access share ("IAS") arrangement for the payment of dividends. The Group expects that dividends will be paid to Regus plc shareholders who make (or are deemed to make) an IAS election through the IAS arrangements. However there can be no certainty that dividends will be paid in this way and the IAS arrangements may be suspended or terminated at any time and for any reason. If the IAS arrangements do no operate shareholders will be paid dividends by Regus plc which may be subject to Luxembourg withholding tax. In addition, there is a low risk that share buy-backs undertaken by Regus plc could also be subject to Luxembourg withholding tax.

Centrally managed applications, systems and regional shared service centres

The Group has moved to a centrally managed applications and systems environment with the resultant effect that all systems and applications are housed in a central data centre. Should the data centre and regional shared service centres be impacted as a result of circumstances outside of the Group's control there could be an adverse impact on the Group's operations and therefore its financial results. This risk is managed through a detailed service arrangement with our external data centre provider which incorporates appropriate back-up procedures and controls.

Internal controls

The Board has ultimate responsibility for maintaining a sound system of internal control and for periodically reviewing its effectiveness.

In accordance with the guidance set out in the Turnbull Report "Internal Control: Guidance for Directors on the Combined Code", an ongoing process has been established for identifying, managing and evaluating the risks faced by the Group. The Group's system of internal controls is designed to:

- facilitate the effective and efficient response to risks which might affect the achievement of the Group's objectives.
- safeguard assets from inappropriate use or from loss or fraud.
- help ensure the quality of internal and external financial reporting.
- help ensure compliance with applicable laws and regulations.

No system of internal control can provide absolute assurance against material misstatement or loss. The Group's system of controls helps to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable assurance that potential problems will normally be prevented or will be detected in a timely manner for appropriate action.

Strategy and risk management

The Board conducts regular reviews of the Group's strategic direction. Country and regional strategic objectives, quarterly plans and performance targets for 2010 have been set by the executive directors and are regularly reviewed by the main Board in the context of the Group's overall objectives.

There is an ongoing process for identifying, evaluating and managing the risks faced by the Group. Major business risks and their financial implications are appraised by the responsible executives as a part of the budget process and these are endorsed by regional management. Key risks are reported to the Board and the Audit Committee. The appropriateness of controls is considered by the executives, having regard to cost/benefit, materiality and the likelihood of risks crystallising. Key risks and actions to mitigate those risks are regularly considered by the Board and are formally reviewed and approved by the Board annually.

Control environment

High standards of behaviour are demanded from staff at all levels in the Group. The following procedures are in place to support this:

- the induction process is used to educate new team members on the standards required from them in their role,

Corporate governance continued

including business ethics and compliance, regulations and internal policies.

- all team members are provided with a copy of the "Team Member Handbook" which contains detailed guidance on employee policies and the standards of behaviour required of staff.
- policies and procedures manuals and guidelines are readily accessible through the Group's intranet site.
- operational audit and self-certification tools which require individual centre managers to confirm their adherence to Group policies and procedures.

To underpin the effectiveness of controls, it is the Group's policy to recruit and develop appropriately skilled management and staff of high calibre, integrity and with appropriate disciplines.

The Group has also established an externally hosted whistle-blowing channel to all staff to report issues and concerns in confidence.

Control processes

The Company has had procedures in place throughout the year and up to 22 March 2010, the date of approval of this Annual Report, which accord with the Internal Control Guidance for directors on the Combined Code. These include the following:

- The Board normally meets with regional executives every six months to carry out a wide-ranging review of Group and regional financial performance, business development opportunities, Group infrastructure and general Group management issues.
- The annual budget process, is driven from senior management meetings. Budgets are prepared at a detailed level by business centre and roll-up at a country and regional level. The executive directors review regional budgets to ensure consistency with regional strategic objectives, and the final budget is reviewed and approved by the Board. The approved budget forms the basis of business management throughout the year.
- Operational reports and financial reports are prepared and distributed to the Board on a monthly basis. Actual results are reviewed against budget and forecast and explanations are received for all material movements.
- Key policies and control procedures (including finance, operations, and health and safety) are documented in manuals having Group-wide application. These are available to all staff on the Group's intranet system.
- The Board has formal procedures in place for the review and approval of investment and acquisition projects. The Group Investment Committee (comprising the executive directors) review all investments prior to approval by the Board. Additionally the form and content of investment proposals is standardised to facilitate the review process.
- The Group has clearly delegated authority limits with regard to the approval of transactions. Purchase orders must be obtained in advance for all purchases.
- Numerous reports are generated from the Group's sales and operating systems on a daily, weekly and monthly basis to provide management at all levels with performance data for their area of responsibility which helps them to focus on operational issues that may require their input.

Information and communications processes

The senior management team are integrally involved in the business and to this extent regularly discuss and address issues and opportunities with regional and functional teams. Formal business review meetings, chaired by Mark Dixon, are held with the regional teams and functional heads on a monthly basis.

Regular staff communications include general information on the business from senior management as well as operational guidance on changes in policies and procedures.

Sales staff and operational management periodically attend regional sales or management conferences at which information on operational issues is shared. Delegates present the key messages to employees who did not attend the event.

Monitoring effectiveness

The following key mechanisms were available to the Board at various times during the year in the conduct of its review of internal controls:

- Review of the Group's monthly management accounts which contain detailed analysis of financial performance for the Group and each of the Group's geographic reporting segments.
- An ongoing process of review, through Board meetings, senior management meetings and divisional reviews as well as other management meetings, for the formal identification of significant operational risks and mitigating control processes.
- Internal audit reviews of key risk areas. The findings and recommendations of each review are reported to management and the Audit Committee.
- Quarterly post-investment reviews are presented to the Audit Committee to allow appraisal of the effectiveness of investment activity.
- A bi-annual internal control self-assessment and management certification exercise covering the effectiveness of financial and operational controls. This is based on a comprehensive internal control questionnaire collated and reviewed by Internal Audit. Results and any necessary mitigating action plans are presented to senior management and the Audit Committee.

Other matters

Board Performance Evaluation

A formal evaluation of the performance of the Board, its committees and individual directors is carried out annually by means of detailed online questionnaires developed internally using the Linstock Board Review Service. The aim is to ensure continuous improvement in the functioning of the Board.

The 2009 evaluation results were presented to the Board during December 2009 and were subsequently reviewed by the Nomination Committee taking into account the views of the executive directors. The senior independent non-executive director reviewed the Chairman's performance.

Arising from the review carried out in 2009, the Board has agreed to ongoing development in the following areas:

- Strategy planning at Board level; and
- Submission of information to the Board.

Training and resources
Appropriate training is made available for all new directors to assist them in the discharge of their responsibilities. Training is provided on an ongoing basis to meet particular needs with the emphasis on governance and accounting developments.

During the year the Company Secretary, Tim Regan, provided updates to the Board on relevant governance matters, whilst the Audit Committee regularly considers new accounting developments through presentations from management, internal audit and the external auditors. The Board programme includes presentations from management which, together with site visits, increases the non-executive directors understanding of the business and sector.

All directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures, corporate governance and regulatory compliance are followed and complied with. Should a director request independent professional advice to carry out his duties, such advice is available to him at the Company's expense.

Directors and Officers Insurance
The Group's insurance programme is reviewed annually and appropriate insurance cover is obtained to protect the directors and senior management in the event of a claim being brought against any of them in their capacity as directors and officers of the Company.

Dialogue with shareholders
Regus reports formally to shareholders twice a year, with the interim results announced in August/September and the preliminary final results announced normally in March. There are programmes for the Chief Executive and Chief Financial Officer to give presentations of these results to the Company's institutional investors, analysts and media in London and other locations. The Chief Executive and Chief Financial Officer maintain a close dialogue with institutional investors on the Company's performance, governance, plans and objectives. These meetings also serve to develop an ongoing understanding of the views and any concerns of the Company's major shareholders. The non-executive directors are given regular updates as to the views of the institutional shareholders and the Chairman is available to meet with these shareholders on request. The principal communication with private shareholders is through the Annual Report, the Interim Report and the AGM

The Company has engaged the services of Brunswick Group plc as their Investor Relations adviser.

AGM
The AGM will be held in May in Luxembourg and will be attended, other than in exceptional circumstances, by all members of the Board. In addition to the formal business of the meeting, there is normally a trading update and shareholders are invited to ask questions and are given the opportunity to meet the directors informally afterwards.

Notice of the AGM, together with any related documents are mailed to shareholders at least 20 working days before the meeting and separate resolutions are proposed on each issue. The level of proxy votes cast and the balance for and against each resolution, together with the level of abstentions, if any, are announced to the meeting following voting by a show of hands. Substantial resolutions of the shareholders require a poll to be taken.

Financial and other information is made available on the Company's website www.regus.com.

Re-election of the Board
All directors submit themselves for re-election by shareholders at least every three years and directors appointed during the period are required to seek re-election at the next AGM.

Non-executive directors are subject to the re-election requirements and serve the Company under letters of appointment, which have an initial three-year term.

Compliance statement
The Company has complied with the provisions set out in section 1 of the Combined Code throughout the year ended 31 December 2009, with the exception of the following:

- Provision D.1.1 – The senior independent non-executive director, Martin Robinson does not have regular meetings with major external shareholders.

The Board considers it appropriate for the Chairman to be the main conduit with investors, rather than the senior independent non-executive director. The Chairman participates in investor meetings and makes himself available for questions, in person, at the time of major announcements. The Chairman regularly updates the Board and particularly the senior independent non-executive director on the results of his meetings and the opinions of investors. On this basis, Regus considers that the senior independent non-executive director is able to gain full awareness of the issues and concerns of major shareholders. Notwithstanding this policy, all directors have a standing invitation to participate in meetings with investors.

Director statements

Statement of directors responsibilities in respect of the annual report and financial statements

The directors are responsible for preparing the Annual Report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements in accordance with Luxembourg Generally Accepted Accounting Practice and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and their profit or loss for the period.

In preparing each of the Group and parent company financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- For the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- For the parent company financial statements, state whether applicable Luxembourg accounting standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the parent company and Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the companies' transactions and which disclose with reasonable accuracy at any time the financial position of the parent company and to enable them to ensure that its financial statements comply with applicable law and regulations. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Directors' Report, a Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. The legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statutory statement as to disclosure to auditors

The directors who held office at the date of approval of this Directors' Report confirm that:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

These annual accounts have been approved by the directors of Regus plc. The directors confirm that the annual accounts have been prepared in accordance with applicable law and regulations and that they include a fair review of the development and performance of the business and the position of the parent company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We, the directors of the Company confirm that to the best of our knowledge:

- the financial statements prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation as a whole; and
- The Directors' Report, including content contained by reference, includes a fair review of the development and performance of the business and the position of the Issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Mark Dixon
Chief Executive Officer

Stephen Gleadle
Chief Financial Officer

Remuneration report

The report has been prepared by the Remuneration Committee (the "Committee") of Regus plc (société anonyme) (the "Company") and approved by the Company's Board of Directors (the "Board"). In preparing the report the Committee has voluntarily complied with the relevant requirements of the UK Companies Act 2006. As required by the Large and Medium-Sized Companies and Groups (Accounts & Reports) Regulations 2008 (the "Regulations"), this Report will be subject to an advisory shareholder vote at the Annual General Meeting ("AGM"). The Report is intended to be in full compliance with the requirements of the Regulations and the Combined Code on Corporate Governance.

This report sets out the Company's policy on directors' remuneration for the forthcoming year as well as information on remuneration paid to directors during the year.

Information relating to the emoluments and pension contributions to the directors, directors' interests in the Company's shares and under Employee Share Plans is unaudited.

Unaudited Information

Membership and responsibilities of the Committee

The Committee is made up of non-executive directors and chaired by Martin Robinson, the Company's senior independent non-executive director. During the year the members of the Committee were:

- Martin Robinson
- Lance Browne
- Ulrich Ogiermann
- Douglas Sutherland

The Committee met seven times during the year.

The Committee has responsibility for determining, in consultation with the Chairman and/or Chief Executive as appropriate, the total remuneration package of each executive director and senior manager, including bonuses, incentive payments and share options or other share awards.

The Board has delegated to the Committee responsibility to:

- determine and agree with the Board the remuneration policy for the executive directors and other senior management positions within the Regus Group (the "Group"); and
- approve the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes.

The Committee received advice on executive remuneration from CJW Remuneration Consultants ("CJW"), an external consultancy which has wide experience of executive remuneration in UK listed companies. CJW has no other connection with the Company.

Directors are not permitted, under the Company's Articles of Association, to vote on their own terms and conditions of remuneration.

The Committee's terms of reference are available on the Company's website, www.regus.com. The members of the Committee attend the Company's Annual General Meeting and are available to answer shareholders' questions about directors' remuneration.

Compliance with the best practice provisions

In accordance with the Board's commitment to maintaining high standards of Corporate Governance, the Committee has complied with all remuneration related aspects of the Code during the year.

Remuneration policy

The principal objectives of the Committee's remuneration policy are:

- to focus on rewarding exceptional pay for exceptional performance: executives should be focused on delivering exceptional returns to shareholders over both the short and long term and be given the opportunity to receive exceptional levels of reward if such performance is delivered. Conversely, if returns are conservative, compensation levels should be extremely conservative.
- to provide remuneration packages that will attract, retain and motivate people of the highest calibre and experience needed to shape and execute the Company's strategy and to deliver exceptional shareholder value.

The guiding principles which the Committee has regard to and balances, as far as practicable, in determining policy and objectives for 2009 and future years are:

- to maintain a competitive package of total compensation, commensurate with comparable packages available with similar companies operating in similar markets (the "Comparator Group");
- to make a significant percentage of potential maximum reward conditional on short and long-term performance;
- to ensure that the interests of the executives are closely aligned with those of the Company's shareholders through the provision of share based incentives;
- to link reward to the satisfaction of targeted objectives which are the main drivers of shareholder value; and
- to be sensitive in determining executive directors' remuneration to pay and employment conditions throughout the Group.

In order to achieve the above policy, and in light of market conditions, the monthly living allowance provided to the Chief Executive Officer was terminated in September 2009. All other fixed elements of the executives' compensation package for 2009 remained unchanged from 2008.

This ensured a greater weighting towards variable remuneration with the opportunity for total compensation packages to be in the upper quartile within the Comparator Group dependent upon the degree to which the associated stringent performance conditions attached to the short and long term incentive schemes had been satisfied.

Remuneration report continued

The table below illustrates the balance between fixed and performance related (variable) compensation for each executive director for the year ended 31 December 2009:

	Mark Dixon Chief Executive Officer %	Stephen Gleadle Chief Financial Officer %
Fixed	37.9	37.0
Variable	62.1	63.0

Fixed compensation comprises salary, benefits and pension contributions. Variable compensation only comprises the total fair value of share awards granted in the year as no annual cash bonus was payable in relation to the year ended 31 December 2009.

The main elements of the packages and the performance conditions are described below.

Non-executive directors are remunerated with fees, set at levels that are sufficient to attract and retain their services and are in line with market rates. The non-executive directors do not receive any pension or other benefits, other than appropriate expenses, nor do they participate in any bonus or share option schemes.

Service contracts

Details of contracts currently in place for directors are as follows:

	Effective date of contract	Term	Notice period and maximum provision for compensation
Executive			
Mark Dixon	14.10.08	–	12 months
Stephen Gleadle	14.10.08	–	12 months
Non-executive			
John Matthews	27.08.08	3 yrs	6 months
Lance Browne	27.08.08	3 yrs	6 months
Ulrich Ogiermann	27.08.08	3 yrs	6 months
Martin Robinson	27.08.08	3 yrs	6 months
Douglas Sutherland	27.08.08	3 yrs	6 months

Remuneration packages

The remuneration for executive directors during the year comprised a basic salary, a benefit package, and participation in the Company's share incentive arrangement, the Regus plc Co-Investment Plan.

Basic salary and benefits

The basic salaries of executive directors are reviewed annually and any increases are effective from 1 January.

In light of current market conditions salaries for the Chief Executive Officer and Chief Financial Officer during 2010 will be unchanged from 2009, being £522,750 and £300,000 respectively.

Benefits comprise a company car or allowance, fuel, private medical insurance and a disturbance allowance, the Chief Executive's living allowance having ceased in September 2009.

Annual bonus scheme

The Committee believes firmly in the financial effectiveness of short term incentives. Accordingly, incentive schemes are widely used across the business.

The Committee sets bonus targets and eligibility each year.

The maximum bonus potential, for the executive directors, for the year ending 31 December 2009 was 200% of salary, consisting of a standard bonus and a discretionary bonus for exceptional performance.

The Committee has determined that due to current market conditions neither the financial measures and targets relating to the standard bonus nor the exceptional level of performance required for the discretionary bonus were achieved; as such no bonuses will be paid.

For the year ending 31 December 2010 in consideration of current market conditions, the Committee has decided that the standard bonus will remain at a maximum of 100% of salary linked to the achievement of stretching short term financial and individual performance targets, while the maximum discretional element for exceptional out-performance will remain capped at an additional 100%. The discretionary bonus will be based on a self-financing bonus "pool" system defined by reference to a percentage of operating profits in excess of external forecasts based on a consensus of analysts' estimates. It is the intention that the discretionary element of the bonus (if any) will be paid half in cash and half deferred for a period of up to three years and paid in the form of ordinary shares in the Company.

Bonuses are non-pensionable.

Non-executive directors do not receive a bonus.

Pension benefits

The executive directors participate in the Company's Money Purchase (Personal Pension) Scheme. The Company matches contributions up to a maximum of 7.0% of basic salary. The Committee considers that the pension benefits of the executive directors are low compared with comparative companies but prefers to offer enhanced variable compensation (rather than a fixed additional pension contribution).

The Group does not operate a defined benefit pension scheme and has no plans to introduce such a scheme.

Long Term Incentives

Overview

The Company operates three long term incentive plans; the Regus plc Co-investment Plan ("CIP"), the Regus plc Share Option Scheme and the Regus plc 2008 Value Creation Plan (the "VCP").

Co-investment plan

There are two elements to the CIP:

The first element operates in conjunction with the annual bonus whereby a gross bonus of up to 50% of salary will be taken as a deferred amount of shares ("Investment Shares") to be released at the end of a defined period of not less than three years, with the balance paid in cash.

Awards of Matching Shares are linked to the number of Investment Shares awarded and will vest depending on the Company's future performance (see overleaf). Matching Shares are awarded at no cost to the participants.

The maximum number of Matching Shares which can be awarded to a participant in any calendar year under the CIP is 200% of salary. As such the maximum number of Matching Shares which can be awarded based on Investment Shares awarded is in the ratio of 4:1.

Grants during the year ending 31 December 2009:

	Mark Dixon	Stephen Gleadle
CIP award face value (%age of salary)	200%	200%
Fair value* of CIP award	£765,688	£439,419
Fair value of CIP award as a %age of Salary	146%	146%

* The fair value was calculated by taking the face value of the shares on the date of award and adjusting this value by the historic probability of performance conditions being satisfied at this date (in accordance with the principles of IFRS 2).

As indicated in last year's Remuneration Report, the Committee felt it inappropriate to set specific performance conditions for Matching Shares awarded in March 2008 and March 2009 (details of awards to executive directors are set out on pages 71 and 72) but were committed to carrying out a thorough review of the matter during 2009. Following external advice and discussions with the main institutional shareholder committees it has been agreed that the following conditions will apply to these awards:

- The total number of Matching Shares under the awards made to each participant in 2008 and 2009 will be divided into three separate equal amounts and will be subject to future performance periods of three, four and five years respectively. Thus, conditional on meeting the performance targets, the first amount will not vest until March 2013, the second will not vest until March 2014 and the third will not vest until March 2015 (subject to scaled down provisions for "good leavers"). These vesting dates relate to the financial years ending on 31 December 2012, 31 December 2013 and 31 December 2014 respectively.
- The vesting of these awards will be subject to the achievement of challenging corporate performance conditions. 75% of each of the three amounts will be subject to defined Earnings per Share ("EPS") targets over the respective performance periods. The remaining 25% of each will be subject to relative Total Shareholder Return ("TSR") targets over the respective performance periods. The EPS and TSR targets will be measured independently of each other. Details of the targets are as follows:

EPS targets (75% of each award):

Vesting Scale	EPS targets years ending		
	2012	2013	2014
25%	15p	17p	18p
50%	16p	20p	22p
75%	17p	23p	26p
100%	18p	26p	30p

Notes;

(a) These targets represent approximate growth in EPS in the range of 270% – 550% compared to the EPS of 5.5p for the 2009 base year.

(b) None of these shares will vest in the respective year shown above unless the minimum EPS target for that year is achieved.

(c) As in previous years the adjusted EPS is derived from basic EPS adjusted to take into account factors such as:

- a growth company such as Regus, costs are necessarily incurred in one year to drive profits in future years. As such it is important to ensure management is not encouraged to cut back on these investments to meet EPS targets in any one year. Accordingly, any such costs incurred in the potential vesting year will be excluded from the EPS calculation;
- any one-off exceptional costs will also be excluded.

The Committee will retain the discretion to take into account other factors in its determination of adjusted EPS. However, when exercising its discretion, the Committee will ensure that any such adjustments are made to reflect the underlying real earnings of the Company and not for the benefit of participants in the CIP including the executive directors.

TSR targets (25% of each award):

Regus TSR % achieved relative to FTSE All Share Total Return Index*	% of shares vesting
100%	Nil
Above 100% but below 101%	25%
For each complete 1% above 100%	+ 0.75%
200% or above	100%

* over three years' performance.

Note; The All Share index was considered the most appropriate relative measure, there being no obvious comparator group or sector that relates to the Company's business.

- The awards of Matching Shares made in March 2007 (normal vesting date March 2010) failed to meet the related performance conditions and therefore lapse but the associated Investment Shares will be released to participants (subject to any tax liabilities) in accordance with the Rules of the CIP (details of awards to executive directors are set out on pages 71 and 72).
- No Investment Shares or Matching Shares are being awarded in March 2010.

The second element of the CIP provides for the Committee to make stand alone long term incentive awards ("LTIPs") without reference to annual bonus up to a maximum of 100% of salary per calendar year. An LTIP is a conditional right over a specified number of shares with the release being dependent on the extent to which (if at all) the challenging performance conditions set by the Committee at the time of the LTIP award are satisfied. Having taken external advice and discussed the matter with the main institutional shareholder committees,

Remuneration report continued

the Committee, against the background of the exceptionally difficult economic conditions during 2009, decided that it is appropriate to make LTIP awards to the executive directors of up to 100% of salary in March 2010. However, the performance conditions will mirror those set for the outstanding 2008 and 2009 Matching Awards over a three year performance period (normal vesting date March 2013 therefore) as follows:

EPS targets (75% of each award):

Vesting Scale	EPS Target for year ending 2012
25%	15p
50%	16p
75%	17p
100%	18p

Notes;

(a) The target represents approximate growth in EPS in the range of 270% – 330% compared to the EPS of 5.5p for the 2009 base year.

