14 March 2008

REGUS GROUP PLC - PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

Regus, the world's largest provider of outsourced workplaces, announces today its preliminary results for the year ended 31 December 2007.

FINANCIAL HIGHLIGHTS

- Revenues up by 26.8% to £862.4m (2006: £680.0m)
- Operating profit up 49.1% to £122.6m (2006: £82.2m)
- Profit before tax up by 54.1% to £119.4m (2006: £77.5m)
- Basic EPS up 25.0% to 10.5p (2006: 8.4p)
- Net cash up 333% to £101.4m (2006: £23.4m)
- Proposed full year dividend up 66.7% to 1.0p per share (2006: 0.6p per share)

STRATEGIC AND OPERATIONAL HIGHLIGHTS

- Grew average available workstations by 23.9% to 132,938 (2006: 107,257)
- Total capacity including workstations under managed contracts, franchise operations and joint ventures now stands at 155,270.
- Opened a further 146 new centres in the year to 31 December 2007 (2006: 218 centres including 91 with the UK acquisition)
- Revenue increased in emerging markets by 40% to £113.9m (2006: £81.4m)

Commenting on today's announcement Mark Dixon, Chief Executive of Regus Group plc, said:

"*I am delighted that we have produced another record performance delivering earnings of over £100 million with our net cash also now exceeding £100 million. We continue to produce market leading global growth, driven by centre openings, strategic acquisitions and substantial ongoing investment in our infrastructure, people and processes.*

Looking forward, while we are mindful of the economic climate we continue to be encouraged by our leading indicators which show no sign of a slowdown at this stage. We believe that our flexible offering, strong brand, extensive geographic reach and range of innovative products are proving even more attractive to global businesses and small and medium enterprises during these uncertain times."

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Chairman's statement

I am pleased to report that Regus has delivered another year of record results this year surpassing £100 million of post-tax earnings for the first time.

The business model continues to work well with profitability growth from our mature sites and recent expansions driving our ability to both return cash to stakeholders as well as invest in further capacity growth.

In the year to 31 December 2007 we grew our average available workstations by 23.9%. At the same time as increasing capacity we have also returned £20.6 million to shareholders and still increased our net cash balance from £23.4 million to £101.4 million.

Financial performance

Group revenue has increased by 26.8% to £862.4 million and gross profit by 36.8% to £251.9 million. Excluding the impact of new centre growth the "like for like" improvement was 7.0% and 20.9% respectively. This overall result was driven by average occupancy increasing to 82.7% from 81.8% in 2006 and revenue per available workstation ("REVPAW") increasing 2.3% from £6,340 to £6,487. Earnings (profit after tax) grew by 25.9% to £103.6 million and basic earnings per share increased by 25.0% to 10.5p.

Sustaining growth

Our strategic expansion remains a controlled blend of organic growth and carefully targeted acquisitions. During the financial year, we opened 146 centres for a total investment of £68.7 million.

Looking forward we expect to be able to continue this balanced expansion programme.

Dividend

Given this strong performance the Board is recommending a 67% increase in the total dividend per share to 1.0p for the year. Subject to the approval of shareholders at the 2008 AGM, this final dividend will be paid on 30 May 2008 to shareholders on the register at the close of business on 2 May 2008.

Our stakeholders

The Group recognises its economic, social and environmental impacts on society through its operations and interaction with all key stakeholders, including our investors, customers, landlords, suppliers and employees. Accordingly, we continue to be focused on, and committed to, managing our business in a responsible and positive manner to address these impacts. Critical to achieving this will be our people, who continue to play a pivotal role in delivering our goals and ensuring our customers experience continually high standards. I personally want to extend my thanks to all of our staff for their continued commitment and efforts throughout 2007.

Looking forward

While clearly aware of potential adverse market conditions we believe our business model is capable of delivering further profitable growth in 2008.

John Matthews
Chairman
14 March 2008

Chief Executive's Review

Overview

2007 has been another very successful year for the Group, with excellent growth in revenues, profitability, earnings per share and cash generation all resulting in a 4th successive year of record results. I am particularly pleased to have passed for the first time the milestone of achieving £100 million of earnings.

By keeping focused on our consistent, long term strategy - that of measured, sustainable growth - we have been able to demonstrate our ability to deliver continued benefits for all of our stakeholders.

Operational Review

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

(£ million)	Total Revenue		Total Contribution		Mature Margin		Mature Occupancy	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
Americas	336.3	305.9	102.7	86.5	34%	30%	87%	87%
EMEA	240.3	195.9	80.3	60.0	36%	32%	87%	79%
Asia Pacific	77.7	50.9	27.5	16.0	40%	36%	82%	77%
UK	208.1	126.6	41.4	20.9	22%	16%	84%	77%
Other	--	0.7	--	0.7	--	100%	--	--
	862.4	**680.0**	**251.9**	**184.1**	**32%**	**28%**	**87%**	**84%**

OVERALL

Through the ongoing implementation of our core strategy of controlled, disciplined growth – via both organic expansion in existing and new markets and acquisitions – the Group has delivered substantial workstation growth in all regions during 2007. Average workstations grew 25,681 or 23.9% to 132,938 during 2007. The total number of available workstations at 31 December 2007 was 142,601. If non-consolidated workstations arising from franchise operations, joint ventures and managed offices are also taken into account, the total number of workstations under management increases to 155,270.

We have seen the number of centres we operate increase by 128, including franchises, joint ventures and managed offices. New locations include Kolkata in India, Winnipeg in Canada, Lille in France, Turin in Italy and we opened our first centres in Bulgaria, Qatar, Jordan, Kenya and New Zealand. The largest Regus centre, the Regus Silver Centre in Shanghai, with over 1,400 workstations, opened for business in January 2007.

AMERICAS

Our business in the Americas comprises Canada, USA and South America and has 493 centres across 13 countries, with our main business in the USA operating 399 centres. During the year we added 71 centres and closed 8 centres, which increased the average number of workstations from 52,611 in 2006 to 61,160 in 2007. Acquisitions accounted for 35 of these new centres, with the balance coming from the opening of 36 fully owned centres. The region delivered revenues of £336.3 million - up 9.9% on 2006 - and achieved an average mature occupancy of 87% through the year (2006: 87%).

Looking ahead into 2008 we will continue our aim to maximise yield in our existing centres and look to grow our portfolio in key cities where we have minimal representation. The trends toward flexible working practices and strengthening environmental awareness both act to further increase the demand for our product.

EMEA

Our business in EMEA encompasses 210 centres across 41 countries. During the year we opened 30 new centres and closed 8 centres, which increased the average number of workstations from 27,139 in 2006 to 29,125