(b) No shares will vest unless the minimum EPS target shown above is achieved.

(c) As per note (c) on page 35.

TSR targets (25% of each award):

Regus TSR % achieved relative to FTSE All Share Total Return Index*	% of shares vesting
100%	Nil
Above 100% but below 101%	25%
For each complete 1% above 100%	+ 0.75%
200% or above	100%

* over three years' performance.

Note; The All Share index was considered the most appropriate relative measure, there being no obvious comparator group or sector that relates to the Company's business.

Share Option Scheme

The options granted to executive directors prior to the introduction of the CIP are set out below. The Company continues to grant options on an ad hoc basis to certain non-participants of the CIP.

Regus plc 2008 Value Creation Plan (the "VCP")

The VCP was introduced in 2008 with the objective of delivering exceptional rewards to participants provided absolute returns to shareholders are exceptional.

The VCP operates over a 5 year period from May 2008 to March 2013. Participants in the VCP are granted entitlements ("VCP Entitlements") to receive a maximum number of shares which shall be earned by the conversion of the VCP Entitlements into an option or series of options (the "VCP Options") which may be granted on certain dates (the "Measurement Dates") based on the Company's share price performance. The exercise price for VCP Options will be the closing share price on the date of the Company's 2008 AGM.

VCP Entitlements granted in 2008:

	Mark Dixon	Stephen Gleadle
Number of shares subject to VCP Entitlement*	3,500,000	3,000,000

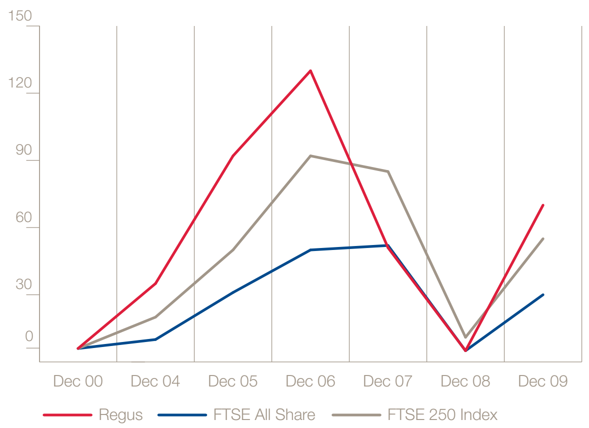
* VCP Entitlements hold no value.

The share price of the Company will be calculated at each Measurement Date the first of which is 31st March 2010, and compared against a matrix of extremely stretching fixed share price targets to determine the number of shares subject to the VCP Entitlement which a VCP Option will be granted over. If a lower share price target is achieved a VCP Option shall be granted over a lesser number of shares with the ability for the balance to be received at a subsequent measurement date subject to relevant share price targets being achieved.

The share price targets for the VCP Entitlements granted in 2008 are as set out in the following table:

	Measurement date			
	31/03/10	31/03/11	31/03/12	31/03/13
	Shares awarded less shares already awarded)			
Share price is less than £2.60	–	–	–	–
Share price is more than £2.60 but less than £3.50	2.5m	1.8m	1.2m	0.6m
Share price is more than £3.50 but less than £4.50	3.5m	2.5m	1.8m	1.2m
Share price is £4.50 or more	–	3.5m	2.5m	1.8m

Total Shareholder Return (TSR)



The above graph shows the Company's performance, measured by TSR for the Group compared with the performance of the FTSE 250 Index and the All Share Index. The Committee consider the FTSE 250 Index relevant since it is an index of companies of similar size to the Company. As detailed earlier in the report the Company considers its TSR performance for share awards under the CIP in comparison to that of the All Share Index.

External appointments

As at 31 December 2009 the executive directors did not hold any external positions for which they received fees. Executive directors are permitted to accept appointments on external boards or committees so long as these are not deemed to interfere with the business of the Group. Any fees received in respect of these appointments would be retained directly by the relevant executive director.

Directors' emoluments

The aggregate emoluments, excluding pensions of the directors were as follows:

	2009					
	Salary £'000	Fees £'000	Benefits £'000	Compensation for loss of office £'000	Bonus £'000	Total £'000
Chairman						
John Matthews[(a)]		**137.9**		**73.1**		**211.0**
Executive						
Mark Dixon	**522.8**	**–**	**68.2**		**–**	**591.0**
Stephen Gleadle	**300.0**	**–**	**26.4**		**–**	**326.4**
Non-executive						
Martin Robinson[(c)]		**2.3**		**57.2**		**59.5**
Lance Browne[(d)]		**47.5**				**47.5**
Ulrich Ogiermann[(e)]		**40.0**				**40.0**
Douglas Sutherland[(f)]		**46.0**				**46.0**
	822.8	**273.7**	**94.6**	**130.3**	**–**	**1,321.4**

	2008					
	Salary £'000	Fees £'000	Benefits £'000	Compensation for loss of office £'000	Bonus £'000	Total £'000
Chairman						
John Matthews[(a)]		237.2				237.2
Executive						
Mark Dixon	522.8	–	101.7		449.5	1,074.0
Rudy Lobo[(g)]	220.6	–	11.3		189.7	421.6
Stephen Gleadle[(b)]	300.0	–	19.0		288.0	607.0
Non-executive						
Martin Robinson[(c)]		47.6				47.6
Lance Browne[(d)]		16.4				16.4
Ulrich Ogiermann		13.8				13.8
Douglas Sutherland[(f)]		15.9				15.9
Roger Orf[(g)]		41.0				41.0
Stephen East[(g)]		39.5				39.5
	1,043.4	411.4	132.0		927.2	2,514.0

(a) For 2009, John Matthews agreed to serve on a reduced fee of £114,000 for acting as the Group's Chairman. Following his decision to retire as Chairman announced on 14 December 2009, he received his full fee from that date together with the amount by which his fee had been reduced during 2009. This reflected a basic fee of £190,000 with an additional fee of £6,000 in his capacity as Chairman of the Nomination Committee and a disturbance allowance of £15,000. In 2008, his fee included a fee of £36,000 in relation to the additional work on the Group reorganisation and Scheme of Arrangement and a disturbance allowance effective from 27 August 2008 of £5,178. The fee relates to serving as Chairman of both Regus Group plc (until 14 October 2008) and Regus plc (société anonyme) (from 27 August 2008).

(b) The remuneration for Stephen Gleadle included in 2008, a bonus of £30,000 in relation to the Group reorganisation and Scheme of Arrangement and a disturbance allowance effective from 27 August 2008 of £2,589 was paid.

(c) For 2009, Martin Robinson agreed to take no fees for acting as the Group's senior non-executive director and Chairman of the Remuneration Committee. Following his decision to retire from the Board announced on 14 December 2009, he received his full fee from that date together with the amount by which his fee had been reduced during 2009. This reflected a basic fee of £40,000 with an additional fee of £12,000 in his capacity as senior non-executive director and Chairman of the Remuneration Committee. A disturbance allowance of £7,500 was also paid. In 2008 the remuneration included a basic fee of £40,000 with an additional fee of £4,142 in his capacity as senior non-executive director and Chairman of the Remuneration Committee (effective from 27 August 2008). His fee also included a disturbance allowance effective from 27 August 2008 of £2,589. The fee relates to serving as a non-executive director of both Regus Group plc (until 14 October 2008) and Regus plc (société anonyme) (from 27 August 2008).

(d) The remuneration for Lance Browne includes an annualised basic fee of £40,000 and a disturbance allowance of £7,500. The fee for 2008 relates to serving as a non-executive director of Regus plc (société anonyme) for the period from 27 August 2008 on a pro rata basis.

(e) The remuneration for Ulrich Ogiermann includes an annualised basic fee of £40,000. The fee for 2008 relates to serving as a non-executive director of Regus plc (société anonyme) for the period from 27 August 2008 on a pro rata basis.

(f) The remuneration for Douglas Sutherland includes a basic fee of £40,000 with an additional fee of £6,000 in his capacity as Chairman of the Audit Committee. The fee for 2008 relates to serving as a non-executive director of Regus plc (société anonyme) for the period from 27 August 2008 on a pro rata basis.

(g) The remuneration for 2008 only includes the remuneration paid during the year in the capacity as directors of Regus Group plc until 14 October 2008.

Remuneration report continued

Mark Dixon was the highest paid Director in both 2009 and 2008. Benefits include car and fuel allowance, medical insurance and life assurance and, for Stephen Gleadle, a disturbance allowance. Up to 1 September 2009 Mark Dixon also received a living allowance (2009: £66,667; 2008: £100,000).

Pension contributions

£'000	2009	2008
Mark Dixon	**36.6**	36.6
Rudy Lobo (until 14 October 2008)	**–**	15.4
Stephen Gleadle	**21.0**	21.0
	57.6	73.0

Directors' share interests

The following directors held beneficial interests in the share capital of the Company at 31 December 2008, 31 December 2009 and 22 March 2010.

	22 March 2010	31 December 2009	31 December 2008
	Ordinary Shares of 1p	Ordinary Shares of 1p	Ordinary Shares of 1p
Executive			
Mark Dixon[(a)]	320,141,288	320,141,288	359,058,783
Rudy Lobo[(b)]	N/A	N/A	N/A
Stephen Gleadle	121,500	121,500	121,500
Non-executive			
John Matthews		1,031,082	961,397
Roger Orf[(b)]	N/A	N/A	N/A
Martin Robinson		215,978	190,509
Stephen East[(b)]	N/A	N/A	N/A
Lance Browne		–	–
Ulrich Ogiermann		17,146	–
Douglas Sutherland		350,000	150,000

(a) The interests of Mark Dixon are held indirectly through Estorn Limited, an entity in which Mark Dixon controls 100% of the share capital. Mark Dixon's maximum potential controlling position as at 22 March 2010, assuming conversion or exercise of all options and subscription rights held by him and which are the subject of Rule 9 waivers granted by the Panel on Takeovers and Mergers and approved by independent shareholders, is 326,325,451 ordinary shares. No issues of new Regus securities have been made to Mr. Dixon since the Company's last annual general meeting held on 18 May 2009. Mr. Dixon's maximum potential controlling position is lower than the figure disclosed in the circular relating to the Company's annual general meeting held on 18 May 2009 (being 361,325,451 ordinary shares) as a result of the sale of 35,000,000 ordinary shares by Estorn, on behalf of Mr. Dixon, on 15 September 2009).

(b) Resigned 14 October 2008.

Directors' share options

As at 22 March 2010, the beneficial interest of the directors in options granted under the Regus plc Share Option Plan are shown below.

Director	Grant date	Interest in options and awards over ordinary shares	Exercise price (p)	Date from which exercisable	Expiry date of grant or award
Mark Dixon	08/09/04	1,708,108	64.75	08/09/07	08/09/14

All options were granted at the then prevailing market price. There have been no movements in the year. All the options vested and became exercisable in September 2007.

Directors' interests under the Long Term Incentive Plan ("LTIP")

Details of awards over ordinary shares in the Company granted to the directors under the LTIP, as nil cost options, are as follows:

					LTIP
	At 1 January 2009	Awards Lapsed March 2009	Awards Awards March 2009	December Exercised	At 31 2009
Mark Dixon	337,398	269,918	67,480	269,918*	–
Stephen Gleadle	325,203	260,162	65,041	–	260,162

* exercised 23 March 2009 – market price 66.25 pence.

80% of the LTIP Awards granted on 3 November 2005 vested in March 2009 and 20% lapsed as a result of the failure to fully attain the related performance conditions attaching to the awards. The entitlement to the 2005 LTIP awards was subject to the achievement of performance conditions over a three year period as detailed in the 2008 Remuneration Report. The performance period for the LTIP Awards was 3 November 2005 to 31 December 2008.

No LTIP Awards were granted during the year.

Directors' interests under the CIP

Details of awards over ordinary shares in the Company granted to the directors under the CIP, all for nil consideration, are as follows:

						CIP
	At 1 January 2009	Awards released March 2009	Awards lapsed 2009	Awards Exercised	Awards made March 2009	At 31 December 2009
Investment Shares						
Mark Dixon	689,639	193,473	–	193,473*	399,045	895,211
Stephen Gleadle	243,111	–	–	–	229,007	472,118
Matching shares						
Mark Dixon	2,758,556	619,114	872,362	619,114*	1,596,180	2,863,260
Stephen Gleadle	972,444	–	351,328	–	916,028	1,537,144

* exercised 23 March 2009 – market price 66.25 pence.

During the year the CIP Investment Shares awarded in March 2006 were released. In addition, 80% of the CIP Matching Shares awarded in 2006 vested and 20% lapsed as a result of a failure to fully attain the related performance conditions attaching to the awards. This was detailed in the 2008 Remuneration Report. All of the Matching Shares awarded in March 2007 (normal vesting date March 2010) failed to meet the related performance conditions and therefore lapsed.

The performance period for the CIP Matching Share Awards granted in 2009 are set out in the CIP section on page 35. The entitlement to Matching Shares under the CIP is subject to achieving the performance conditions referred to in the CIP section on page 35.

The market price of the Company's ordinary shares at 31 December 2009 was 91.5p and the range during the year was 45.0p to 119.3p.

None of the directors had a beneficial interest in any contract of any significance in relation to the business of the Company or its subsidiaries at any time during the financial year.

Annual resolution

Shareholders will be given the opportunity to approve the Remuneration Report at the AGM on 18 May 2010.

Audit requirement

Under Luxembourg law and regulations there is no requirement for the sections on directors' remuneration, shareholdings and pension benefits on pages 37 to 39 inclusive to be audited; therefore all sections of the Remuneration Report are un-audited.

On behalf of the Board

Martin Robinson
Chairman,
Remuneration Committee
22 March 2010

Auditor's report

To the Shareholders of

Regus plc S.A.
26, Boulevard Royal
L-2449 Luxembourg

Report of the Réviseurs d'Entreprises on the consolidated financial statements

We have audited the consolidated financial statements of Regus plc S.A., which comprise the consolidated balance sheet as at December 31, 2009 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 41 to 84.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the Réviseur d'Entreprises

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the Institut des Réviseurs d'Entreprises. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the Réviseur d'Entreprises, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements set out on pages 41 to 84 give a true and fair view of the consolidated financial position of Regus plc S.A. as of December 31, 2009, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The consolidated Directors' report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements.

Luxembourg, 22 March 2010

KPMG Audit S.à r.l.
Réviseurs d'Entreprises

Thierry Ravasio

Consolidated income statement

	notes	Year ended 31 Dec 2009 Total £m	Year ended 31 Dec 2008 Total £m
Revenue	3	**1,055.1**	1,077.2
Cost of sales		**(819.5)**	(771.5)
Gross profit (centre contribution)		**235.6**	305.7
Administration expenses (including exceptional restructuring and reorganisation costs of £2.6m (2008: £4.8m))		**(167.9)**	(158.3)
Operating profit (before exceptional income)	5	**67.7**	147.4
Exceptional net income from legal settlement	6	**18.3**	–
Operating profit		**86.0**	147.4
Share of post-tax profit of joint ventures	20	**2.0**	2.3
Profit before financing costs		**88.0**	149.7
Finance expense	8	**(4.4)**	(6.8)
Finance income	8	**3.3**	6.3
Profit before tax for the year		**86.9**	149.2
Tax charge	9	**(19.2)**	(34.3)
Profit after tax for the year		**67.7**	114.9
Attributable to:			
Equity shareholders of the parent		**67.0**	113.9
Non-controlling interests		**0.7**	1.0
		67.7	114.9
Earnings per ordinary share (EPS) after exceptional:			
Basic (p)	10	**7.1**	12.0
Diluted (p)	10	**7.0**	11.8

Consolidated statement of comprehensive income

	Year ended 31 Dec 2009 £m	Year ended 31 Dec 2008 £m
Profit for the year	**67.7**	114.9
Other comprehensive income:		
Foreign currency translation differences for foreign operations	**(29.9)**	87.1
Other comprehensive income for the year, net of income tax	**(29.9)**	87.1
Total comprehensive income for the year	**37.8**	202.0
Total comprehensive income attributable to:		
Equity shareholders of the parent	**37.1**	201.0
Non-controlling interests	**0.7**	1.0
	37.8	202.0

Consolidated statement of changes in equity

	Share capital £m	Treasury shares £m	Foreign currency translation reserve £m	Revaluation reserve £m	Other £m	Retained earnings £m	Total equity attributable to equity holders £m	Non-controlling interests £m	Total equity £m
	Attributable to equity holders of the parent[a]								
Balance at 1 January 2008	**49.2**	**(13.4)**	**(20.1)**	**10.0**	**(22.6)**	**306.2**	**309.3**	**0.5**	**309.8**
Total comprehensive income for the year:									
Profit for the year	–	–	–	–	–	113.9	113.9	1.0	114.9
Other comprehensive income:									
Currency translation differences	–	–	87.1	–	–	–	87.1	–	87.1
Total other comprehensive income	–	–	87.1	–	–	–	87.1	–	87.1
Total comprehensive income for the year	–	–	87.1	–	–	113.9	201.0	1.0	202.0
Transactions with owners, recorded directly in equity:									
Share based payments	–	–	–	–	–	4.8	4.8	–	4.8
Ordinary dividend paid	–	–	–	–	–	(15.2)	(15.2)	–	(15.2)
Dividend paid to non-controlling interest	–	–	–	–	–	–	–	(1.2)	(1.2)
Scheme of Arrangement[b]	(37.9)	–	–	–	37.9	–	–	–	–
Purchase of treasury shares in Regus Group plc	–	(18.5)	–	–	–	–	(18.5)	–	(18.5)
Cancellation of treasury shares in Regus Group plc	(1.8)	31.9	–	–	–	(30.1)	–	–	–
Purchase of treasury shares in Regus plc	–	(1.4)	–	–	–	–	(1.4)	–	(1.4)
Balance at 31 December 2008	**9.5**	**(1.4)**	**67.0**	**10.0**	**15.3**	**379.6**	**480.0**	**0.3**	**480.3**
Total comprehensive income for the year:									
Profit for the year	–	–	–	–	–	67.0	67.0	0.7	67.7
Other comprehensive income:									
Currency translation differences	–	–	(29.9)	–	–	–	(29.9)	–	(29.9)
Total other comprehensive income	–	–	(29.9)	–	–	–	(29.9)	–	(29.9)
Total comprehensive income for the year	–	–	(29.9)	–	–	67.0	37.1	0.7	37.8
Transactions with owners, recorded directly in equity:									
Revaluation of acquisition	–	–	–	0.5	–	–	0.5	–	0.5
Share based payments	–	–	–	–	–	0.7	0.7	–	0.7
Deferred tax effect of share options	–	–	–	–	–	0.6	0.6	–	0.6
Ordinary dividend paid	–	–	–	–	–	(19.0)	(19.0)	–	(19.0)
Dividend paid to non-controlling interest	–	–	–	–	–	–	–	(1.0)	(1.0)
Settlement of share awards	–	1.0	–	–	–	(1.4)	(0.4)	–	(0.4)
Balance at 31 December 2009	**9.5**	**(0.4)**	**37.1**	**10.5**	**15.3**	**427.5**	**499.5**	**–**	**499.5**

(a) Total reserves attributable to equity holders of the parent

- Share capital represents the net proceeds (the nominal value) on the issue of the Company's equity share capital (and prior to 14 October 2008 the equity share capital of Regus Group plc).
- At 31 December 2009 Treasury shares represent 1,576,498 ordinary shares of the Group that were acquired for the purposes of the Group's employee share option plans and the share buyback programme. During the period, 627,258 shares were purchased in the open market and an additional 4,373,502 of treasury shares held by the Group were utilised to satisfy the exercise of share awards by employees. As at 22 March 2010, 1,076,498 treasury shares were held.
- The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries and joint ventures.
- The revaluation reserve arose on the restatement of the assets and liabilities of the UK associate from historic cost to fair value at the time of the acquisition of the outstanding 58% interest on 19 April 2006. The increase of £0.5 million in the historic cost to fair value arises at the time of the acquisition of the remaining 50% interest in REBC on 31 December 2009.
- Other reserves include £37.9 million arising from the Scheme of Arrangement undertaken on 14 October 2008, £6.5 million relating to merger reserves and £0.1 million to the redemption of preference shares partly offset by £29.2 million arising from the Scheme of Arrangement undertaken in 2003.

(b) On 14 October 2008, the Group entered into a Court approved Scheme of Arrangement. As a result of the Scheme of Arrangement shares in Regus Group plc were cancelled and shares in the new Group holding company, Regus plc, were issued on the basis of one Regus plc share (nominal value one pence) for one share previously held in Regus Group plc (nominal value five pence). As a result the shareholders of Regus Group plc became the shareholders of Regus plc. The transaction was accounted for as a reverse acquisition and consequently the aggregate of the Group reserves have been attributed to Regus plc.

Consolidated balance sheet

	notes	As at 31 Dec 2009 £m	As at 31 Dec 2008 £m
Non-current assets			
Goodwill	12	**259.1**	274.5
Other intangible assets	13	**48.3**	55.8
Property, plant and equipment	14	**240.9**	278.0
Deferred tax assets	9	**65.1**	79.0
Other long term receivables	15	**33.0**	38.3
Investments in joint ventures	20	**4.4**	4.0
		650.8	729.6
Current assets			
Trade and other receivables	16	**202.8**	231.8
Corporation tax receivable		**10.1**	8.3
Liquid investments	22	**40.0**	–
Cash and cash equivalents	22	**205.1**	219.5
		458.0	459.6
Total assets		**1,108.8**	1,189.2
Current liabilities			
Trade and other payables	17	**(176.7)**	(214.8)
Customer deposits		**(149.3)**	(174.8)
Deferred income		**(114.7)**	(132.6)
Corporation tax payable		**(52.5)**	(61.7)
Obligations under finance leases	18	**(1.4)**	(1.3)
Bank and other loans	18	**(6.0)**	(5.1)
Provisions	19	**(3.9)**	(2.0)
		(504.5)	(592.3)
Net current liabilities		**(46.5)**	(132.7)
Total assets less current liabilities		**604.3**	596.9
Non-current liabilities			
Other payables	17	**(94.1)**	(99.8)
Obligations under finance leases	18	**(0.7)**	(1.7)
Bank and other loans	18	**–**	(0.2)
Deferred tax liability	9	**(0.7)**	(5.4)
Provisions	19	**(8.2)**	(8.5)
Provision for deficit on joint ventures	20	**(1.1)**	(1.0)
		(104.8)	(116.6)
Total liabilities		**(609.3)**	(708.9)
Total assets less liabilities		**499.5**	480.3
Total equity			
Issued share capital	21	**9.5**	9.5
Treasury shares		**(0.4)**	(1.4)
Foreign currency translation reserve		**37.1**	67.0
Revaluation reserve		**10.5**	10.0
Other reserves		**15.3**	15.3
Retained earnings		**427.5**	379.6
Total shareholders' equity		**499.5**	480.0
Non-controlling interests		**–**	0.3
Total equity		**499.5**	480.3
Total equity and liabilities		**1,108.8**	1,189.2

Approved by the Board on 22 March 2010.

Mark Dixon
Chief Executive Officer

Stephen Gleadle
Chief Financial Officer

Consolidated cash flow statement

	notes	Year ended 31 Dec 2009 £m	Year ended 31 Dec 2008 £m
Profit before tax for the year		**86.9**	149.2
Adjustments for:			
Net finance costs		**1.1**	0.5
Net share of profit on joint ventures		**(2.0)**	(2.3)
Depreciation charge		**66.4**	56.2
Loss on disposal of property, plant and equipment		**0.7**	0.7
Amortisation of intangible assets		**6.7**	6.3
Increase/(Decrease) in provisions		**2.3**	(1.5)
Exceptional net income		**(18.3)**	–
Other non-cash movements – share based payments		**0.7**	4.8
Operating cash flows before movements in working capital		**144.5**	213.9
Decreases/(Increase) in trade and other receivables		**18.6**	(6.2)
(Decrease)/Increase in trade and other payables		**(58.0)**	41.9
Cash generated from operations (before exceptional net income)		**105.1**	249.6
Cash inflow from exceptional item		**18.3**	–
Cash generated from operations (after exceptional net income)		**123.4**	249.6
Interest paid on finance leases		**(0.1)**	(0.2)
Interest paid on credit facilities		**(1.5)**	(4.0)
Tax paid		**(24.3)**	(31.3)
Net cash inflow from operating activities		**97.5**	214.1
Investing activities			
Purchase of subsidiary undertakings (net of cash acquired)	25	**1.0**	(12.1)
Dividends received from joint ventures		**1.0**	1.0
Sale of property, plant and equipment		**0.2**	0.9
Purchase of property, plant and equipment		**(46.9)**	(87.7)
Purchase of intangible assets		**(1.6)**	(2.6)
Interest received		**1.8**	5.3
Increase in liquid investments		**(40.0)**	–
Net cash outflow from investing activities		**(84.5)**	(95.2)
Financing activities			
Net proceeds from issue of loans		**1.5**	–
Repayment of loans		**(0.4)**	(36.1)
Repayment of capital elements of finance leases		**(1.4)**	(1.4)
Purchase of treasury shares		**–**	(19.9)
Settlement of share awards		**(0.4)**	–
Payment of ordinary dividend		**(19.0)**	(15.2)
Payment of dividend to non-controlling interest		**(1.0)**	(1.2)
Net cash outflow from financing activities		**(20.7)**	(73.8)
Net (decrease)/increase in cash and cash equivalents		**(7.7)**	45.1
Cash and cash equivalents at beginning of year		**219.5**	142.9
Effect of exchange rate fluctuations on cash held		**(6.7)**	31.5
Cash and cash equivalents at end of year	22	**205.1**	219.5

Notes to the accounts

1. Authorisation of financial statements

The Group and Company financial statements for the year ended 31 December 2009 were authorised for issue by the Board of directors on 22 March 2010 and the balance sheets were signed on the Board's behalf by Mark Dixon and Stephen Gleadle. Regus plc S.A. is a public limited company incorporated in Jersey and registered and domiciled in Luxembourg. The Company's ordinary shares are traded on the London Stock Exchange.

The Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). The Company is required to prepare its parent company financial statements in accordance with Luxembourg GAAP; extracts from these are presented on page 85.

2. Accounting policies

Basis of preparation

The Group financial statements consolidate those of the parent company and its subsidiaries (together referred to as the "Group") and equity account the Group's interest in the associate and jointly controlled entities. The extract from the parent company financial statements presents information about the Company as a separate entity and not about its Group.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements. Amendments to adopted IFRSs issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") with an effective date from 1 January 2009 did not have a material effect on the Group financial statements.

- IFRS 8 "Operating Segments" requires that operating segments are determined and presented based on the information that is presented internally to the Board (the chief operating decision maker of the Group). Previously operating segments were determined and presented in accordance with IAS 14 "Segment Reporting". Details of the basis on which the operating segments have been determined and presented are included in note 3 to the notes to the accounts. Comparative information has been re-presented in line with the transitional requirements of IFRS 8. The change in accounting policy only impacts the disclosure of segmental information and therefore has no impact on the financial results or position of the Group.

- Amendments to IAS 1 "Presentation of Financial Statements (2007)'' requires that all owner changes in equity are presented in the consolidated statement of changes in equity and all non-owner changes in equity are presented in the consolidated statement of comprehensive income. This presentation has been applied as at and for the year ended 31 December 2009. Comparative information has been re-presented in line with the requirements of the revised standard. As the change in accounting policy only impacts disclosure aspects there is no impact on the financial results or position of the Group.

- The adoption of other amendments that were effective for the year beginning 1 January 2009, including the amendment to IFRS 2 "Share-Based Payment: – Vesting Conditions and Cancellations"; amendment to IFRS 7 "Financial Instruments and Disclosures – Improving Disclosures about Financial Instruments" and amendments to IAS 39 "Financial Instruments: Recognition and Measurement", did not have a material impact on the financial statements.

Judgements made by the directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 31.

The financial statements are prepared on a historical cost basis, with the exception of certain financial assets and liabilities that are measured at fair value.

The directors, having made appropriate enquiries, have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Accounts on pages 41 to 86.

In adopting the going concern basis for preparing the financial statements, the directors have considered the further information included in the business activities commentary as set out on pages 12 to 15 as well as the Group's principal risks and uncertainties as set out on pages 28 to 30.

Further details on the going concern basis of preparation can be found in note 23 to the notes to the accounts on page 66.

The Group and Company financial statements are presented in Pounds Sterling and all values are in million pounds, rounded to one decimal place, except where indicated otherwise.

The attributable results of those companies acquired or disposed of during the year are included for the periods of ownership.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised income and expense of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases or the associate qualifies as a disposal group at which point the investment is carried at the lower of fair value less costs to sell and carrying value.

Joint ventures include jointly controlled entities that are those entities over whose activities the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's share of the total recognised gains and losses of jointly controlled entities on an equity accounted basis, from the date that joint control commences until the date that joint control ceases or the jointly controlled entity qualifies as a disposal group at which point the investment is carried at the lower of fair value less costs to sell and carrying value.

When the Group's share of losses exceeds its interest in a joint venture, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of a joint venture.

2. Accounting policies continued

On 19 April 2006 the Group acquired the remaining 58% of the shares of the UK business that were not already owned by the Group. As a result the Group fully consolidated the UK business from that date. The acquisition was accounted for through the purchase method and as a consequence the entire assets and liabilities of the UK business were revalued to fair value. The effect of these adjustments on the 42% of the UK business already owned was reflected in the revaluation reserve.

On 14 October 2008, Regus plc acquired the entire share capital of Regus Group plc in exchange for the issue of new shares of Regus plc on the basis of one share in Regus plc for one share held previously in Regus Group plc. At the date of the transaction, Regus plc had nominal assets and liabilities and therefore the transaction was accounted for as a reverse acquisition of Regus plc by Regus Group plc. Consequently no fair value acquisition adjustments were required and the aggregate of the Group reserves have been attributed to Regus plc.

Goodwill

All business combinations are accounted for using the purchase method. Goodwill represents the difference between the cost of acquisition over the share of the fair value of identifiable assets (including intangible assets), liabilities and contingent liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition.

Business combinations that took place prior to the Group's transition date to IFRS on 1 January 2004 have not been restated under the requirements of IFRS.

Positive goodwill is stated at cost less any provision for impairment in value. An impairment test is carried out annually and, in addition, whenever indicators exist that the carrying amount may not be recoverable. Positive goodwill is allocated to cash generating units for the purpose of impairment testing.

Adopted IFRSs not yet applied

The Group did not adopt the following standards, interpretations and amendments to standards which were available for optional early adoption and relevant to the Group:

- IFRS 3 (Revised) "Business Combinations" is applicable for accounting periods commencing on or after 1 January 2010. The Standard requires a number of changes to be made to the accounting for business combinations. These includes changes in the way in which fair value adjustments are reflected in the financial statements for acquisitions that are completed in stages. In addition, acquisition costs paid to third parties other than the seller in the business acquisition must be expensed and can no longer be included within goodwill. The impact of IFRS 3 (Revised) will depend on the number and nature of future business combinations although it is not expected to have a material impact on the Group's financial statements.
- Improvements to IFRS (2009) contains 15 amendments that result in accounting changes for presentation, recognition or measurement purposes.

The adoption of any of the above standards or amendments to standards is not expected to have a material impact on the Group's financial statements.

The Group will be adopting the above standards or amendments at the year ended 31 December 2010.

Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences. The results are consolidated until the date control ceases or the subsidiary qualifies as a disposal group at which point the assets and liabilities are carried at the lower of fair value less costs to sell and carrying value.

Impairment

The carrying amounts of the Group's assets other than deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, and intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount was estimated at 31 October 2009 and updated in February 2010.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Calculation of recoverable amount

The recoverable amount of relevant assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Intangible assets

Intangible assets acquired separately from the business are capitalised at cost. Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if their fair value can be identified and measured reliably on initial recognition.

Intangible assets are amortised on a straight-line basis over the estimated useful life of the assets as follows:

Brand – Regus brand	Indefinite life
Brand – Other acquired brands	20 years
Computer software	3 – 5 years
Customer lists	1 – 2 years*
Management agreements	Minimum duration of the contract

* Customer lists recognised on the acquisition of the remaining 58% interest in the UK business are amortised over four years.

Amortisation of intangible assets is expensed through administration expenses in the income statement.

Leases
Plant and equipment leases for which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. All other leases, including all of the Group's property leases are categorised as operating leases.

Finance leases
Plant and equipment acquired by way of a finance lease is capitalised at the commencement of the lease at the lower of its fair value and the present value of the minimum lease payments at inception. Future payments under finance leases are included in creditors, net of any future finance charges. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. Finance charges are recognised in the income statement over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases
Minimum lease payments under operating leases are recognised in the income statement on a straight-line basis over the lease term. Lease incentives and rent free periods are included in the calculation of minimum lease payments. The commencement of the lease term is the date from which the Group is entitled to use the leased asset. The lease term is the non-cancellable period of the lease, together with any further periods for which the Group has the option to continue to lease the asset and when at the inception of the lease it is reasonably certain that the Group will exercise that option.

Contingent rentals include rent increases based on future inflation indices or non-guaranteed rental payments based on centre turnover or profitability and are excluded from the calculation of minimum lease payments. Contingent rentals are recognised in the income statement as they are incurred.

Onerous lease provisions are an estimate of the net amounts payable under the terms of the lease to the first break point, discounted at an appropriate weighted average cost of capital.

Exceptional Items
Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance. Such items are included within the income statement caption to which they relate, and are separately disclosed either in the notes to the consolidated financial statements or on the face of the consolidated income statement. Transactions which may give rise to exceptional items are principally restructuring and litigation settlements.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Fixtures and fittings	Over the shorter of the lease term and 10 years
Furniture	10 years
Office equipment and telephones	5 – 10 years
Motor vehicles	4 years
Computer hardware	3 – 5 years

Revenue
Revenue from the provision of services to customers is measured at the fair value of consideration received or receivable (excluding sales taxes).

Workstations
Workstation revenue is recognised when the provision of the service is rendered. Amounts invoiced in advance are deferred and recognised as revenue upon provision of the service.

Customer service income
Service income (including the rental of meeting rooms) is recognised as services are rendered. In circumstances where Regus acts as an agent for the sale and purchase of goods to customers, only the commission fee earned is recognised as revenue.

Management and franchise fees
Fees received for the provision of initial and subsequent services are recognised as revenue as the services are rendered. Fees charged for the use of continuing rights granted by the agreement, or for other services provided during the period of the agreement, are recognised as revenue as the services are provided or the rights used.

Membership card income
Revenue from the sale of membership cards is deferred and recognised over the period that the benefits of the membership card are expected to be provided.

These categories represent all material sources of revenue earned from the provision of global workplace solutions.

2. Accounting policies continued

Employee benefits
The Group's contributions to defined contribution plans and other paid and unpaid benefits earned by employees are charged to the income statement as incurred

Share based payments
The share option programme entitles certain employees and directors to acquire shares of the ultimate parent company; these awards are granted by the ultimate parent.

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black-Scholes valuation model or the Monte Carlo method, taking into account the terms and conditions upon which the options were granted.

The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is due only to share prices not achieving the threshold for vesting.

Share appreciation rights (CIP) are also granted by the Company to certain employees. The fair value of the amount payable to the employee is recognised as an expense with a corresponding increase in equity. The fair value is initially recognised at grant date and spread over the period during which the employees become unconditionally entitled to payment. The fair value of the share appreciation rights is measured based on the Monte Carlo valuation model, taking into account the terms and conditions upon which the instruments were granted.

The Group also operates a Value Creation Plan which awards entitlements to certain employees and directors of the Group. These entitlements are convertible into options over ordinary shares subject to the Group's share price reaching certain targets. The fair value of the amount payable to the employee is recognised as an expense with a corresponding increase in equity. The fair value is initially recognised at the date of the award of the entitlements and spread over the period during which the entitlements are convertible into ordinary shares. The fair value of the entitlements is based on the Monte Carlo valuation model, taking into account the terms and conditions upon which the instruments were granted.

Taxation
Tax on the profit for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets and liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Provisions
A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Restructuring provisions are made for direct expenditures of a business reorganisation where the plans are sufficiently detailed and well advanced and where the appropriate communication to those affected has been undertaken at the balance sheet date.

Provision is made for onerous contracts to the extent that the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be delivered, discounted using an appropriate weighted average cost of capital.

Finance charges
Interest charges and income are accounted for in the income statement on an accruals basis. Financing transaction costs that relate to financial liabilities are charged to interest expense using the effective interest rate method and are recognised within the carrying value of the related financial liability on the balance sheet. Fees paid for the arrangement of credit facilities are recognised as a prepayment and recognised through the finance expense over the term of the facility. In the event of a facility being drawn the relevant unamortised portion of the fee is recognised within the carrying value of the financial liability and charged to the interest expense using the effective interest rate method.

Where assets or liabilities on the Group balance sheet are carried at net present value, the increase in the amount due to unwinding the discount is recognised as a finance expense or finance income as appropriate.

Interest bearing borrowings and other financial liabilities
Financial liabilities, including interest bearing borrowings, are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, financial liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or expire.

Financial liabilities are classified as financial liabilities at fair value through profit or loss where the liability is either held for trading or is designated as held at fair value through profit or loss on initial recognition. Financial liabilities at fair value through profit or loss are stated at fair value with any resultant gain or loss recognised in the income statement.

Financial assets

Financial assets are classified as either at fair value through profit or loss, held to maturity investments, available for sale financial assets or loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined on initial recognition.

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short term receivables when recognition would be immaterial.

Liquid investments compose held to maturity bonds and deposits.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the closing rate of exchange at the balance sheet date and the gains or losses on translation are taken to the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. The results and cash flows of overseas operations are translated using the average rate for the period. Assets and liabilities, including goodwill and fair value adjustments, of overseas operations are translated using the closing rate with all exchange differences arising on consolidation being recognised in the foreign currency translation reserve. Exchange differences are released to the income statement on disposal. Under the transition requirements of IFRS, cumulative translation differences for all foreign operations have been set to zero at 1 January 2004.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and are subject to an insignificant risk of changes in value.

Derivative financial instruments

The Group's policy on the use of derivative financial instruments can be found in note 23. Derivative financial instruments are measured initially at fair value and changes in the fair value are recognised through profit or loss unless the derivative financial instrument has been designated as a cash flow hedge whereby the effective portion of changes in the fair value are deferred in equity.

Foreign currency translation rates

	At 31 December		Annual average	
	2009	2008	**2009**	2008
US dollar	**1.61**	1.45	**1.57**	1.84
Euro	**1.12**	1.03	**1.12**	1.25
Japanese yen	**149**	131	**147**	190

3. Segmental analysis – statutory basis

The Group has implemented IFRS 8 "Operating Segments" with effect from 1 January 2009. There are no changes in the operating segments presented, however this has resulted in a change to the segmental information reported. Comparative information has been presented on a consistent basis.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including those that relate to transactions with other operating segments. An operating segment's results are reviewed regularly by the chief operating decision maker (the Board of Directors of the Group) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The business is run on a worldwide basis but managed through four principal geographical segments; Americas; Europe, Middle East and Africa (EMEA); Asia Pacific; and the United Kingdom. The United Kingdom segment does not include the Group's non-trading holding and corporate management companies that are based in the UK and the EMEA segment does not include the Group's non-trading head office and holding companies that are based in Luxembourg. The results of business centres in each of these regions form the basis for reporting geographical results to the chief operating decision maker. All reportable segments are involved in the provision of global workplace solutions.

The Group's reportable segments operate in different markets and are managed separately because of the different economic characteristics that exist in each of those markets. Each reportable segment has its own discrete senior management team responsible for the performance of the segment.

The accounting policies of the operating segments are the same as those described in the Annual Report and Accounts for Regus plc for the year ended 31 December 2009. The performance of each segment is assessed on the basis of the segment operating profit which excludes certain non-recurring items (including provisions for onerous contracts and asset write-downs), exceptional gains and losses, internal management charges and foreign exchange gains and losses arising on transactions with other operating segments.

3. Segmental analysis – statutory basis continued

	Americas		EMEA		Asia Pacific		United Kingdom		All other operating segments		Total	
	2009 £m	2008 (restated) £m	2009 £m	2008 (restated) £m	2009 £m	2008 (restated) £m	2009 £m	2008 (restated) £m	2009 £m	2008 (restated) £m	2009 £m	2008 (restated) £m
Revenues from external customers	**423.8**	414.9	**306.2**	319.0	**132.3**	120.9	**191.4**	220.8	**1.4**	1.6	**1,055.1**	1,077.2
Revenues from internal customers	**–**	–	**1.1**	0.9	**–**	0.2	**0.9**	1.0	**–**	–	**2.0**	2.1
Segment revenues	**423.8**	414.9	**307.3**	319.9	**132.3**	121.1	**192.3**	221.8	**1.4**	1.6	**1,057.1**	1,079.3
Gross profit (centre contribution)	**92.9**	116.1	**84.1**	110.1	**40.3**	37.6	**19.4**	42.5	**1.0**	1.4	**237.7**	307.7
Reportable segment profit	**35.0**	68.0	**38.7**	70.8	**25.3**	24.2	**(2.9)**	18.4	**0.4**	0.6	**96.5**	182.0
Share of profit of joint ventures	**0.9**	1.3	**1.0**	0.9	**–**	–	**0.1**	0.1	**–**	–	**2.0**	2.3
Finance expense	**(0.1)**	(0.1)	**(0.1)**	(0.1)	**(0.8)**	(0.6)	**(2.0)**	(2.4)	**–**	–	**(3.0)**	(3.2)
Finance income	**0.1**	0.6	**0.4**	0.9	**0.3**	0.2	**0.7**	1.2	**–**	–	**1.5**	2.9
Depreciation and amortisation	**32.5**	26.8	**14.6**	12.3	**10.0**	7.9	**15.6**	15.5	**–**	0.1	**72.7**	62.6
Assets	**469.5**	535.1	**258.8**	297.8	**129.4**	145.6	**292.2**	278.8	**1.4**	1.4	**1,151.3**	1,258.7
Liabilities	**(202.8)**	(245.1)	**(230.6)**	(252.4)	**(113.4)**	(134.2)	**(231.4)**	(171.7)	**(1.1)**	(1.4)	**(779.3)**	(804.8)
Net assets/(liabilities)	**266.7**	290.0	**28.2**	45.4	**16.0**	11.4	**60.8**	107.1	**0.3**	–	**372.0**	453.9
Non-current asset additions	**21.5**	42.0	**11.4**	20.1	**5.0**	13.7	**8.9**	17.2	**–**	0.1	**46.8**	93.1

Revenue in the other segmental category is generated from services related to the provision of outsourced workplace solutions including fees earned from franchise agreements and commissions earned from the sale of outsourced workplace solution products. Revenue from internal customers is determined by reference to current market prices.

£m	Revenue	Gross profit (centre contribution)	Operating profit	Finance expense	Finance income	Depreciation and amortisation	Profit before tax
							2009
Reportable segment results	**1,057.1**	**237.7**	**96.5**	**(3.0)**	**1.5**	**72.7**	**97.0**
Exclude: Internal revenue	**(2.0)**	**(2.0)**	**–**	**–**	**–**	**–**	**–**
Corporate overheads	**–**	**(0.1)**	**(25.2)**	**(1.4)**	**1.8**	**0.4**	**(24.8)**
Central costs	**–**	**–**	**(1.8)**	**–**	**–**	**–**	**(1.8)**
Foreign exchange gains and losses	**–**	**–**	**0.8**	**–**	**–**	**–**	**0.8**
Exceptional items:	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2010 Restructuring Plan	**–**	**–**	**(2.6)**	**–**	**–**	**–**	**(2.6)**
Exceptional net income from legal settlement	**–**	**–**	**18.3**	**–**	**–**	**–**	**18.3**
Published Group total	**1,055.1**	**235.6**	**86.0**	**(4.4)**	**3.3**	**73.1**	**86.9**

£m	Revenue	Gross profit (centre contribution)	Operating profit	Finance expense	Finance income	Depreciation and amortisation	Profit before tax
							2008 (restated)
Reportable segment results	1,079.3	307.7	182.0	(3.2)	2.9	62.6	184.0
Exclude: Internal revenue	(2.1)	(2.1)	–	–	–	–	–
Corporate overheads	–	–	(31.7)	(3.6)	3.4	(0.1)	(31.9)
Central costs	–	0.1	(6.3)	–	–	–	(6.3)
Foreign exchange gains and losses	–	–	3.4	–	–	–	3.4
Exceptional items:	–	–	–	–	–	–	–
2010 Restructuring Plan	–	–	–	–	–	–	–
Exceptional net income from legal settlement	–	–	–	–	–	–	–
Published Group total	1,077.2	305.7	147.4	(6.8)	6.3	62.5	149.2

In the prior year the Group had non-recurring items of £7.2 million, including the exceptional item of £4.8 million set out in note 6. On review the Group no longer considers £2.4 million of these costs to be non-recurring given the nature of the onerous lease and severance charges to which they pertain. The 2009 exceptional charge of £2.6 million is split between the reportable segments and central costs. As set out in note 6, it constitutes part of a formal restructuring plan and therefore, in the Group's view is differentiated from other on-going charges within the operations of the business.

£m	Assets	Liabilities	2009 Net assets/ (liabilities)
Reportable segment results	**1,151.3**	**(779.3)**	**372.0**
Exclude: Segmental inter-company amounts	**(255.2)**	**218.6**	**(36.6)**
Corporate overheads assets and liabilities (excluding amounts due to/from reportable segments)	**212.7**	**(48.6)**	**164.1**
Published Group total	**1,108.8**	**(609.3)**	**499.5**

£m	Assets	Liabilities	2008 (restated) Net assets/ (liabilities)
Reportable segment results	1,258.7	(804.8)	453.9
Exclude: Segmental inter-company amounts	(218.4)	147.7	(70.7)
Corporate overheads assets and liabilities (excluding amounts due to/from reportable segments)	148.9	(51.8)	97.1
Published Group total	1,189.2	(708.9)	480.3

4. Segmental analysis – entity-wide disclosures

The Group's primary activity and only business segment is the provision of global workplace solutions and therefore all revenue is attributed to a single group of similar products and services. It is not meaningful to separate this group into further categories of products.

The Group has a diversified customer base and no single customer contributes a material percentage of the Group's revenue.

The Group's revenue from external customers and non-current assets analysed by foreign country is as follows:

	2009		2008	
£m	**External revenue**	**Non-current assets**	External revenue	Non-current assets
Country of domicile – Luxembourg	**4.5**	**0.7**	4.4	0.6
United States of America	**353.6**	**276.6**	350.3	313.7
United Kingdom	**191.4**	**145.3**	220.8	151.8
All other countries	**505.6**	**163.1**	501.7	184.5
	1,055.1	**585.7**	1,077.2	650.6

Notes to the accounts continued

5. Operating profit

Operating profit has been arrived at after charging:

	2009 £m	2008 £m
Depreciation on property, plant and equipment		
Owned assets	**65.2**	55.4
Finance leases	**1.2**	0.8
Provision for bad debts	**14.1**	5.5
Amortisation of intangibles	**6.7**	6.3
Loss on disposal of fixed assets	**0.7**	0.7
Exchange differences recognised in the income statement – (gain)/loss	**(2.8)**	(8.2)
Movement in fair value of derivative financial instruments	**2.2**	–
Rents payable in respect of operating leases		
Property	**380.6**	335.6
Equipment	**2.1**	3.3
Contingent rents paid	**14.4**	15.2
Amortisation of UK acquisition fair value adjustments	**(3.3)**	(5.2)
Staff costs (note 7)	**189.8**	196.4

	2009 £m	2008 £m
Fees payable to the Group's auditor for the audit of the Group accounts	**0.2**	0.2
Fees payable to the Group's auditor and its associates for other services:		
The audit of the Company's subsidiaries pursuant to legislation	**1.2**	1.0
Other services pursuant to legislation	**–**	0.4
Tax services	**0.1**	–
Other services	**0.1**	0.2

6. Exceptional items

	2009 £m	2008 £m
Revenue:		
Exceptional net income from legal settlement	**18.3**	–
Administration expenses:		
2010 Restructuring Plan charges:		
Severance provisions and staff redundancy payments	**(2.6)**	–
Costs related to the Group reorganisation and Scheme of Arrangement	**–**	(4.8)
	15.7	(4.8)

During the year ended 31 December 2009 the Group received a net amount of £18.3 million in relation to the settlement of a dispute with a supplier. The amount represents the cash received in settlement of the dispute less the directly attributable costs associated with the successful outcome of the negotiations.

In December 2009 the Group initiated a new restructuring plan to develop and accelerate the actions which had commenced in 2009 focused on the simplification and rationalisation of the sales and back office processes and to address the parts of the Regus network not generating a sufficient level of profitability. In the year ended 31 December 2009, charges of £2.6 million were recognised in relation to the delivery of Phase 1 and Phase 2 of the restructuring plan.

The above items have been reported as exceptional items and are disclosed separately as they are relevant to the understanding of the Group's financial performance.

7. Staff costs and numbers

	2009 £m	2008 £m
The aggregate payroll costs were as follows:		
Wages and salaries	**158.3**	162.7
Social security	**29.1**	27.1
Pension costs	**1.7**	1.8
Share based payments	**0.7**	4.8
	189.8	196.4

	2009 Average full time equivalents	2008 Average full time equivalents
The average number of persons employed by the Group (including executive directors), analysed by category and geography, was as follows:		
Centre staff	**3,656**	4,109
Sales staff	**668**	406
Finance staff	**514**	351
Other staff	**549**	576
	5,387	5,442
Americas	**2,207**	2,307
EMEA	**1,396**	1,403
United Kingdom	**865**	802
Asia Pacific	**782**	798
Corporate functions	**137**	132
	5,387	5,442

Details of directors' emoluments and interests are given in the Remuneration Report on pages 33 to 39.

8. Net finance expense

	2009 £m	2008 £m
Interest payable and similar charges on bank loans	**(1.6)**	(3.5)
Interest payable and similar charges of finance leases	**(0.1)**	(0.2)
Total interest expense	**(1.7)**	(3.7)
Deferred financing fees	**(0.5)**	(0.6)
Unwinding of discount rates	**(2.2)**	(2.5)
Total finance expense	**(4.4)**	(6.8)
Total interest income	**2.6**	5.3
Unwinding of discount rates	**0.7**	1.0
Total finance income	**3.3**	6.3
Net finance expense	**(1.1)**	(0.5)

Deferred financing fees relate to facility fees on the £150 million senior credit facilities signed in March and April 2006 and voluntarily surrendered in part in November 2008 and early in April 2009.

Notes to the accounts continued

9. Taxation

(a) Analysis of charge in the year

	2009 £m	2008 £m
Current taxation		
Corporate income tax	**(12.7)**	(66.6)
Previously unrecognised tax losses and temporary differences	**0.7**	11.2
Under provision in respect of prior years	**(0.5)**	(1.9)
Total current taxation	**(12.5)**	(57.3)
Deferred taxation		
Origination and reversal of temporary differences	**(10.2)**	19.9
Previously unrecognised tax losses and temporary differences	**1.9**	4.4
(Under)/over provision in respect of prior years	**1.6**	(1.3)
Total deferred taxation	**(6.7)**	23.0
Tax charge on profit	**(19.2)**	(34.3)

(b) Reconciliation of taxation (charge)/credit

	2009 £m	2009 %	2008 £m	2008 %
Profit before tax	**86.9**		149.2	
Tax on profit at 28.6% (2008: 28.5%)	**(24.9)**	**(28.6)**	(42.5)	(28.5)
Tax effects of:				
Expenses not deductible for tax purposes	**(4.5)**	**(5.2)**	(33.0)	(22.1)
Items not chargeable for tax purposes	**16.2**	**18.7**	3.7	2.5
Recognition and utilisation of previously unrecognised deferred tax assets	**2.6**	**3.0**	15.6	10.4
Movements in temporary differences in the year not recognised in deferred tax	**(19.0)**	**(21.9)**	(1.2)	(0.8)
Other movements in temporary differences	**7.9**	**9.1**	25.4	17.0
Adjustment to tax charge in respect of previous years	**1.1**	**1.3**	(3.2)	(2.1)
Differences in tax rates on overseas earnings	**1.4**	**1.6**	0.9	0.6
	(19.2)	**(22.0)**	(34.3)	(23.0)

The applicable tax rate is determined based on the tax rate in Luxembourg which was the effective tax rate applicable in the country of domicile of the parent company of the Group for the financial year.

The tax rate in the UK reduced from 30.0% to 28.0% on 1 April 2008 and the reconciliation for 2008 has been included at the effective UK rate for the year of 28.5%. From 14 October 2008, when the parent company of the Group became Regus plc, the country of domicile became Luxembourg and the reconciliation has therefore been prepared using the rate applicable to that country.

(c) Factors that may affect the future tax charge

Unrecognised tax losses to carry forward against certain future overseas corporation tax liabilities have the following expiration dates:

	2009 £m	2008 £m
2009	**0.1**	0.3
2010	**1.9**	0.2
2011	**2.0**	1.0
2012	**4.9**	4.6
2013	**1.1**	1.2
2014	**3.7**	1.1
2015	**–**	–
2016	**–**	0.5
2017 and later	**49.3**	27.3
	63.0	36.2
Available indefinitely	**82.1**	56.4
Tax losses available to carry forward	**145.1**	92.6
Amount of tax losses recognised in the deferred tax asset	**24.4**	43.1
Total tax losses available to carry forward	**169.5**	135.7

The following deferred tax assets have not been recognised due to uncertainties over recoverability.

	2009 £m	2008 £m
Intangibles	**324.8**	325.6
Accelerated capital allowances	**0.6**	0.6
Tax losses	**43.1**	27.2
Short term timing differences	**0.9**	4.9
	369.4	358.3

(d) Corporation tax

	2009 £m	2008 £m
Corporation tax payable	**(52.5)**	(61.7)
Corporation tax receivable	**10.1**	8.3

9. Taxation continued

(e) Deferred taxation

The movement in deferred tax is analysed below:

	Intangibles £m	Property, plant and equipment £m	Tax losses £m	Rent £m	Short term temporary differences £m	**Total £m**
Deferred tax asset						
At 1 January 2008	(20.0)	16.8	28.1	13.4	8.5	**46.8**
Current year movement	21.4	(1.2)	(14.8)	13.9	3.8	**23.1**
Prior year movement	(1.0)	4.4	(1.3)	(8.1)	4.4	**(1.6)**
Transfers	0.3	0.2	–	0.1	(0.1)	**0.5**
Exchange movement	(6.8)	4.8	7.7	2.9	1.6	**10.2**
At 1 January 2009	(6.1)	25.0	19.7	22.2	18.2	**79.0**
Current year movement	(5.2)	2.2	(1.0)	(0.3)	(5.0)	**(9.3)**
Prior year movement	(0.5)	3.6	(3.3)	–	1.9	**1.7**
Direct reserves movement	–	–	–	–	0.8	**0.8**
Acquisitions	(0.4)	–	–	–	–	**(0.4)**
Transfers	(4.6)	0.1	0.2	–	0.9	**(3.4)**
Exchange movement	3.3	(2.1)	(1.7)	(1.7)	(1.1)	**(3.3)**
At 31 December 2009	**(13.5)**	**28.8**	**13.9**	**20.2**	**15.7**	**65.1**
Deferred tax liability						
At 1 January 2008	(4.4)	(0.3)	–	(0.6)	(1.1)	**(6.4)**
Current year movement	0.5	0.2	0.1	0.1	0.3	**1.2**
Prior year movement	–	(1.0)	–	0.6	0.8	**0.4**
Transfers	(0.4)	(0.2)	–	(0.1)	0.1	**(0.6)**
At 1 January 2009	(4.3)	(1.3)	0.1	–	0.1	**(5.4)**
Current year movement	–	0.2	0.5	–	0.1	**0.8**
Prior year movement	–	–	–	–	(0.1)	**(0.1)**
Direct reserves movement	–	–	–	–	–	**–**
Acquisitions	–	–	–	–	–	**–**
Transfers	4.2	0.1	(0.2)	–	(0.1)	**4.0**
Exchange movement	–	–	–	–	–	**–**
At 31 December 2009	**(0.1)**	**(1.0)**	**0.4**	**–**	**–**	**(0.7)**

Deferred tax assets recognised on short term temporary differences consist predominantly of provisions deductible when paid and share based payments. Deferred tax assets have been recognised in excess of deferred tax liabilities on the basis that there are forecast taxable profits in the entities concerned.

At the balance sheet date, the temporary difference arising from unremitted earnings of overseas subsidiaries was £46.6 million (2008: £50.2 million). The only tax that would arise on these reserves would be non-creditable withholding tax.

10. Earnings per ordinary share (basic and diluted)

	2009	2008
Profit attributable to equity shareholders of the parent (£m)	**67.0**	113.9
Weighted average number of shares outstanding during the year	**948,203,737**	950,319,978
Average market price of one share during the year	**76.8p**	74.1p
Weighted average number of shares under option during the year	**6,356,625**	6,356,625
Exercise price for shares under option during the year	**60.64p**	60.64p

	Profit		Earnings per share	
	2009 £m	2008 £m	**2009 pence**	2008 pence
Basic and diluted profit for the year attributable to shareholders and basic earnings per share	**67.0**	113.9	**7.1**	12.0
Diluted earnings per share			**7.0**	11.8
Weighted average number of shares for basic EPS (number)			**948,203,737**	950,319,978
Weighted average number of shares under option during the year			**6,356,625**	6,356,625
Weighted average number of shares that would have been issued at average market price			**(5,016,457)**	(5,203,468)
Weighted average number of awards under the CIP and LTIP			**6,833,211**	12,362,709
Weighted average number of shares for diluted EPS (number)			**956,377,116**	963,835,844

Options are considered dilutive when they would result in the issue of ordinary shares for less than the market price of ordinary shares in the period. The amount of the dilution is taken to be the average market price of shares during the period minus the issue price. The number of awards granted under the 2008 CIP are an indicative number based on the year-end share price.

11. Dividends

	2009	2008
Dividends per ordinary share proposed	**1.6p**	1.2p
Interim dividends per ordinary share declared and paid during the year (2008: Interim dividend per Regus Group plc ordinary share declared and paid)	**0.8p**	0.6p

Dividends of £19.0 million were paid during the year (2008: £15.2 million). The Company has proposed to shareholders that a final dividend of 1.6p per share will be paid (2008: 1.2p). Subject to shareholder approval it is expected that the dividend will be paid on 28 May 2010.

12. Goodwill

	£m
Cost	
At 1 January 2008	223.0
Recognised on acquisition of subsidiaries	3.7
Exchange differences	47.8
At 31 December 2008	**274.5**
At 1 January 2009	274.5
Recognised on acquisition of subsidiaries	0.8
Exchange differences	(16.2)
At 31 December 2009	**259.1**
Net book value	
At 1 January 2009	274.5
At 31 December 2009	**259.1**

12. Goodwill continued

Cash generating units ("CGUs"), comprising individual business centres, are grouped by country of operation for the purpose of carrying out impairment reviews of non-current assets as this is the lowest level at which goodwill can be assessed. Goodwill acquired through business combinations is held at a country level and is subject to impairment reviews based on the cash flows of these CGUs.

The goodwill attributable to the reportable business segments is as follows:

	2009 £m	2008 £m
Carrying amount of goodwill included within the Americas business segment	**153.2**	168.6
Carrying amount of goodwill included within the EMEA business segment	**5.4**	5.0
Carrying amount of goodwill included within the Asia Pacific business segment	**10.2**	10.6
Carrying amount of goodwill included within the UK business segment	**90.3**	90.3
	259.1	274.5

The carrying value of goodwill and indefinite life intangibles allocated to two CGUs, the USA and UK, is material relative to the total carrying value comprising 90% of the total. The remaining 10% of the carrying value is allocated to a further 23 countries (23 cash generating units). The goodwill and indefinite life intangibles allocated to the USA and the UK cash generating units is set out below:

	Goodwill £m	Intangible assets £m	2009 £m	2008 £m
USA	140.9	–	**140.9**	156.1
UK	90.3	11.2	**101.5**	101.5
Other cash generating units	27.9	–	**27.9**	28.1
	259.1	11.2	**270.3**	285.7

The indefinite lived intangible asset relates to the brand value arising from the acquisition of the remaining 58% of the UK business in the year ended 31 December 2006 (see note 13).

The recoverable amount of each of the CGUs above has been determined based on their value in use, calculated as the present value of future cash flows attributable to the unit

The value in use for each CGU has been determined using a model which derives the individual value in use for each unit from the value in use of the Group as a whole. Although the model includes budgets and forecasts prepared by management it also reflects external factors, such as capital market risk pricing as reflected in the market capitalisation of the Group and prevailing tax rates, which have been used to determine the risk-adjusted discount rate for the Group. While management believe that the projected cash flows are a reasonable reflection of the likely outcomes over the medium to long term, in the event that trading conditions deteriorate beyond the assumptions used in the projected cashflows, it is also possible that impairment charges could arise in future periods.

The following key assumptions have been used in calculating value in use for each group of CGUs:

- Future cash flows are based on budgets for 2010 approved by the Board and identified for each CGU. The model excludes cost savings and restructurings that are anticipated but had not been committed to at the date of the determination of the value in use. Thereafter forecasts have been prepared by management for a further four years from 2011 that reflect an annual growth rate of 3 - 5.5% and a modest increase in gross margins driven by improving global economic conditions from 2011. This compared to forecasts used in the evaluation in the year ended 31 December 2008 that projected 3% growth but reflected a higher level of baseline cash flows.
- These forecasts exclude the impact of both organic and acquisitive growth expected to take place in future periods. As a result gross margins and real operating profits at the end of the five year period remain either at or below the levels achieved in the year ended 31 December 2008. Management consider these projections to be a reasonable projection of margins expected at the mid-cycle position reflecting the current uncertain global economic conditions. Cash flows beyond 2014 have been extrapolated using a 2% growth rate which management believe is a reasonable long term growth rate for any of the markets in which the relevant CGUs operate. A terminal value is included in the assessment reflecting the Group's expectation that it will continue to operate in these markets and the long term nature of the businesses.

- The Group conducts a market risk assessment of CGUs in each country, with a country specific pre-tax discount rate being applied to the future pre-tax cash flows for each CGU based on the underlying weighted average cost of capital for the Group. This, was unchanged from 2008 at 9%. The underlying pre-tax rate therefore reflects current market assessments of the Group as a whole and is adjusted for risks specific to such businesses in each country, giving a risk adjusted range of 12% to 17% (2008: 13% to 20%) for the underlying CGUs. The high discount rate in the prior year reflected a significant market risk adjustment, which was in part a reflection of the Group's significantly depressed market capitalisation. A detailed review has been performed of the "value in use" models and the appropriate rate at which its cash flows are discounted for impairment test purposes. Whilst the market risk adjustments have been added to the underlying CGU discount rates, given the revised cash flows used and consistently stronger market sentiment during 2009, as compared to the end of 2008 with respect to Regus' valuation, these adjustments are significantly below those used in 2008.

The trading conditions in which the Group operates are subject to competitive and economic pressures that can have a material effect on the operating performance of the business. Current market conditions are more challenging for the Group and the current global conditions makes forecasting medium term cash flows more difficult than is traditionally the case. The forecast cash flows used to derive the value in use are sensitive to changes in revenues (driven by changes in prices, occupancy or a combination of both), costs and discount rates (including the market assessment of the risks of the Group reflected in the Group's market capitalisation). Actual conditions could result in either better or worse cash flows than included in the value in use calculation. Should current economic conditions prove to be more severe or more prolonged than currently expected this would adversely impact the forecast cash flows and could result in impairments to goodwill and indefinite life intangible assets in future periods.

The amount by which the value in use exceeds the carrying amount of the US CGU is sufficiently large to enable the directors to conclude that a reasonably possible change in the key assumptions would not result in an impairment charge for this CGU. The key assumptions used in the US model are that in 2010 the forecast centre contribution falls from 21% to 18%, resulting in an operating profit of $10.5m (2009: $38.4m). Revenue and costs grow at 3% per annum from 2011 giving a terminal 2014 centre contribution of 23% and operating profit of $44.6m. Thereafter a 2% long term growth rate is assumed on revenue and cost into perpetuity.

Foreseeable events are unlikely to result in a change in the projections of such a significant nature so as to result in most cash generating units carrying amount exceeding its recoverable amount. For the UK CGUs, however, a reasonably possible change in the key assumptions used to determine the cash generating unit's recoverable amount could cause the unit's carrying amount to exceed its value in use.

For the UK, the goodwill and the indefinite life intangible brand in this CGU arose on acquisitions completed in 2006 – principally the acquisition of the remaining 58% of the UK business. The value in use exceeded its carrying amount by £20 million (2008: £18 million) and therefore no impairment was necessary at 31 December 2009. The main assumptions on which the forecast cash flows were based include the impact of the economic downturn in the short term on revenues and margins; the mid-cycle revenue achieved in 2014 prior to the application of the long run growth rate and the discount rate used. Revenue is forecast to grow at approximately 5.3% p.a. from 2011. A reduction in the growth rate of 0.6% would result in the carrying amount being equal to the value in use. The model assumes no increase in gross margin in 2010, a modest increase in 2011 from 10% in 2009 to 12% in 2011 and an increase in operating profits from a loss of £2.9 million in 2009 to a breakeven result in 2011. A further fall in gross margins in 2010 and 2011 by 1 point to 9% and 10% respectively (equating to an operating loss of £5.3 million) with recovery to a gross margin of 12% in 2012 would result in the recoverable amount being equal to the carrying amount. The model assumes a mid-cycle gross margin in 2014 of 17% and an operating profit of £14.2 million. A reduction to 16% and £12.8 million would result in the value in use being equal to the carrying amount. The cash flows have been discounted using a pre-tax discount rate of 14% (2008:19%). The discount rate used is based on a risk adjusted Group WACC, reflecting the specific risk profile of the UK business such as the greater degree of competition in the UK market. An increase in the pre-tax discount rate used from 14% to 15% would result in its value in use being equal to its carrying amount.

There is no goodwill relating to the Group's joint ventures.

13. Other intangible assets

	Brand £m	Customer lists £m	Software £m	Total £m
Cost				
At 1 January 2008	44.1	14.0	7.9	66.0
Additions at cost	–	–	2.6	2.6
Acquisition of subsidiaries	–	2.2	–	2.2
Disposals	–	–	(0.5)	(0.5)
Exchange rate movements	12.8	1.7	2.3	16.8
At 31 December 2008	**56.9**	**17.9**	**12.3**	**87.1**
At 1 January 2009	56.9	17.9	12.3	87.1
Additions at cost	–	–	1.6	1.6
Acquisition of subsidiaries	–	1.9	–	1.9
Disposals	–	–	(0.2)	(0.2)
Exchange rate movements	(4.7)	(0.6)	(0.1)	(5.4)
At 31 December 2009	**52.2**	**19.2**	**13.6**	**85.0**
Amortisation				
At 1 January 2008	5.5	7.7	5.9	19.1
Charge for the year	1.9	3.0	1.4	6.3
Disposals	–	–	(0.5)	(0.5)
Exchange rate movements	2.8	1.5	2.1	6.4
At 31 December 2008	**10.2**	**12.2**	**8.9**	**31.3**
At 1 January 2009	10.2	12.2	8.9	31.3
Charge for year	2.1	2.9	1.7	6.7
Disposals	–	–	(0.2)	(0.2)
Exchange rate movements	(1.1)	(0.5)	0.5	(1.1)
At 31 December 2009	**11.2**	**14.6**	**10.9**	**36.7**
Net book value				
At 31 December 2009	**41.0**	**4.6**	**2.7**	**48.3**
At 31 December 2008	46.7	5.7	3.4	55.8

Included with the brand value is £11.2 million relating to the acquisition of the remaining 58% of the UK business in the year ended. 31 December 2006. The Regus brand acquired in this transaction is assumed to have an indefinite useful life due to the fact that the value of the brand is intrinsically linked to the continuing operation of the Group.

As a result of the Regus brand acquired with the UK business having an indefinite useful life no amortisation is charged but the carrying value is assessed for impairment on an annual basis. The brand was tested at the balance sheet date against the recoverable amount of the UK business segment at the same time as the goodwill arising on the acquisition of the UK business (see note 12).

14. Property, plant and equipment

	Furniture, fittings and motor vehicles £m	Computers £m	Total £m
Cost			
At 1 January 2008	385.4	22.9	408.3
Additions	82.0	7.5	89.5
Acquisition of subsidiaries	5.4	–	5.4
Disposals	(10.6)	(1.6)	(12.2)
Reclassifications	(0.4)	0.4	–
Exchange rate movements	126.0	8.7	134.7
At 31 December 2008	**587.8**	**37.9**	**625.7**
At 1 January 2009	587.8	37.9	625.7
Additions	44.3	3.5	47.8
Acquisition of subsidiaries	0.6	–	0.6
Disposals	(11.2)	(1.5)	(12.7)
Reclassifications	–	–	–
Exchange rate movements	(44.4)	(2.3)	(46.7)
At 31 December 2009	**577.1**	**37.6**	**614.7**
Accumulated depreciation			
At 1 January 2008	208.2	15.4	223.6
Charge for the year	50.7	5.5	56.2
Disposals	(9.1)	(1.5)	(10.6)
Exchange rate movements	72.9	5.6	78.5
At 31 December 2008	**322.7**	**25.0**	**347.7**
At 1 January 2009	322.7	25.0	347.7
Charge for the year	59.8	6.6	66.4
Disposals	(10.3)	(1.5)	(11.8)
Exchange rate movements	(26.7)	(1.8)	(28.5)
At 31 December 2009	**345.5**	**28.3**	**373.8**
Net book value			
At 31 December 2009	**231.6**	**9.3**	**240.9**
At 31 December 2008	265.1	12.9	278.0

Additions include £0.9 million in respect of assets acquired under finance leases (2008: £1.8 million).

The net book value of furniture, fittings and motor vehicles include amounts held under finance leases as follows:

	2009 £m	2008 £m
Cost	**15.7**	17.5
Accumulated depreciation	**(11.2)**	(12.1)
Net book value	**4.5**	5.4

15. Other long term receivables

	2009 £m	2008 £m
Deposits held by landlords against rent obligations	**29.0**	29.3
Amounts owed by joint ventures	**0.7**	3.7
Prepayments and accrued income	**3.3**	5.3
	33.0	38.3

16. Trade and other receivables

	2009 £m	2008 £m
Trade receivables	**97.3**	115.5
Amounts owed by joint ventures	**3.2**	2.2
Other receivables	**13.5**	13.1
Deposits held by landlords against rent obligations	**11.4**	18.0
Prepayments and accrued income	**64.1**	68.0
VAT recoverable	**13.3**	15.0
	202.8	231.8

17. Trade and other payables

	2009 £m	2008 £m
Trade payables	**36.0**	47.1
Other tax and social security	**18.8**	20.1
Deferred landlord contributions	**11.6**	11.3
Amounts owed to joint ventures	**1.0**	1.0
Rent accruals	**31.9**	31.6
Other accruals	**63.5**	91.2
Other creditors	**13.9**	12.5
Total current	**176.7**	214.8

	2009 £m	2008 £m
Accruals and deferred income	**38.6**	39.8
Rent accruals	**52.6**	58.0
Other creditors	**2.9**	2.0
Total non-current	**94.1**	99.8

18. Borrowings

The Group's total loan and borrowing position at 31 December 2009 and at 31 December 2008 had the following maturity profiles:

Bank and other loans

	2009 £m	2008 £m
Repayments falling due as follows:		
Amounts falling due after more than one year:		
In more than one year but not more than two years	**–**	0.2
In more than two years but not more than five years	**–**	–
In more than five years	**–**	–
Total non-current	**–**	0.2
Total current	**6.0**	5.1
Total bank and other loans	**6.0**	5.3

Obligations under finance leases

The maturity of the Group's finance obligations is as follows:

	2009 £m	2008 £m
Amounts payable		
Within one year or on demand	**1.4**	1.5
In more than one year but not more than two years	**0.7**	1.2
In more than two years but not more than five years	**0.1**	0.6
	2.2	3.3
Less: finance charges allocated to future periods	**(0.1)**	(0.3)
Present value of future minimum lease payments	**2.1**	3.0
Total current	**1.4**	1.3
Total non-current	**0.7**	1.7
	2.1	3.0

19. Provisions for liabilities and charges

	2009				2008			
	Onerous leases and closures £m	Restructuring £m	Other £m	Total £m	Onerous leases and closures £m	Restructuring £m	Other £m	Total £m
At 1 January	**9.0**	**–**	**1.5**	**10.5**	6.9	–	3.9	10.8
Provided in the period	**2.1**	**2.1**	**–**	**4.2**	4.6	–	–	4.6
Utilised in the period	**(1.8)**	**–**	**–**	**(1.8)**	(2.7)	–	(2.9)	(5.6)
Provisions released	**–**	**–**	**(0.1)**	**(0.1)**	(0.5)	–	–	(0.5)
Exchange differences	**(0.5)**	**–**	**(0.2)**	**(0.7)**	0.7	–	0.5	1.2
At 31 December	**8.8**	**2.1**	**1.2**	**12.1**	9.0	–	1.5	10.5
Analysed between:								
Current	**1.7**	**2.1**	**0.1**	**3.9**	2.0	–	–	2.0
Non-current	**7.1**	**–**	**1.1**	**8.2**	7.0	–	1.5	8.5
	8.8	**2.1**	**1.2**	**12.1**	9.0	–	1.5	10.5

Provisions for onerous leases and closure costs relate to the estimated future costs on centre closures and onerous property leases. The maximum period over which the provisions are expected to be utilised expires by 31 December 2016. The restructuring provision of £2.1 million is expected to be utilised during the next financial year. Other provisions include the estimated costs of claims against the Group outstanding at the year end which due to their nature the maximum period over which they are expected to be utilised is uncertain.

20. Investments in joint ventures

	Provision for deficit in joint ventures £m	Investments in joint ventures £m	Total £m
At 1 January 2008	(2.1)	1.6	(0.5)
Dividends paid	–	(1.0)	(1.0)
Share of profit/(losses)	1.6	0.7	2.3
Amounts written off on loans to joint ventures	–	2.0	2.0
Exchange rate movements	(0.5)	0.7	0.2
At 31 December 2008	**(1.0)**	**4.0**	**3.0**
At 1 January 2009	(1.0)	4.0	3.0
Dividends paid	–	(1.0)	(1.0)
Share of profit/(losses)	(0.1)	2.1	2.0
Acquisition of the remaining 50% of Regus Equity Business Centres	–	(0.6)	(0.6)
Exchange rate movements	–	(0.1)	(0.1)
At 31 December 2009	**(1.1)**	**4.4**	**3.3**

Notes to the accounts continued

20. Investments in joint ventures continued

Entity	Country	Ownership 2009 %	2008 %
Joint ventures			
Regus Algerie Sarl	Algeria	**60**	60
Park Business Centres Limited	England	**50**	50
Regus Jordan PSC	Jordan	**50**	50
Regus Lebanon Sarl	Lebanon	**30**	30
Skyport International Ing Vastgoed Beleggingen WTC1	Netherlands	**50**	50
Skyport International Ing Vastgoed Beleggingen WTC2	Netherlands	**50**	50
Regus Herengracht	Netherlands	**50**	50
Regus Al Jaidah Business Centres LLC	Qatar	**25**	25
Qatar Westbay	Qatar	**25**	–
Regus Senegal SARL	Senegal	**50**	–
Regus Istanbul Is Merkezi Isletmeciligi AS	Turkey	**30**	30
Asya Kozyatagi Is Merkezi Isletmeciligi AS	Turkey	**50**	50
Regus Abu Dhabi Business Centres LLC	UAE	**49**	49
Regus Equity Business Centers L.L.C.	USA	**100**	50

As at 31 December 2009, the Group acquired the remaining 50% membership interest in Regus Equity Business Centers LLC from EOP LLC and the entity was reclassified from a joint venture to a subsidiary undertaking effective from that date.

The results of the joint ventures below are the full results of the joint ventures and do not represent the effective share:

	2009 £m	2008 £m
Income Statement		
Revenue	**39.7**	36.7
Expenses	**(34.7)**	(27.9)
Profit before tax	**5.0**	8.8
Tax	**–**	(0.1)
Profit after tax	**5.0**	8.7
Net assets/(liabilities)		
Fixed assets	**7.8**	10.3
Current assets	**14.2**	22.7
Current liabilities	**(15.2)**	(25.3)
Non-current liabilities	**(2.7)**	(4.9)
Net assets/(liabilities)	**4.1**	2.8

21. Share capital

Ordinary equity share capital

	2009 Number	2009 Nominal value £m	2008 Number ('000)	2008 Nominal value £m
Authorised				
Ordinary 1p shares at 31 December	**8,000,000,000**	**80.0**	8,000,000,000	80.0
Issued and fully paid up				
Ordinary 5p shares in Regus Group plc at 1 January 2008			984,791,524	49.2
Ordinary 1p shares in Regus plc (société anonyme) at 1 January 2009	**950,969,822**	**9.5**		
Cancellation of ordinary 5p shares in Regus Group plc held in treasury			(36,571,702)	(1.8)
Ordinary shares in Regus Group plc exchanged for ordinary shares in Regus plc under the Group re-organisation			(948,219,822)	(37.9)
Ordinary 1p shares in Regus plc (société anonyme) at 31 December	**950,969,822**	**9.5**	950,969,822	9.5

On the 14 October 2008 the Group completed the establishment of Regus plc as the new holding company of Regus Group plc by means of a Scheme of Arrangement under sections 895 to 899 of the Companies Act 2006. As a result Regus plc acquired all of the issued share capital of Regus Group plc in exchange for the issue of shares in Regus plc in the ratio of one Regus plc share for one Regus Group plc share.

Treasury share transactions involving Regus Group plc shares between 1 January 2008 and 14 October 2008
In the period ended 14 October 2008, Regus Group plc re-purchased 24,624,000 of its own shares in the open market and held these shares as treasury shares. During the period none were utilised for the purposes of employee share option exercises. At 14 October 2008 36,571,702 shares were held as treasury shares. These shares were cancelled as part of the Group reorganisation and scheme of arrangement. The holders of ordinary shares in Regus Group plc were entitled to receive dividends as were declared by the Company and were entitled to one vote per share at meetings of the Company. Treasury shares did not carry such rights until reissued.

Treasury share transactions involving Regus plc shares between 14 October 2008 and 31 December 2009
In the period from 14 October 2008 to 31 December 2008, Regus plc re-purchased 3,200,000 of its own shares in the open market and held these shares as treasury shares. In addition Regus plc acquired 2,750,000 shares that were issued on the foundation of Regus plc on 20 August 2008 and held these as treasury shares. As at 20 March 2009 5,950,000 shares were held as treasury shares.

In the year ended 31 December 2009, Regus plc re-purchased 627,258 of its own shares in the open market and utilised an additional 4,373,502 of treasury shares held by the Group to satisfy the exercise of share awards by employees. As at 22 March 2010, 1,076,498 shares were held as treasury shares. The holders of ordinary shares in Regus Group plc were entitled to receive dividends as were declared by the Company and were entitled to one vote per share at meetings of the Company. Treasury shares did not carry such rights until reissued.

22. Analysis of financial resources

	At 1 Jan 2009 £m	Cash flow £m	Non-cash changes £m	Exchange movements £m	At 31 Dec 2009 £m
Cash and cash equivalents	**219.5**	(7.7)	–	(6.7)	**205.1**
Liquid investments	**–**	40.0	–	–	**40.0**
Gross cash	**219.5**	32.3	–	(6.7)	**245.1**
Debt due within one year	**(5.1)**	(1.3)	–	0.4	**(6.0)**
Debt due after one year	**(0.2)**	0.2	–	–	**–**
Finance leases due within one year	**(1.3)**	–	(0.2)	0.1	**(1.4)**
Finance leases due after one year	**(1.7)**	1.4	(0.6)	0.2	**(0.7)**
	(8.3)	0.3	(0.8)	0.7	**(8.1)**
Net financial assets	**211.2**	32.6	(0.8)	(6.0)	**237.0**

Cash, cash equivalents and liquid investment balances held by the Group that are not available for use amounted to £64.3 million at 31 December 2009 (December 2008: £14.1 million).

Of this balance, £47.0 million is pledged as security against outstanding bank guarantees and a further £17.3 million is pledged against various other commitments of the Group. These amounts are blocked and not available for use by the business.

Liquid investments represent corporate bonds and cash placed on deposit by the Group with a maturity over three months. Non-cash changes comprise the amortisation of debt issue costs, new finance leases entered into and movements in debt maturity.

23. Financial instruments and financial risk management

The objectives, policies and strategies applied by the Group with respect to financial instruments and the management of capital are determined at Group level. The Group’s Board maintains responsibility for the risk management strategy of the Group and the Chief Financial Officer is responsible for policy on a day to day basis. The Chief Financial Officer and Group Treasurer review the Group’s risk management strategy and policies on an ongoing basis. The Board has delegated to the Group Audit Committee the responsibility for applying an effective system of internal control and compliance with the Group’s risk management policies. The Audit Committee is supported by the Head of Risk Management in performing this role.

Exposure to credit, interest rate and currency risks arise in the normal course of business. The principal financial instruments used by the Group to finance its operations are cash and loans.

Notes to the accounts continued

23. Financial instruments and financial risk management continued

Going concern

The Business Review on pages 12 to 15 of the Report and Accounts sets out the Group's strategy and the factors that are likely to affect the future performance and position of the business. The financial review on pages 16 to 18 within the Business review reviews the trading performance, financial position and cash flows of the Group. A feature of the Group has been its strong cash flows and during the year ended 31 December 2009, despite the difficult trading conditions, the Group has maintained its cash levels at comparable levels to the position at the start of the financial year. Although many countries that the Group, operates in continue to experience difficult economic conditions, the directors believe that the Group is taking the necessary actions and expect to strengthen the current market leading position of the Group.

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and accordingly, continue to adopt the going concern basis in preparing the annual report and accounts.

Following an internal review of the Group's facility arrangements in March 2009, and given the strength of the Group's cash position, the Board approved the early surrender of the £100 million revolving credit facility. This decision does not impact the judgement of the directors that it is appropriate for the Group to adopt the going concern basis in preparing these accounts.

Credit risk

Credit risk could occur where a customer or counterparty defaults under the contractual terms of a financial instrument and arises principally in relation to customer contracts and the Group's cash deposits.

A diversified customer base and requirement for customer deposits and payments in advance on workstation contracts which contribute the majority of the Group's revenue minimises the Group's exposure to customer credit risk. No single customer contributes a material percentage of the Group's revenue. The Group's policy is to provide against trade receivables when specific debts are judged to be irrecoverable or where formal recovery procedures have commenced. A provision is created where debts are more than three months overdue which reflects the Group's historical experience of the likelihood of recoverability of these trade receivables. These provisions are reviewed on an ongoing basis to assess changes in the likelihood of recoverability.

Cash assets and derivative financial instruments are only transacted with counterparties of sound credit ratings, and management does not expect any counterparty to fail to meet its obligations.

The maximum exposure to credit risk for trade receivables at the reporting date, analysed by geographic region is summarised below.

	2009 £m	2008 £m
Americas	**21.0**	28.4
EMEA	**38.7**	51.3
UK	**23.4**	21.6
Asia Pacific	**14.2**	14.2
	97.3	115.5

All of the Group's trade receivables relate to customers purchasing workplace solutions and no individual customer has a material balance owing as a trade receivable.

The ageing of trade receivables at 31 December was:

	Gross 2009 £m	Provision 2009 £m	Gross 2008 £m	Provision 2008 £m
Not overdue	**86.5**	**(0.2)**	101.0	(0.8)
Past due 0 – 30 days	**8.8**	**(0.7)**	10.4	(0.1)
Past due 31 – 60 days	**3.3**	**(0.8)**	4.3	(0.5)
More than 60 days	**12.8**	**(12.4)**	7.4	(6.2)
	111.4	**(14.1)**	123.1	(7.6)

During the year ended 31 December 2009, the Group provided for an additional £14.1 million against potential bad debts (2008: £5.5 million) and utilised £7.1 million directly against the balance of trade receivables (2008: £2.6 million).

The Group believes no provision is generally required for trade receivables that are not overdue as the Group collects the majority of its revenue in advance of the provision of office services and requires deposits from its customers.

Liquidity risk

The Group manages liquidity risk by reviewing its global cash position on a weekly basis and expects to have sufficient liquidity to meet its financial obligations as they fall due. The Group has free cash and liquid investments (excluding blocked cash) of £180.8 million (2008: £205.4 million) which the directors consider adequate to meet the Group's day to day requirements.

The Group's undrawn senior committed facility of £100 million was scheduled to expire on 19 March 2011, subject to the Group continuing to comply with the covenants of the facility agreement. The covenants included the ratio of net debt to EBITDA; the ratio of cash flow to net debt service (including net interest expense and scheduled debt repayments) and the ratio of EBITDAR to net interest and rental charges.

In March 2009, the Board approved the early surrender of the £100 million revolving credit facility following an internal review of the Group's facility arrangements. Of the facility approximately £50 million had been set aside to support bank guarantees provided against obligations of the Group. In order to continue to support these, the Group deposited sufficient funds with the guaranteeing banks which reduced free cash available for use by an equivalent amount. In so doing the directors considered the Group's forecast and sensitised cash flow projections and do not believe that this will have an adverse impact on the Group's liquidity given the strength of the Group's cash position.

Although the Group has net current liabilities, the Group does not consider that this gives rise to a liquidity risk. A large proportion of the net current liabilities comprise non-cash liabilities such as deferred income that will be recognised in future periods through the income statement. Although the Group holds customer deposits of £149.3 million these are spread across a large number of customers and no deposit held for an individual customer is material. Therefore the Group does not believe the balance represents a liquidity risk.

The net current assets/ (liabilities) of the Group, excluding deferred income were £68.2 million at 31 December 2009 (2008: £0.1 million). It is considered appropriate to exclude deferred income in assessing the liquidity of the Group as it reflects the future non-refundable contractual revenue of the Group to be recognised as revenue in future periods.

Market risk

Interest rate risk

Surplus cash balances are invested to achieve maximum interest returns on a day to day basis. In order to maximise interest returns, surplus cash is also invested in AAA-rated corporate bonds and deposits with a maturity in excess of three months. At the balance sheet date no corporate bond or deposit had a maturity in excess of four months. Whenever possible, and subject to the operational requirements of the Group, cash is repatriated to the head office and managed by the Group Treasury department.

Foreign currency risk

The Group's exposure to currency risk at a transactional level is minimal as the majority of day to day transactions of overseas subsidiaries are carried out in local currency. Working capital balances are generally held in the functional currency of the overseas subsidiary and therefore the impact of the retranslation of monetary assets and liabilities in the income statement of overseas subsidiaries is not considered to have a material impact on the Group.

The majority of the Group's net assets are in Pounds Sterling, US dollars and euros. During the year ended 31 December 2009 the Group adopted a policy of partially hedging the translation effect of certain profits incurred in foreign currencies (including the US dollar, euro, Japanese yen and certain East European currencies). The policy aimed to reduce the impact on the reported profits of the Group from changes in the value of Pounds Sterling against the hedged currencies. As at 31 December 2009, all foreign exchange derivative financial instruments had matured and no open positions were held (2008: £nil).

Historically the Group has occasionally used derivative financial instruments to manage its exposure to foreign currency fluctuations, although natural hedges limit the exposure to these risks. In the year ended 31 December 2009, the Group used derivative financial instruments to manage the translation risk of certain foreign currencies on the reported profits of the Group.

No transactions of a speculative nature are undertaken.

Other market risks

The Group does not hold any available-for-sale equity securities and is therefore not subject to risks of changes in equity prices.

Notes to the accounts continued

23. Financial instruments and financial risk management continued

Capital management

The Group's parent company is listed on the UK stock exchange and the Board's policy is to maintain a strong capital base. The Chief Financial Officer monitors the diversity of the Group's major shareholders and further details on the Group's communication with key investors can be found in the corporate governance report on pages 26 to 31. In 2006, the Board approved the commencement of a progressive dividend policy to enhance the total return to shareholders.

The Group's Chief Executive Officer, Mark Dixon, is the major shareholder of the Company and all executive members of the Board hold shares in the Company. Details of the Directors' shareholdings can be found in the report of the Remuneration Committee on pages 33 to 39. In addition the Group operates various share option plans for key management and other senior employees.

At the 2008 Annual General Meeting shareholders approved a resolution for the Group to re-purchase up to 10% of its issued share capital in the market. In June 2007, the Group commenced a share buyback programme to meet both the need to issue shares under the Group's share option programme and, more generally, as a means of returning cash to shareholders.

In the year ended 31 December 2009 Regus plc purchased 627,258 of its own shares in the open market and utilised these to satisfy employee share awards. In 2008 Regus plc re-purchased 3,200,000 of its own shares in the open market and held these shares as treasury shares. As at 22 March 2010, 1,076,498 shares were held as treasury shares.

Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

The Company declared an interim dividend of 0.8p per share (2008: 0.6p) during the year ended 31 December 2009 and proposed a final dividend of 1.6p per share (2008: 1.2p per share) a 33% increase on the 2008 dividend.

There were no other changes to the Group's approach to capital management during the year.

The Group's objective when managing capital (equity and borrowings) is to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. The Group holds minimal debt and is in a strong cash position therefore it is majority equity funded. The Board balances the higher returns possible with higher levels of borrowings with the stability and security afforded by a sound capital position. The Group's return on capital employed for the year ended 31 December 2009, defined as operating profit divided by total shareholders' equity, was 17.2% (2008: 30.7%).

Effective interest rates

In respect of financial assets and financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they mature. Interest payments are excluded from the table.

The undiscounted cash flow of these instruments is not materially different from the carrying value.

As at 31 December 2009

	Effective interest rate %	Carrying value £m	Contractual cash flow £m	Less than 1 year £m	1-2 years £m	2-5 years £m	More than 5 years £m
Cash and cash equivalents	0.9	205.1	205.1	205.1	–	–	–
Liquid investments							
– corporate bonds	3.7	10.0	10.0	10.0	–	–	–
Other liquid investments	1.5	30.0	30.0	30.0	–	–	–
Trade and other receivables	–	168.2	182.4	153.2	14.6	14.6	–
Finance lease liabilities	3.9	(2.1)	(2.1)	(1.4)	(0.6)	(0.1)	–
Secured bank loans	–	(0.7)	(0.7)	(0.7)	–	–	–
Other loans	12.1	(5.3)	(5.3)	(5.3)	–	–	–
Customer deposits	–	(149.3)	(149.3)	(149.3)	–	–	–
Trade and other payables	–	(138.1)	(138.1)	(135.2)	(2.9)	–	–
Net financial assets		117.8	132.0	106.4	11.1	14.5	–

Effective interest rates continued
As at 31 December 2008

	Effective interest rate %	Carrying value £m	Contractual cash flow £m	Less than 1 year £m	1-2 years £m	2-5 years £m	More than 5 years £m
Cash and cash equivalents	3.5	219.5	219.5	219.5	–	–	–
Trade and other receivables	–	198.4	206.0	174.3	16.3	15.4	–
Finance lease liabilities	7.8	(3.0)	(3.0)	(1.3)	(1.0)	(0.7)	–
Secured bank loans	–	(1.0)	(1.0)	(0.8)	(0.2)	–	–
Other loans	13.2	(4.3)	(4.3)	(4.3)	–	–	–
Customer deposits	–	(174.8)	(174.8)	(174.8)	–	–	–
Trade and other payables	–	(174.8)	(174.8)	(172.8)	(2.0)	–	–
Net financial assets		**60.0**	**67.6**	**39.8**	**13.1**	**14.7**	**–**

Sensitivity analysis

At 31 December 2009 it is estimated that a general increase of one percentage point in interest rates would increase the Group's profit before tax by approximately £1.7 million (2008: £1.5 million) with a corresponding increase in total equity.

It is estimated that a five percentage point weakening in the value of the US dollar against Pounds Sterling would have decreased the Group's profit before tax by approximately £0.9 million for the year ended 31 December 2009 (2008: £3.4 million). It is estimated that a five percentage point weakening in the value of the euro against Pounds Sterling would have decreased the Group's profit before tax by approximately £1.1 million for the year ended 31 December 2009 (2008: £1.1 million).

It is estimated that a five percentage point weakening in the value of the US dollar against Pounds Sterling would have decreased the Group's total equity by approximately £9.1 million for the year ended 31 December 2009 (2008: £12.2 million). It is estimated that a five percentage point weakening in the value of the euro against Pounds Sterling would have increased the Group's total equity by approximately £0.7 million for the year ended 31 December 2009 (2008: £0.3 million).

Fair value disclosures

The fair values together with the carrying amounts show in the balance sheet are as follows:

	2009		2008	
	Carrying amount £m	**Fair value £m**	Carrying amount £m	Fair value £m
Cash and cash equivalents	**205.1**	**205.1**	219.5	219.5
Liquid investments – corporate bonds	**10.0**	**10.0**	–	–
Other liquid investments	**30.0**	**30.0**	–	–
Trade and other receivables	**168.2**	**168.2**	198.4	198.4
Finance lease liabilities	**(2.1)**	**(1.8)**	(3.0)	(2.6)
Secured bank loans	**(0.7)**	**(0.7)**	(1.0)	(1.0)
Other loans	**(5.3)**	**(5.3)**	(4.3)	(4.3)
Customer deposits	**(149.3)**	**(149.3)**	(174.8)	(174.8)
Trade and other payables	**(138.1)**	**(138.1)**	(174.8)	(174.8)
	117.8	**118.1**	60.0	60.4
Unrecognised gain		**0.3**		0.4

Summary of methods and assumptions:

Trade and other receivables/payables and customer deposits

For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

Finance lease liabilities

The fair value of finance leases has been calculated by discounting future cash flows at an appropriate discount rate which reflects current market assessments and the risks specific to such liabilities.

Loans and overdrafts

The fair value of bank loans, overdrafts and other loans approximates to the carrying value because interest rates are at floating rates where payments are reset to market rates at intervals of less than one year.

Notes to the accounts continued

23. Financial instruments and financial risk management continued

Derivative financial instruments

The Group held several foreign currency swaps in the year, all of which matured during the year. The aggregate gain in the movement of the fair value of these instruments was £2.2m. The instruments were not designated as hedges and the gain has been recognised in the income statement. No derivative financial instruments were held at the year end (2008: £nil).

Committed borrowing facilities

	Principal £m	Available £m
At 31 December 2009	**–**	**–**
At 31 December 2008	100.1	50.3

Principal committed facilities in 2008 included £100.1 million of senior credit facilities, which the Group entered into in 2006, of which £50.3 million was available.

In March 2009, the Board approved the early surrender of the £100 million revolving credit facility following an internal review of the Group's facility arrangements. Of the facility approximately £50 million had been set aside to support bank guarantees provided against obligations of the Group. In order to continue to support these, the Group deposited sufficient funds with the guaranteeing banks which reduced the cash available for use by an equivalent amount. The directors do not believe that this decision had an adverse impact on the Group's liquidity given the strength of the Group's cash position.

24. Share based payment

Regus Group Share Option Plan

During 2004 the Group established the Regus Group Share Option Plan which entitles executive directors and certain employees to share options in Regus plc (previously Regus Group plc).

The table below presents the options outstanding and their exercise price together with an analysis of the movements in the number of options during the year.

		2009		2008
	Number of share options	**Weighted average exercise price per share**	Number of share options	Weighted average exercise price per share
At 1 January	**12,394,287**	**78.75**	8,625,287	80.03
Granted during the year	**–**	**–**	4,331,641	80.50
Lapsed during the year	**(2,334,587)**	**125.30**	(562,641)	111.97
Exercised during the year	**–**	**–**	–	–
Outstanding at 31 December	**10,059,700**	**67.95**	12,394,287	78.75
Exercisable at 31 December	**6,356,625**	**60.64**	6,356,625	60.64

Date of grant	Numbers granted	Weighted average exercise price per share	Lapsed	Excercised	At 31 Dec 2009	Exercisable from	Expiry date
23/07/2004	4,106,981	57.00	–	(736,842)	3,370,139	23/07/2007	23/07/2014
08/09/2004	3,884,170	64.75	(729,227)	(168,457)	2,986,486	08/09/2007	08/09/2014
21/03/2007	2,148,258	131.50	(2,148,258)	–	–	21/03/2010	21/03/2017
20/04/2007	707,506	146.50	(707,506)	–	–	20/04/2010	20/04/2017
18/03/2008	4,331,641	80.50	(628,566)	–	3,703,075	* See below	18/03/2018
Total	**15,178,556**	**80.41**	**(4,213,557)**	**(905,299)**	**10,059,700**		

* As indicated in the Remuneration Report in the Annual Report for the year ended 31 December 2008, the Remuneration Committee felt it inappropriate to set specific performance conditions for Matching Shares under the CIP and options awards under the Share Option Plan awarded in March 2008 and March 2009. Further details of the release dates and performance conditions set for 2010 can be found below.

The Regus Group also operates the Regus Group Share Option Plan (France) which is included within the numbers for the Regus Share Option Plan disclosed above. The terms of the Regus Share Option Plan (France) are materially the same as the Regus Group Share Option Plan with the exception that they are only exercisable from the fourth anniversary of the date of grant assuming the performance conditions have been met. 416,146 options awarded under the Regus Group Share Option Plan (France) are included in the above table (2008: 648,081), 231,935 lapsed during the year (2008: £nil) and £nil were exercised during the year (2008: £nil).

No options were exercised during the year ended 31 December 2009.

Regus Group Share Option Plan continued

Performance conditions for share options

The options awarded in 2004 included certain performance criteria that needed to be met in order for the share options to vest. The share options vested based on the basic earnings per share (adjusted for non-recurring items and goodwill and intangible amortisation) that exceeded the targets linked to the Retail Price Index. The basic earnings per share for performance purposes was 1p. 100% of the options awarded in July and September 2004 vested during 2007.

The options awarded in March 2007, April 2007 and March 2008 have the same performance conditions as the CIP Matching Awards granted in the same year as described further below.

The awards of options made in March 2007 and April 2007 (normal vesting date March 2010 and April 2010) failed to meet the related performance conditions (based on the financial performance of the Group in the year ended 31 December 2009) and therefore lapsed.

The share options awarded in 2004 were valued using the Black-Scholes model. The share options awarded in 2007 and 2008 are valued using a Monte Carlo method. The inputs to the model are as follows:

			Grant date
	March 2008	April 2007	March 2007
Share price on grant date	80.50	146.5p	131.5p
Exercise price	80.50	146.5p	131.5p
Expected volatility	35.05%	35.08%	35.27%
Number of simulations	200,000	200,000	200,000
Number of companies	36	35	35
Option life	3 years	3 years	3 years
Expected dividend	1.19%	0.40%	0.44%
Fair value of option at time of grant	29.6p	55.4p	53.8p
Risk free interest rate	4.07%	5.36%	5.16%

The expected volatility is based on the historic volatility adjusted for any abnormal movement in share prices.

Regus plc Co-Investment Plan (CIP) and Long Term Incentive Plan (LTIP)

	2009 Number of awards	2008 Number of awards
At 1 January	**18,346,549**	11,379,224
CIP awards granted during the year	**10,827,018**	7,480,307
Lapsed during the year	**(4,448,165)**	(512,982)
Exercised during the year	**(5,000,760)**	–
Outstanding at 31 December	**19,724,642**	18,346,549
Exercisable at 31 December	**872,879**	–

5,000,760 options or conditional share awards were exercised during the year ended 31 December 2009 (2008: nil). The weighted average share price at the date of exercise for share awards and options exercised during the year ended 31 December 2009 was 69.74p.

24. Share based payment continued

Plan	Date of grant	Numbers granted	Lapsed	Exercised	At 31 Dec 2009	Release date
LTIP	03/11/2005	3,723,235	(1,092,819)	(2,019,952)	610,464	03/11/2008
LTIP	28/09/2006	140,184	(140,184)	–	–	28/09/2009
		3,863,419	(1,233,003)	(2,019,952)	610,464	

Plan	Date of grant	Numbers granted	Lapsed	Exercised	At 31 Dec 2009	Release date
CIP: Investment shares	21/03/2006	772,196	–	(709,716)	62,480	21/03/2009
CIP: Matching shares	21/03/2006	3,088,784	(617,757)	(2,271,092)	199,935	21/03/2009
CIP: Investment shares	21/03/2007	833,823	(28,517)	–	805,306	21/03/2010
CIP: Matching shares	21/03/2007	3,240,144	(3,240,144)	–	–	21/03/2010
CIP: Investment shares	18/03/2008	1,557,391	(86,956)	–	1,470,435	18/03/2011
CIP: Matching shares	18/03/2008	5,922,916	(173,912)	–	5,749,004	* See below
CIP: Investment shares	23/03/2009	2,212,734	–	–	2,212,734	23/03/2012
CIP: Matching shares	23/03/2009	8,614,284	–	–	8,614,284	* See below
		26,242,272	(4,147,286)	(2,980,808)	19,114,178	

* As indicated in the Remuneration Report in the Annual Report for the year ended 31 December 2008, the Remuneration Committee felt it inappropriate to set specific performance conditions for Matching Shares under the CIP and options awards under the Share Option Plan awarded in March 2008 and March 2009. Further details of the release dates and performance conditions set for 2010 can be found below.

The fair value of services received in return for share based payments are measured by reference to the fair value of the equity instruments granted.

Of the awards of investment and matching shares under the CIP on 23 March 2009, 3,652,623 (2008: 2,082,024) were conditional share awards and 7,174,395 (2008: 5,398,283) were nil cost options.

The LTIP/CIP awards are valued using the Monte Carlo method.

The inputs to the model are as follows:

	23/03/2009 CIP [c]	18/03/2008 CIP [c]	21/03/2007 CIP [b]	28/09/2006 LTIP [a]	21/03/2006 CIP [b]	03/11/2005 LTIP [a]
Share price on grant date	**65.50p**	80.50p	131.50p	107.00p	107.25p	92.25p
Exercise price	**nil**	nil	nil	nil	nil	nil
Number of simulations	**200,000**	200,000	200,000	60,000	60,000	60,000
Number of companies	**32**	36	35	29	29	29
Award life	**3 years**	3 years	3 years	3 years	3 years	3 years
Expected dividend	**2.72%**	1.19%	0.44%	nil	nil	nil
Fair value of award at time of grant	**47.97p**	61.21p	103.05p	79.0p	79.94p	65.00p
Risk free interest rate	**1.92%**	3.86%	5.34%	4.38%	4.16%	4.47%

(a) The LTIP Awards had a release date of 3 November 2008 and 28 September 2009. There was no expiry date and therefore remaining contractual life on the basis that the awards release immediately. The LTIP nil cost options had a vesting date of 3 November 2008 and 28 September 2009 and an expiry date of 3 November 2015 and 28 September 2016 respectively. The performance conditions for the LTIP awards made on 3 November 2005 were based on the financial results for the year ended 31 December 2008 and based on the financial performance of the Group 80% of the awards and options vested on 20 March 2009. The remainder of the awards and options made on 3 November 2005 and all the awards made on 28 September 2006 lapsed.

(b) The CIP awards have a release date of 21 March 2009 and 21 March 2010. There is no expiry date and therefore remaining contractual life on the basis that the awards release immediately. The CIP nil cost options have a vesting date of 21 March 2009 and 21 March 2010 and an expiry date of 21 March 2016 and 21 March 2017. The performance conditions for the CIP matching awards made on 21 March 2006 were based on the financial results for the year ended 31 December 2008 and based on the financial performance of the Group 80% of the awards vested on 20 March 2009. The remainder of the matching awards made on 21 March 2006 lapsed. The proportion of the CIP awards that represented the deferred bonus for the year ended 31 December 2005 were released on 20 March 2009.

(c) The CIP Matching Shares and Share Option Plan awards made in 2008 and 2009 did not have performance conditions set by the Remuneration Committee at the date of the award. A valuation was performed for those awards based on the terms that applied to similar awards made in previous years. The Remuneration Committee set the performance conditions for the awards made in 2008 and 2009 effective from 22 March 2010 and the valuation of these awards will be updated in the year ended 31 December 2010.

Regus plc Co-Investment Plan (CIP) and Long Term Incentive Plan (LTIP) continued

The performance conditions for the grant of awards under the LTIP are set out in the following table:

For November 2005 and March 2006 awards: Adjusted EPS* (p) for the year ended 31 Dec 2008	11p	12p	13p	14p
For September 2006 awards: % increase in adjusted EPS* for year ended 30 June 2009 compared to EPS of prior year	15%	20%	25%	30%
Growth in free cash flow per share				
10%	6%	13%	19%	25%
15%	13%	25%	38%	50%
20%	19%	38%	56%	75%
25%	25%	50%	75%	100%

* Adjusted EPS

It is recognised by the Remuneration Committee that the additional EPS targets represent a highly challenging goal and consequently in determining whether they have been met the Committee will exercise its discretion. The overall aim is that the relevant EPS targets must have been met on a run rate or underlying basis. As such an adjusted measure of EPS will be calculated designed to assess the underlying performance of the business.

While the Remuneration Committee reserves the right to adjust EPS as it sees fit at the time, by way of example, the following adjustments are currently anticipated:

- In a growth company such as Regus, costs are necessarily incurred in one year to drive profits in future years. As such it is important to ensure management is not incentivised to cut back on these investments to meet EPS targets in any one year. Accordingly those costs, incurred in the vesting year, which it considers necessary to drive future growth will be excluded from the EPS calculation. These would include, inter alia, the costs of the business development departments, excess marketing expenditures and current year losses from investing in new locations.
- Any one-off or non-recurring costs will be excluded.
- It is expected that in the period between 2006 and 2008 the cash tax rate will rise as cumulative tax losses are utilised thereby increasing progressively the challenge of achieving a 14p EPS target. This will then be further complicated by the need to recognise deferred tax assets as the business strengthens reducing the accounting rate of tax in one year and increasing it in the next. To provide greater clarity and incentive to management EPS will be calculated based upon the cash tax rate up to a maximum of 30%.
- The Remuneration Committee is of the opinion that the EPS and free cash flow performance targets are a transparent and accurate measure of the Company's performance at this time and are the key corporate metrics for driving long term shareholder value. In addition, the Total Shareholder Return ("TSR") condition will ensure that executives are encouraged to focus on ensuring that the Company's return to shareholders is competitive compared to comparable companies.

24. Share based payment continued

The performance conditions for awards under the matching share element of the CIP made in March 2007 are set out below:

% increase in published EPS for the year ended 31 December 2009 compared to the published EPS for the prior year	15%	20%	25%	30%
Growth in free cash flow per share over 3 years				
10%	6%	13%	19%	25%
15%	13%	25%	38%	50%
20%	19%	38%	56%	75%
25%	25%	50%	75%	100%

% denotes the % of the Award which will be released at the end of the performance period.

In addition, no awards will be released unless the Company's TSR is at least at the median when compared against that of the companies comprising the FTSE 350 Support Services Sector at the date of the grant subject to the discretion of the Remuneration Committee.

The awards of Matching Shares made in March 2007 (normal vesting date March 2010) failed to meet the related performance conditions (based on the financial performance of the Group in the year ended 31 December 2009) and therefore lapsed. The associated Investment Share awards will be released to participants (subject to any tax liabilities in accordance with the rules of the CIP).

As indicated in the Remuneration Report in the Annual Report for the year ended 31 December 2008, the Remuneration Committee felt it inappropriate to set specific performance conditions for Matching Shares under the CIP and options awards under the Share Option Plan awarded in March 2008 and March 2009 but were committed to carrying out a thorough review of the matter during 2009. The Remuneration Committee has agreed that the following modifications will be made to the awards made in 2008 and 2009 and that the following performance conditions will apply to these awards effective from 22 March 2010.

The total number of awards made in 2008 and 2009 to each participant will be divided into three separate equal amounts and will be subject to future performance periods of three, four and five years respectively. Thus, conditional on meeting the performance targets, the first amount will not vest until March 2013, the second will not vest until March 2014 and the third will not vest until March 2015. These vesting dates relate to the financial years ending 31 December 2012, 31 December 2013 and 31 December 2014 respectively. The vesting of these awards will be subject to the achievement of challenging corporate performance targets. 75% of each of the three amounts will be subject to defined earnings per share (EPS) targets over the respective performance periods. The remaining 25% of each will be subject to relative total shareholder return (TSR) targets over the respective periods. The targets will be as follows:

	EPS targets for the financial years ending		
% of awards eligible for vesting	2012	2013	2014
25%	15p	17p	18p
50%	16p	20p	22p
75%	17p	23p	26p
100%	18p	26p	30p

No shares will vest in each respective year unless the minimum EPS target for that year is achieved.

% of awards eligible for vesting	Regus TSR % achieved relative to FTSE All Share Total Return index*
Nil	100%
25%	Above 100% but below 101%
Increments of 0.75%	For each complete 1% above 100%
100%	200% or above

* over three, four or five year performance period.

The Remuneration Committee has determined that no awards of Investment Shares or Matching Shares will be made in March 2010. However, the Committee can make stand-alone long term incentive awards under the CIP without reference to annual bonus up to a maximum of 100% of salary per calendar year. The Committee has determined that it is appropriate to make LTIP awards during 2010 of up to 100% of salary. The performance conditions will be the same as those set out above over a three year performance period (but with a single vesting date in March 2013). The determination of the share awards will be made subsequent to the publication of this report. However the maximum number of awards will be based on the price of an ordinary share at the time of grant and the monetary value will not exceed 100% of basic salary. Full details will be disclosed in the Remuneration Committee Report for the year ending 31 December 2011.

Regus plc Value Creation Plan

	2009 Number of entitlements	2008 Number of entitlements
At 1 January	**21,000,000**	–
VCP entitlements awarded during the year	**–**	22,500,000
Lapsed during the year	**–**	(1,500,000)
Outstanding at 31 December	**21,000,000**	21,000,000

Plan	Date of award	Numbers awarded	Lapsed	Exercised	At 31 Dec 2009	Measurement date
VCP Tier 1 awards	20/05/2008	3,500,000	–	–	**3,500,000**	–
VCP Tier 2 awards	20/05/2008	6,000,000	–	–	**6,000,000**	–
VCP Tier 3 awards	20/05/2008	10,000,000	–	–	**10,000,000**	–
VCP Tier 4 awards	20/05/2008	3,000,000	(1,500,000)	–	**1,500,000**	–
		22,500,000	(1,500,000)	–	**21,000,000**	31/03/2010 – 31/03/2013

The fair value of services received in return for share based payments are measured by reference to the fair value of the equity instruments granted. No awards were exercisable at the year-end.

The VCP awards are valued using the Monte Carlo method.

The inputs to the model are as follows:

	21/05/2008 VCP
Share price on award date	107.00p
Exercise price	107.00p
Number of simulations	200,000
Number of companies	36
Award life	1.86 – 4.86 yrs
Expected dividend	0.93%
Total fair value of awards at time of grant	£1.3m
Risk free interest rate	4.71%

The VCP awards have measurement dates of 31 March 2010, 31 March 2011, 31 March 2012 and 31 March 2013. If at the measurement dates, the share price targets have been met the eligible VCP entitlements will be converted into options over ordinary shares. The options are not subject to further performance conditions but are exercisable on the following basis:

	In year ended 31/12/2010	In year ended 31/12/2011	In year ended 31/12/2012	In year ended 31/12/2013
Percentage of entitlements converted to options at the 31/03/2010 measurement date that can be exercised	40%	20%	20%	20%
Percentage of entitlements converted to options at the 31/03/2011 measurement date that can be exercised	–	40%	30%	30%
Percentage of entitlements converted to options at the 31/03/2012 measurement date that can be exercised	–	–	40%	60%
Percentage of entitlements converted to options at the 31/03/2013 measurement date that can be exercised	–	–	–	100%

24. Share based payment continued

The performance conditions of the VCP entitlements are as follows:

		Number of shares earned less those earned at any prior measurement date			
		Tier 1 awards	Tier 2 awards	Tier 3 awards	Tier 4 awards
First measurement date 31/03/2010	Share price less than £2.60	–	–	–	–
	Share price is £2.60 or more but less than £3.50	2,500,000	4,285,714	7,142,857	2,142,857
	Share price is £3.50 or more	3,500,000	6,000,000	10,000,000	3,000,000
Second measurement date 31/03/2011	Share price less than £2.60	–	–	–	–
	Share price is £2.60 or more but less than £3.50	1,800,000	3,085,714	5,142,857	1,542,857
	Share price is £3.50 or more but less than £4.50	2,500,000	4,285,714	7,142,857	2,142,857
	Share price is £4.50 or more	3,500,000	6,000,000	10,000,000	3,000,000
Third measurement date 31/03/2012	Share price less than £2.60	–	–	–	–
	Share price is £2.60 or more but less than £3.50	1,200,000	2,057,143	3,428,571	1,028,571
	Share price is £3.50 or more but less than £4.50	1,800,000	3,085,714	5,142,857	1,542,857
	Share price is £4.50 or more	2,500,000	4,285,714	7,142,857	2,142,857
Fourth measurement date 31/03/2013	Share price less than £2.60	–	–	–	–
	Share price is £2.60 or more but less than £3.50	600,000	1,028,571	1,714,286	514,285
	Share price is £3.50 or more but less than £4.50	1,200,000	2,057,143	3,428,571	1,028,571
	Share price is £4.50 or more	1,800,000	3,085,714	5,142,857	1,542,857

Where the share price targets have not been met by 31 March 2013 then the VCP Entitlement will not convert, no ordinary shares will be earned and no VCP Options granted under the VCP.

25. Acquisitions

During the year ended 31 December 2009 the Group made no significant acquisitions.

Adjustments to acquisitions and the payment of contingent consideration in relation to acquisitions completed prior to 1 January 2009.

Additional consideration of £0.3 million was accrued in December 2009 due to improved financial performance of acquisitions under contractual earn-out provisions. In addition, amendments to provisional purchase price allocations on acquisitions completed in previous years resulted in an increase in goodwill of £0.5 million.

Details of all acquisitions completed in the year ended 31 December 2008

Details of all acquisitions made during 2008 are set out below. All of the acquired operations are providers of outsourced workplace solutions. Where no equity was acquired the Group acquired all the operating assets and liabilities of the related business excluding cash. All acquisitions made in the year have been aggregated as no single acquisition is material. These transactions have been accounted for using the purchase method of accounting.

Name	Region	Purchase consideration including costs £m	Percentage of equity and voting rights acquired	Date of acquisition
Equity acquisitions:				
Stonemartin Corporate Centres Limited	UK	2.9	100	30/11/2008
Business and net asset acquisitions:				
Stonemartin	UK	6.2	n/a	02/04/2008
		9.1		

In addition to the above, a further £4.6 million of purchase consideration (including costs) was paid to complete a further one equity acquisitions and twelve business and net asset acquisitions.

	Book value £m	Fair value adjustments £m	**Fair Value £m**
Net assets acquired			
Intangible assets*	–	2.2	**2.2**
Property, plant and equipment	4.6	0.8	**5.4**
Other non-current assets	0.3	0.1	**0.4**
Cash	1.6	–	**1.6**
Other current assets	0.9	0.8	**1.7**
Current liabilities	(1.5)	(0.1)	**(1.6)**
Non-current liabilities	–	–	**–**
	5.9	3.8	**9.7**
Total consideration			
Cash			**13.3**
Deferred consideration			**–**
Directly attributable costs			**0.4**
			13.7
Goodwill			**4.0**

* Intangible assets comprise the fair value of customer contracts or, in the case of managed centres, the fair value of the management contract acquired.

There was no contingent consideration arising on the above acquisitions.

If the above acquisitions had occurred on 1 January 2008, the revenue and net retained profit arising from these acquisitions would have been £19.8 million and £3.4 million respectively. In the year these acquisitions contributed revenue of £12.4 million and a net retained profit of £1.4 million.

The goodwill arising on the above acquisitions reflects the anticipated future benefits Regus can obtain from operating the businesses more efficiently, primarily through increasing occupancy and the addition of value adding services.

Acquisitions completed after the balance sheet date

There were no significant acquisitions completed after 31 December 2009.

26. Capital commitments

	2009 £m	2008 £m
Contracts placed for future capital expenditure not provided in the financial statements	**2.5**	11.6

These commitments are principally in respect of fit out obligations on new centres opening in 2010. In addition our share of the capital commitments of joint ventures amounted to £nil at 31 December 2009 (2008: £nil).

Notes to the accounts continued

27. Non-cancellable operating lease commitments

At 31 December 2009 the Group was committed to make the following payments in respect of operating leases:

	2009			2008		
	Property £m	Motor vehicles, plant and equipment £m	Total £m	Property £m	Motor vehicles, plant and equipment £m	Total £m
Lease obligations falling due:						
Within one year	**375.0**	**2.2**	**377.2**	414.0	2.8	416.8
Between two and five years	**983.7**	**5.9**	**989.6**	1,058.7	3.6	1,062.3
After five years	**371.4**	**2.4**	**373.8**	488.7	0.1	488.8
	1,730.1	**10.5**	**1,740.6**	1,961.4	6.5	1,967.9

Non-cancellable operating lease commitments exclude future contingent rental amounts such as the variable amounts payable under performance based leases where the rents vary in line with a centre's performance.

28. Contingent assets and liabilities

The Group has bank guarantees and letters of credit held with certain banks amounting to £47.0 million (December 2008: £49.7 million). A number of lawsuits are pending against the Group, the outcome of which in the aggregate is not expected to have a material effect on the Group.

29. Related parties

Joint ventures

During the year ended 31 December 2009 the Group received management fees of £3.5 million (2008: £3.1 million) from its joint venture entities. At 31 December 2009 £2.9 million (2008: £4.9 million) was due to the Group from joint ventures of which £nil of this debt has been provided for at 31 December 2009 (2008: £nil). During the year no loan receivable from a joint venture was waived by the Group (2008: £2.0 million).

Key management personnel

No loans or credit transactions were outstanding with directors or officers of the Company at the end of the year or arose during the year that need to be disclosed.

During the year ended 31 December 2009 the Group acquired goods and services from a company indirectly controlled by a director of the Company amounting to £30,118 (2008: £18,746). The goods and services were acquired in arms length transactions. There was a £nil balance outstanding at year end (2008: £nil).

Compensation of key management personnel (including directors):

Key management personnel include those personnel (including directors) that have responsibility and authority for planning, directing and controlling the activities of the Group:

	2009 £m	2008 £m
Short term employee benefits	**2.8**	4.8
Share based payments	**1.0**	3.7
	3.8	8.5

Share based payments included in the table above reflect the accounting charge in the year. The full fair value of awards granted in the year was £4.9 million (2008: £5.6 million). These awards are subject to performance conditions and vest three years from the award date.

30. Principal group companies

The Group's principal subsidiary undertakings at 31 December 2009, their principal activities and countries of incorporation are set out below:

Name of undertaking	Country of incorporation	% of ordinary share and votes held
Principal activity – Trading		
Regus Management de Argentina S.A.	Argentina	100
Regus 267 St Georges Terrace Pty Limited	Australia	100
Regus 303 Collins Street Pty Limited	Australia	100
Regus Adelaide Pty Ltd	Australia	100
Regus Alfred Street Pty Ltd	Australia	100
Regus Bondi Junction Pty Ltd	Australia	100
Regus Bridge Street Pty Ltd	Australia	100
Regus Business Centre Melbourne Pty Ltd	Australia	100
Regus Centres Pty Ltd	Australia	100
Regus Chatswood Pty Ltd	Australia	100
Regus Clarence Street Pty Ltd	Australia	100
Regus Como Pty Ltd	Australia	100
Regus Council House Pty Ltd	Australia	100
Regus Macquarie House Pty Ltd	Australia	100
Regus North Sydney Pty Ltd	Australia	100
Regus Northbank Plaza Pty Ltd	Australia	100
Regus Queens Road Pty Ltd	Australia	100
Regus Riverside Pty Ltd	Australia	100
Regus Borsengebaude GmbH	Austria	100
Regus Business Centre GmbH	Austria	100
Regus Karnter Ring GmbH	Austria	100
Regus Mariahilferstrasse GmbH	Austria	100
Regus Parkring GmbH	Austria	100
Regus Twin Tower Netspace GmbH	Austria	100
Regus Business Centre SPC	Bahrain	100
Regus Management Bahrain SPC	Bahrain	100
Regus Astrid Plaza BVBA	Belgium	100
Regus Belgium NV	Belgium	100
Regus Braine L'Alleud BVBA	Belgium	100
Regus Business Centre SA	Belgium	100
Regus Leopold Square de Meeus BVBA	Belgium	100
Regus Parc Atrium BVBA	Belgium	100
Regus Pegasus BVBA	Belgium	100
Regus Rubens BVBA	Belgium	100
Regus Schuman BVBA	Belgium	100
Regus Stephanie Square BVBA	Belgium	100
Skyport Bruxelles NV	Belgium	100
Regus Bulgaria EOOD	Bulgaria	100
Guardian Financial Corp Inc	Canada	100
Oceanic Business Centre Inc	Canada	100
Pacific Business Centre Inc	Canada	100
Regus Business Centre Canada LP	Canada	60
RGN – Alberta Limited Partnership	Canada	100
RGN – Ontario Limited Partnership	Canada	100
Richmond Executive Centre Inc	Canada	100
Willingdon Park Business Centre Inc	Canada	100
Regus Business Centre de Chile SA	Chile	100
Regus Business Centre de Chile II SA	Chile	100
Regus Business Centre de Chile III SA	Chile	100
Regus Business Centre de Chile IV SA	Chile	100
Regus Business Centre de Chile V SA	Chile	100
Huanya Shang Wu Fu Wu Lid	China	100
Regus Business & Conference Centre Beijing) Limited	China	100
Regus Business & Conference Centre (Shanghai) Limited	China	100
Regus Business Centre (Hangzhou) Limited	China	100
Regus Business Centre (Shanghai) Limited	China	100
Regus Business Consultancy (Beijing) Limited	China	100
Regus Business Consulting (Guangzhou) Limited	China	100
Regus Business Consulting (Shanghai) Limited	China	100
Regus Business Consulting (Tianjin) Limited	China	100
Regus Business Service (Hangzhou) Limited	China	100
Regus Business Services (Beijing) Limited	China	100
Regus Business Services (Dalian) Limited	China	100
Regus Business Services (Shanghai) Limited	China	100
Regus Business Services (Shenzhen) Limited	China	100
Regus Centres Services Co Limited	China	80
Regus Executive Service (Chengdu) Limited	China	100
Regus Executive Serviced Office (Beijing) Limited	China	100
Regus Executive Serviced Office (Shanghai)	China	100
Regus Managed Centre (Shanghai) Limited	China	100
Regus Strategic Consulting (Shanghai) Limited	China	100
Union Plaza Consulting Co. Ltd Limited	China	100
Regus Colombia Ltda	Columbia	100
Regus Costa Rican Centres Ltda	Costa Rica	100
Regus BRNO Spielberk sro	Czech Republic	100
Regus Burzovni Palac sro	Czech Republic	100
Regus Business Centre sro	Czech Republic	100
Regus Empiria sro	Czech Republic	100
Regus Kobenhavn Aps	Denmark	100
Regus Sydhavn Aps	Denmark	100
Regus Tuborg Aps	Denmark	100
Regus FZCO	Dubai	100
Regus Business Centre Trading FZCO	Dubai	100
Regus Business Centre City Stars [a]	Egypt	100
Regus Business Centre LLC (Egypt)	Egypt	100
Regus El Salvador Ltda	El Salvador	100
Danebury Capita Limited [a]	England	100
MOS Ltd Limited	England	100
Nuclei Limited [b]	England	49
Regus (Barking) Limited	England	100
Regus (Bolton Bark Street) Limited	England	100
Regus (Chelmsford) Limited	England	100
Regus (GB) Limited	England	100
Regus (Hemel Hempstead) Limited	England	100
Regus (Hertfordshire) Limited [a]	England	100
Regus (Jersey) Limited [a]	England	100
Regus (LBC) Limited	England	100
Regus (Leicester Grove Park) Limited	England	100
Regus (London 1 Broadgate) Limited [a]	England	100

Notes to the accounts continued

30. Principal group companies continued

Name of undertaking	Country of incorporation	% of ordinary share and votes held
Regus (Maxim) Limited	England	100
Regus (Newbury Oxford Street) Limited	England	100
Regus (Nottingham Citygate) Limited [(a)]	England	100
Regus (Orchard Lea) Limited [(a)]	England	100
Regus (Peterborough) Limited	England	100
Regus (Solent) Limited	England	100
Regus (Thames Court) Limited [(a)]	England	100
Regus (UK) Limited	England	100
Regus Business Centres (UK) Limited	England	100
Regus Business Services Limited	England	100
Regus Caledonia Limited	England	100
Regus City Limited	England	100
Regus Estates (UK) Limited [(a)]	England	100
Regus G Limited	England	100
Regus Luton Limited	England	100
Regus Manchester Limited	England	100
Regus Mayfair Limited	England	100
Regus PLP (UK) Limited	England	100
Regus South Ltd	England	100
Stonemartin Corporate Centres Limited	England	100
Business Centres Management Estonia OU [(a)]	Estonia	100
Regus Estonia OU [(a)]	Estonia	100
Regus Finland Oy	Finland	100
Regus La Defense SAS	France	100
Regus Lyon Plaza SARL	France	100
Regus Montpellier SAS	France	100
Regus Opera SAS	France	100
Regus Paris SAS	France	100
Regus Portes de Paris SAS	France	100
Regus Provence SAS	France	100
Regus Roissy SARL	France	100
Regus Sophie SAS	France	100
Regus Vendôme SAS	France	100
Regus Berlin Checkpoint GmbH & Co KG	Germany	100
Regus Berlin Lindencorso GP GmbH & Co KG	Germany	100
Regus Bremen Airport GmbH & Co. KG	Germany	100
Regus Düsseldorf Medienhafen GmbH & Co KG	Germany	100
Regus Düsseldorf Prinzenpark GmbH & Co KG	Germany	100
Regus Düsseldorf Airport GmbH	Germany	100
Regus Frankfurt Herriot's GmbH & Co KG	Germany	100
Regus Frankfurt Kastor & Pollux GmbH & Co KG	Germany	100
Regus Frankfurt Trianon GmbH & Co KG	Germany	100
Regus GmbH & Co. KG	Germany	100
Regus Hamburg Chilehaus GP GmbH & Co. KG	Germany	100
Regus Hamburg Fleethof GmbH & Co KG	Germany	100
Regus Hamburg Valentinskamo GmbH & Co KG	Germany	100
Regus Hannover Podbielski GmbH & Co KG	Germany	100
Regus Netspace Germany GmbH & Co KG	Germany	100
Regus München Laim GmbH	Germany	100
Regus Hamburg Spitalerhof GmbH	Germany	100
Regus Köln Kaiser-Wilhelm-Ring GmbH & Co KG	Germany	100
Regus Köln Neumarktgalerie GmbH & Co KG	Germany	100
Regus München Airport GmbH & Co KG	Germany	100
Regus München Artemis GP GmbH & Co KG	Germany	100
Regus München Laim GmbH	Germany	100

Name of undertaking	Country of incorporation	% of ordinary share and votes held
Regus München Maximilianstrasse GmbH & Co KG	Germany	100
Regus München MaxVorstadt GmbH	Germany	100
Regus München Schwabing GmbH & Co KG	Germany	100
Regus Netspace Germany GmbH & Co KG	Germany	100
Regus Stuttgart Konigsstrasse GmbH & Co KG	Germany	100
Regus Stuttgart Zeppelinkarree GmbH & Co KG	Germany	100
Regus Unterfohring GmbH & Co KG	Germany	100
Regus Waldorf GmbH Co. KG	Germany	100
Regus Hellas SA	Greece	100
Regus Guatemala S.R.L.	Guatemala	100
Regus Guatemala II S.R.L	Guatemala	100
Regus Business Centre Ltd	Hong Kong	100
Regus Business Services (Hong Kong) Ltd	Hong Kong	100
Regus Centre (HK) Ltd	Hong Kong	100
Regus Centre Limited	Hong Kong	100
Regus Hong Kong Ltd	Hong Kong	100
Regus Services Limited	Hong Kong	100
Regus Arpad Kft	Hungary	100
Regus Business Centres Hungary Kft	Hungary	100
Regus EMKE Kft	Hungary	100
Regus Kalman Kft	Hungary	100
Regus Kft	Hungary	100
East India Business Centre Pvt Ltd	India	100
Kasturba Road Business Centre Pvt Ltd	India	100
Murphy Road BC Pvt Ltd	India	100
Regus Business Centre (Chennai) Pvt Ltd	India	100
Regus Business Centre (Delhi) Pvt Ltd	India	100
Regus Business Centre (Nagpur) Pvt Ltd	India	100
Regus Business Centre (Pune) Pvt Ltd	India	100
Regus Business Centre Bangalore Pvt Ltd	India	100
Regus Business Centre Gurgaon Pvt Ltd	India	100
Regus Business Centre Hyderabad Pvt Ltd	India	100
Regus Business Centre Plaza Pvt Ltd.	India	100
Regus Business Centre Pvt Ltd	India	100
Regus Centre (Saket) Pvt Ltd	India	100
Regus Centre Mid-Town (Hyderabad) Pvt Ltd.	India	100
Regus Centre Services (Bangalore) Pvt Ltd	India	100
Regus Gurgaon Metro BC Pvt Ltd	India	100
Regus Midtown Business Centre Pvt Ltd	India	100
Regus Mumbai Metropoliton BC Pvt Ltd	India	100
Regus Office Centre (Gurgaon) Pvt Ltd	India	100
Regus Office Centre Mumbai Pvt Ltd.	India	100
Regus Office Centre Services (Chennaii) Pvt Ltd	India	100
Regus Office Centre Services Pvt Ltd	India	100
Regus Pune Office Centre Services Pvt Ltd.	India	100
Regus Suburb Centres Pvt Ltd	India	100
PT Regus Centre Indonesia	Indonesia	100
PT Regus Business Centre Satrio	Indonesia	100
PT Regus Grand Indonesia	Indonesia	100
Europa Business Centre Ltd	Ireland	100
Regus Franchise International Ltd	Ireland	100
Regus Ireland Ltd	Ireland	100
Regus Business Centres Ireland Ltd	Ireland	100
Regus Business Centres Ltd	Israel	100
Regus Business Centre Srl	Italy	100

Name of undertaking	Country of incorporation	% of ordinary share and votes held
Regus Business Centres Italia Srl [a]	Italy	100
Regus Japan KK	Japan	100
Regus Business Centre Nagoya KK	Japan	100
Regus Business Center Luxembourg SA	Luxembourg	100
Regus Luxembourg SA	Luxembourg	100
Regus Macau Business Centre Co. Ltd	Macau	100
Regus Centres Sdn Bhd	Malaysia	100
Regus Malaysia Sdn	Malaysia	100
Regus Sentral Sdn Bhd	Malaysia	100
Regus Malta Management Limited	Malta	100
Regus Business Centres (Mauritius) Ltd.	Mauritius	100
Centro Regus el Sur de Mexico, SA de CV	Mexico	100
Centros Coporativo Regus, Sa de CV	Mexico	100
Centros de Negocios Regus, SA de CV	Mexico	100
Centros Regus de Mexico SA de CV	Mexico	100
Regus Business Centre SA de CV	Mexico	100
Regus Business Centre II SA de CV	Mexico	100
Regus Management de Mexico, SA de CV	Mexico	100
Regus Services SA de CV	Mexico	100
Regus Tres Picos SA de CV	Mexico	100
Regus Monaco SARL	Monaco	100
Regus Maroc SARL	Morocco	100
Regus Almere Centraal Station BV	Netherlands	100
Regus Amersfoort BV	Netherlands	100
Regus Amstel Business Park BV	Netherlands	100
Regus Amstelveen BV	Netherlands	100
Regus Arnhem BV	Netherlands	100
Regus Atlas BV	Netherlands	100
Regus Atrium BV	Netherlands	100
Regus Brainpark BV	Netherlands	100
Regus Breda Business Park BV	Netherlands	100
Regus Breda BV	Netherlands	100
Regus Den Bosch Central Station BV	Netherlands	100
Regus Eindhoven BV	Netherlands	100
Regus Equinox I BV	Netherlands	100
Regus Equinox II BV	Netherlands	100
Regus Herengracht Central Station BV	Netherlands	100
Regus Hilversum BV	Netherlands	100
Regus Hojel BV	Netherlands	100
Regus Leeuwarden Crystalic BV	Netherlands	100
Regus Maastricht BV	Netherlands	100
Regus Nijmegen BV	Netherlands	100
Regus Parkstraat BV	Netherlands	100
Regus Rijswijk BV	Netherlands	100
Regus Rotterdam World Port BV	Netherlands	100
Regus Schiphol Rijk BV	Netherlands	100
Regus Teleport Tower BV	Netherlands	100
Regus Tetra BV	Netherlands	100
Regus Tilburg BV	Netherlands	100
Regus Utrecht Papendorp BV	Netherlands	100
Regus Weena BV	Netherlands	100
Regus Zeist BV	Netherlands	100
Regus Zen BV	Netherlands	100
Regus Zurich Tower BV	Netherlands	100
Regus Zwolle City Centre BV	Netherlands	100

Name of undertaking	Country of incorporation	% of ordinary share and votes held
Satelite Business Centre Schipol BV	Netherlands	100
Skyport Amsterdam BV	Netherlands	100
Skyport International BV	Netherlands	100
WTC Zuiplien BV	Netherlands	100
Regus Shortland Street Ltd	New Zealand	100
Regus Business Centre Ibsen AS	Norway	100
Regus Business Centre Nydalen AS	Norway	100
Regus Business Centre Skogen AS	Norway	100
Regus Business Centre (Karachi) Pvt Ltd	Pakistan	100
Regus Business Centre SA	Panama	100
Regus Paraguay SRL	Paraguay	100
Regus Business Centre SA	Peru	100
Regus Business Centre Inc	Philipinnes	100
Regus Net Cube Inc	Philipinnes	100
Regus Business Centre Sp. z o.o.	Poland	100
Regus Metropolitan Sp. z o.o.	Poland	100
Regus Mokotow Sp. z o.o.	Poland	100
Regus Plaza Sp. z o.o.	Poland	100
Regus Wisniowy Sp. z o.o.	Poland	100
Regus Zoliborz Sp. z.o.o	Poland	100
Regus Business Centre Lda	Portugal	100
Regus Floreasca International SRL	Romania	100
Regus International SRL	Romania	100
Regus Rosetti International SRL	Romania	100
LLC Regus Business Centre	Russia	100
Regus Business Centre Atrium LLC	Russia	100
Regus Business Centre Avrora LLC	Russia	100
Regus Business Centre Citydel LLC	Russia	100
Regus Capital Plaza LLC	Russia	100
Regus Moscow City LLC	Russia	100
St Petersburg (Austrian Business Centre) LLC	Russia	100
Regus Centres Pte Ltd	Singapore	100
Regus NAC Pte Ltd	Singapore	100
Regus Singapore Business Centre Pte Ltd	Singapore	100
Regus Business Services Marina Pte Ltd	Singapore	100
Regus Singapore Raffles Place Pte Ltd	Singapore	100
Regus Business Centre Bratislava sro	Slovakia	100
Habitaz Business Center (Bryanston) Pty Ltd	South Africa	100
Habitaz Business Center (Foreshore) Pty Ltd	South Africa	100
Habitaz Business Center Pty Ltd	South Africa	100
RBC (Century City) Pty Ltd	South Africa	100
RBC (Fourways) Pty Ltd	South Africa	100
Regus Business Centre (PTY) Ltd	South Africa	100
Regus Business Centre Durban Pty Ltd	South Africa	100
Regus Business Centre Foreshore Pty Ltd	South Africa	100
Regus Business Centre Midrand Pty Ltd	South Africa	100
Regus Business Centre Mowbray Pty Ltd	South Africa	100
Regus Business Centre Sandton Pty Ltd	South Africa	100
Regus Business Centre Woodmead Pty Ltd	South Africa	100
Regus Southern Africa (PTY)	South Africa	100
Regus Jongro Ltd	South Korea	100
Regus Korea Ltd	South Korea	100
Regus Samsungdong Limited	South Korea	100
Regus Business Centre SA	Spain	100
Regus Miraflores, SL	Spain	100

30. Principal group companies continued

Name of undertaking	Country of incorporation	% of ordinary share and votes held
Regus Pinar, SL	Spain	100
Regus Valencia SL	Spain	100
Business Centre Lilla Bommen AB	Sweden	100
Regus Frosundavik AB	Sweden	100
Regus Garda AB	Sweden	100
Regus Solna Strand AB	Sweden	100
Regus Stockholm Central AB	Sweden	100
Regus Stureplan AB	Sweden	100
Regus Acacias GmbH	Switzerland	100
Regus Business Centre AG	Switzerland	100
Regus Geneva Airport SARL	Switzerland	100
Regus Rue du Rhône SARL	Switzerland	100
Regus Seefeld GmbH	Switzerland	100
Regus Stockerhof GmbH	Switzerland	100
Regus WTC Zürich GmbH	Switzerland	100
Taipei Regus Business Centre Co. Ltd	Taiwan	100
Office Advantage Ltd	Thailand	100
Regus Centres Ltd	Thailand	100
Regus Tunisie SARL	Tunisia	100
Regus Is Merkezi Isletmeciligi Ltd	Turkey	100
Regus Yonetim ve Danismanlik Ltd Sti	Turkey	100
Regus Business Centre (Ukraine) LLC	Ukraine	100
Regus Podil LLC	Ukraine	100
Buffalo Acquisitions Sub LLC	United States	100
DelVal Acquisition sub LLC	United States	100
Florida Business Center Acquisition Sub LLC	United States	100
HQ Global Workspaces LLC	United States	100
Regus Business Center LLC	United States	100
Regus DC, LLC	United States	100
Regus Equity Business Centers LLC	United States	100
Regus Group – North Dallas LLC	United States	100
Regus Southeast Investments LLC	United States	100
RGN – Chicago LLC	United States	100
RGN – Houston I LLC	United States	100
RGN – Houston II LLC	United States	100
RGN – Houston III LLC	United States	100
RGN – Houston IV LLC	United States	100
RGN – Memphis LLC	United States	100
RGN – Midwest LLC	United States	100
RGN – Midwest I LLC	United States	100
RGN – Midwest II LLC	United States	100
RGN – Midwest III LLC	United States	100
RGN – Midwest IV LLC	United States	100
RGN – Midwest V LLC	United States	100
RGN – Midwest VI LLC	United States	100
RGN – Midwest VII LLC	United States	100
RGN – Mission Valley LLC	United States	100
RGN – New Jersey LLC	United States	100
RGN – NorthEast LLC	United States	100
RGN – Peachtree LLC	United States	100
RGN – South East LLC	United States	100
RGN – South Florida, LLC	United States	100
RGN – Winderely LLC	United States	100
RGN Northwest LLC	United States	100
RGN-LL LLC	United States	100
Stratis Business Centers LLC	United States	100
Regus Venezuela CA	Venezuela	100
Regus Centre (Vietnam) Ltd	Vietnam	100

Principal activity – Management companies

Name of undertaking	Country of incorporation	% of ordinary share and votes held
Regus Australia Management Pty Ltd	Australia	100
Regus do Brasil Ltda	Brazil	100
Regus Management sro	Czech Republic	100
Regus EMEA FSC sro	Czech Republic	100
Regus Management AS	Denmark	100
Regus Management Ltd [(a)]	England	100
Regus Management (UK) Ltd [(a)]	England	100
Regus Business Centre SAS	France	100
Regus Businessworld Limited [(a)]	Jersey	100
Regus Asia Pacific Management Limited	Hong Kong	100
Regus Centre Management Limited	Hong Kong	100
Regus Amsterdam BV	Netherlands	100
Regus Service Centre Philippines BV [(a)]	Netherlands	100
RMG South Africa Pty Ltd	South Africa	100
Regus Business Ventures (Pty) Ltd	South Africa	100
Regus Business World (Pty) Ltd	South Africa	100
Regus Management España SL	Spain	100
Regus Management Group LLC	United States	100
Regus International Services LLC	Uruguay	100

Name of undertaking	Country of incorporation	% of ordinary share and votes held
Principal activity – Holding companies		
Regus H Holdings Inc	British Virgin Islands	100
RGN Services Limited	Canada	100
RGN General Partner Holdings Corp	Canada	100
RGN Limited Partner Holdings Corp	Canada	100
Insignia Partnership	Canada	100
Regus Management de Chile Ltda	Chile	100
Regus Denmark Holding AS	Denmark	100
Regus Group Limited [(a)]	England	100
Regus Ltd (SARL) [(a)]	England/Luxembourg	100
Regus Centres Ltd	England	100
Regus Investments Ltd	England	100
Regus Business Centres (Holding)	England	100
Regus Business Centres (Trading) Ltd	England	100
Regus H Holdings	England	100
Regus H (UK)	England	100
Regus Centres UK Ltd	England	100
Regus Holdings UK Ltd	England	100
Regus Holdings SAS	France	100
Regus Deutschland GmbH	Germany	100
Regus Germany Holding GmbH & Co. KG	Germany	100
Regus Management GmbH	Germany	100
Regus Europe Ltd	Jersey	100
Regus No.1 SARL [(a)]	Luxembourg	100
Regus No.2 SARL [(a)]	Luxembourg	100
Regus Businessworld (Luxembourg) SARL [(a)]	Luxembourg	100
Regus Middle East SARL (a)	Luxembourg	100
Regus India Holdings Limited	Mauritius	100
Regus Pakistan Holdings Ltd	Mauritius	100
Regus Mexico S. de RL de CV	Mexico	100
Regus Netherlands BV	Netherlands	100
Regus Business Centres BV	Netherlands	100
Regus Business Centre Norge AS	Norway	100
Regus Holding GmbH	Switzerland	100
Regus Corporation LLC	United States	100
Regus Holdings LLC	United States	100
Regus H Holdings LLC	United States	100
Regus International Services SA	Uruguay	100

(a) Shares held directly by Regus Plc.

(b) Under the term of the Articles of Association Regus effectively controls this entity.

(c) Investments in Group subsidiaries are held at cost all of which are included within the consolidated results. The principal activity of all trading companies is the provision of global workplace solutions.

31. Key judgmental areas adopted in preparing these accounts

The preparation of financial statements in accordance with IFRS requires management to make certain judgements and assumptions that affect reported amounts and related disclosures.

Fair value accounting for business combinations
For each business combination, we assess the fair values of assets and liabilities acquired. Where there is not an active market in the category of the non-current assets typically acquired with a business centre or where the books and records of the acquired company do not provide sufficient information to derive an accurate valuation, management calculate an estimated fair value based on available information and experience.

The main categories of acquired non-current assets where management's judgement has an impact on the amounts recorded include tangible fixed assets, customer list intangibles and the fair market value of leasehold assets and liabilities. For significant business combinations management also obtain third party valuations to provide additional guidance over the appropriate valuation to be included in the financial statements.

Valuation of intangibles and goodwill
We evaluate the fair value of goodwill and intangibles to assess potential impairments on an annual basis, or during the year if an event or other circumstance indicates that we may not be able to recover the carrying amount of the asset. We evaluate the carrying value of goodwill at the appropriate cash generating unit level and make that determination based upon future cash flow projections, which assume certain growth projections which may or may not occur. We record an impairment loss for goodwill when the carrying value of the intangible asset is less than its estimated recoverable amount. Further details of the methodology and assumptions applied to the impairment review in the year ended 31 December 2008, including the sensitivity to changes in those assumptions, can be found in note 12.

Tax assets and liabilities
We base our estimate of deferred tax assets and liabilities on current tax laws and rates and, in certain cases, business plans and other expectations about future outcomes. Changes in existing laws and rates, and their related interpretations, and future business results may affect the amount of deferred tax liabilities or the valuation of deferred tax assets over time. Our accounting for deferred tax consequences represents management's best estimate of future events that can be appropriately reflected in the accounting estimates. It is current Group policy to recognise a deferred tax asset when it is probable that future taxable profits will be available against which the assets can be used. The Group considers it probable if the entity has made a taxable profit in the previous year and is forecast to continue to make a profit in the foreseeable future. Where appropriate the Group assesses the potential risk of future tax liabilities arising from the operation of its business in multiple tax jurisdictions and includes provisions within tax liabilities for those risks that can be estimated reliably. Changes in existing tax laws can affect large international groups similar to Regus and could result in significant additional tax liabilities over and above those already provided for.

Onerous lease provisions
We have identified certain poor performing centres where the lease is considered onerous, i.e. the Group does not expect to recover the unavoidable lease costs up to the first break point. The accounts include a provision for our estimate of the net amounts payable under the terms of the lease to the first break point, discounted at the Group weighted average cost of capital, where appropriate.

Dilapidations
Certain of our leases with landlords include a clause obliging the Group to hand the property back in the condition as at the date of signing the lease. The costs to bring the property back to that condition are not known until the Group exit the property so the Group estimates the costs at each balance sheet date. However, given that landlords often regard the nature of changes made to properties as improvements, the Group estimates that it is unlikely that any material dilapidation payments will be necessary. Consequently provision has been made only for those potential dilapidation payments when it is probable that an outflow will occur and can be reliably estimated.

Regus plc (S. A.)
Parent Company accounts

Summarised extract of company balance sheet (Prepared under Luxembourg GAAP)

	As at 31 Dec 2009 (Luxembourg GAAP) £m	As at 31 Dec 2008 (Luxembourg GAAP) £m
Assets		
B. Formation Expenses		–
C. Fixed Assets		
II. Tangible assets		
3. Other fixtures and fittings, tools and equipment		–
III. Financial assets		
1. Shares in affiliated undertakings	**287.4**	295.2
2. Loans to affiliated undertakings	**563.1**	552.2
D. Current assets		
II. Debtors		
4. Amount owed by affiliated undertakings becoming due and payable within one year	**3.9**	–
III. Transferable securities		
2. Own shares or corporate units (1,576,498 shares of £0.01 per share)	**0.4**	1.4
IV. Cash at bank and in hand	**0.1**	0.2
E. Prepayments and accrued income	**0.6**	–
Total assets	**855.5**	849.0
Liabilities		
A. Capital and reserves		
I. Subscribed capital	**9.5**	9.5
II. Share premium account	**53.7**	53.7
IV. Reserves		
1. Legal reserve	**0.9**	–
2. Reserve for own shares	**0.4**	1.4
4. Other distributable reserve	**519.6**	518.6
V. Profit or loss brought forward	**251.9**	–
VI. Profit or loss for the financial year	**13.4**	261.5
B. Provisions for liabilities and charges		
3. Other provisions	**0.2**	0.2
C. Creditors		
4. Trade creditors becoming due and payable within one year	**0.1**	0.1
6. Amounts owed to affiliated undertakings		
becoming due and payable within one year	**5.8**	3.4
becoming due and payable after more than one year	**–**	0.5
9. Other creditors becoming due and payable within one year	**–**	0.1
Total liabilities	**855.5**	849.0

Approved by the Board on 22 March 2010.

Mark Dixon
Chief Executive Officer

Stephen Gleadle
Chief Financial Officer

Regus plc (S. A.) Parent Company accounts continued

Accounting policies

Basis of preparation
The financial statements have been prepared in accordance with applicable Luxembourg accounting standards and under the historical cost accounting rules which differ in material respects from IFRS in both the measurement and presentation of certain transactions.

The Company is included in the consolidated accounts of Regus plc.

The balance sheet has been extracted from the full accounts of Regus plc for the period ended 31 December 2009 which are available from the Company's registered office, Boulevard Royal, Luxembourg and which will be filed with both the Luxembourg Chamber of Commerce and the Jersey Register of Companies.

Segmental analysis – management basis (unaudited)

	Americas 2009	EMEA 2009	Asia Pacific 2009	United Kingdom 2009	Other 2009	Total 2009
Mature						
Workstations	65,530	30,014	17,448	28,542	–	141,534
Occupancy (%)	79.3	81.2	78.1	79.8	–	79.7
Revenue (£m)	400.2	280.6	113.4	173.8	1.4	969.4
Contribution (£m)	94.6	82.2	38.8	19.1	1.0	235.7
2008 Expansions						
Workstations	4,882	3,364	3,657	4,326	–	16,229
Occupancy (%)	73.6	63.5	63.6	63.7	–	66.6
Revenue (£m)	16.7	20.8	17.2	14.9	–	69.6
Contribution (£m)	0.3	1.8	0.5	(0.2)	–	2.4
2009 Expansions						
Workstations	707	657	260	439	–	2,063
Occupancy (%)	46.0	41.3	34.9	31.1	–	39.9
Revenue (£m)	2.1	2.0	1.5	0.6	–	6.2
Contribution (£m)	(1.2)	(0.8)	1.0	(0.8)	–	(1.8)
Closures						
Workstations	1,158	225	25	221	–	1,629
Occupancy (%)	66.9	63.2	91.0	79.1	–	68.4
Revenue (£m)	4.8	2.8	0.2	2.1	–	9.9
Contribution (£m)	(0.8)	(0.2)	–	0.4	–	(0.6)
Total						
Workstations	72,277	34,260	21,390	33,528	–	161,455
Occupancy (%)	78.4	78.6	75.1	77.1	–	77.7
Revenue (£m)	423.8	306.2	132.3	191.4	1.4	1,055.1
Contribution (£m)	92.9	83.0	40.3	18.5	1.0	235.7
Unallocated contribution (£m)	–	–	–	–	–	(0.1)
REVPAW (£)	5,864	8,938	6,185	5,709	–	6,535

Segmental analysis – management basis (unaudited) continued

	Americas 2008	EMEA 2008	Asia Pacific 2008	United Kingdom 2008	Other 2008	Total 2008
Mature						
Workstations	64,807	30,133	17,350	28,029	–	140,319
Occupancy (%)	85.4	87.7	79.0	83.4	–	84.7
Revenue (£m)	397.0	300.8	109.8	206.9	1.6	1,016.1
Contribution (£m)	118.0	107.4	39.3	41.9	1.4	308.0
2008 Expansions						
Workstations	3,064	1,717	2,047	2,477	–	9,305
Occupancy (%)	60.2	55.8	48.1	61.0	–	56.9
Revenue (£m)	6.7	10.1	6.8	9.2	–	32.8
Contribution (£m)	(2.7)	(1.3)	(2.6)	(2.1)	–	(8.7)
2008 Closures						
Workstations	593	–	314	82	–	989
Occupancy (%)	79.2	–	94.6	90.3	–	85.0
Revenue (£m)	2.9	1.4	3.0	0.9	–	8.2
Contribution (£m)	(0.1)	0.8	0.3	0.1	–	1.1
2009 Closures						
Workstations	1,709	502	125	311	–	2,647
Occupancy (%)	72.7	88.8	93.5	87.2	–	78.4
Revenue (£m)	8.3	6.7	1.3	3.8	–	20.1
Contribution (£m)	0.9	2.3	0.4	1.6	–	5.2
Total						
Workstations	70,173	32,352	19,836	30,899	–	153,260
Occupancy (%)	83.9	86.0	76.1	81.7	–	82.9
Revenue (£m)	414.9	319.0	120.9	220.8	1.6	1,077.2
Contribution (£m)	116.1	109.2	37.4	41.5	1.4	305.6
Unallocated contribution (£m)	–	–	–	–	–	0.1
REVPAW (£)	5,913	9,860	6,095	7,146	–	7,029

- The mature business is defined as those centres owned and operated at least 12 months prior to 1 January 2008 and therefore have a full 12 month comparative.
- Expansions include new centres opened and acquired businesses.
- A 2009 closure is defined as a centre closed during the 12 months ended 31 December 2009 for which there is a 12 month comparative in 2009. A 2008 closure is defined as a centre closed during the 12 months ended 31 December 2009.
- Workstation numbers are calculated as the weighted average for the year.
- EMEA represents Europe (excluding UK), Middle East and Africa.
- Contribution in 2009 is £2 million less when compared to note 3 owing to the exclusion of internal revenue.

Five year summary

	Full year ended 31 Dec 2009 £m	Full year ended 31 Dec 2008 £m	Full year ended 31 Dec 2007 £m	Full year ended 31 Dec 2006 £m	Full year ended 31 Dec 2005 £m
Revenue	**1,055.1**	1,077.2	862.4	680.0	463.3
Cost of sales before non-recurring costs	**(819.5)**	(771.5)	(610.5)	(495.9)	(346.2)
Non-recurring cost of sales					0.1
Cost of sales	**(819.5)**	(771.5)	(610.5)	(495.9)	(346.1)
Gross profit (centre contribution)	**235.6**	305.7	251.9	184.1	117.2
Administration expenses before non-recurring expenses	**(167.9)**	(158.3)	(129.3)	(101.9)	(64.9)
Non-recurring administration expenses					(5.0)
Administration expenses	**(167.9)**	(158.3)	(129.3)	(101.9)	(69.9)
Operating profit (before exceptional)	**67.7**	147.4	122.6	82.2	47.3
Exceptional net income from legal settlement	**18.3**	–	–	–	–
Operating profit (after exceptional)	**86.0**	147.4	122.6	82.2	47.3
Share of post-tax profit/(loss) of joint ventures	**2.0**	2.3	0.8	(0.1)	(0.2)
Share of post-tax profit of associate	**–**	–	–	1.2	0.2
Profit/(loss) before financing costs	**88.0**	149.7	123.4	83.3	47.3
Finance expense	**(4.4)**	(6.8)	(8.1)	(8.0)	(10.8)
Finance income	**3.3**	6.3	4.1	2.2	2.2
Profit/(loss) before tax for the year	**86.9**	149.2	119.4	77.5	38.7
Tax (charge)/credit	**(19.2)**	(34.3)	(15.8)	4.8	6.1
Profit/(loss) after tax for the year	**67.7**	114.9	103.6	82.3	44.8
Attributable to:					
Equity shareholders of the parent	**67.0**	113.9	103.1	82.3	44.5
Minority interests	**0.7**	1.0	0.5	–	0.3
	67.7	114.9	103.6	82.3	44.8
Earnings/(loss) per ordinary share (EPS):					
Basic (p)	**7.1p**	12.0p	10.5p	8.4p	4.5p
Diluted (p)	**7.0p**	11.8p	10.4p	8.3p	4.5p
Weighted average number of shares outstanding ('000's)	**948,204**	950,320	980,962	984,792	984,792
Balance sheet data (as at 31 December)					
Intangible assets	**307.4**	330.3	269.9	263.1	161.0
Property, plant and equipment	**240.9**	278.0	184.7	127.2	76.6
Deferred tax assets	**65.1**	79.0	46.8	36.1	21.9
Trade and other receivables	**250.3**	282.4	217.2	172.7	100.3
Cash, cash equivalents and liquid investments	**245.1**	219.5	142.9	80.9	74.1
Total assets	**1,108.8**	1,189.2	861.5	680.0	433.9
Current liabilities	**504.5**	592.3	448.2	340.8	229.9
Non-current liabilities	**96.6**	108.1	96.1	103.0	43.3
Provisions	**8.2**	8.5	7.4	11.7	7.9
Equity minority interests	**–**	0.3	0.5	–	–
Equity shareholders funds'	**499.5**	480.0	309.3	224.5	152.8
Total liabilities and shareholders' funds	**1,108.8**	1,189.2	861.5	680.0	433.9

Corporate directory

Secretary and Registered Office
Tim Regan, Company Secretary
Regus plc (Société Anonyme)

Registered Office:	Registered Head Office:
22 Grenville Street	26 Boulevard Royal
St Helier	L-2449 Luxembourg
Jersey	
JE4 8PX	

Registered Number

Jersey	Luxembourg
101523	R.C.S. B 141 159

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Legal advisers to the Company as to Luxembourg law
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001 954 331 1647

Websites
www.regus.com
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Design and production by Black Sun Plc

Glossary

Available workstations
The total number of workstations in the Group (also termed Inventory). During the year, this is expressed as a weighted average. At period ends the absolute number is used.

BRIC economies
BRIC economies include Brazil, Russia, India and China.

Centre Contribution
Gross profit comprising centre Revenues less direct operating expenses but before administrative expenses.

EBITDA
Earnings before interest, tax, depreciation and amortisation.

Enquiries
Client enquiries about Regus products or services.

Expansions
A general term which includes new business centres established by Regus and acquired centres in the year.

Forward Order Book
The future workstation revenue already contracted with clients at a point in time.

Like for like
The financial performance from centres owned and operated for a full 12 months prior to the start of the financial year which therefore have a full year comparative.

Mature business
Operations owned for a full 12 month period prior to the start of the financial year which therefore have a full year comparative.

"N11" economies
"N11" economies include Egypt, Indonesia, South Korea, Mexico, Nigeria, Philippines, Turkey and Vietnam.

Occupancy
Occupied workstations divided by available workstation expressed as a percentage.

Occupied workstations
Workstations which are in use by clients. This is expressed as a weighted average for the year.

Organic growth
Growth attributable to the mature portfolio and from new business centres established by Regus.

REVPAW
Total Revenue per available workstations (Revenue / Available workstations).

REVPOW
Total Revenue per occupied workstation.

WIPOW
Workstation income per occupied workstation.

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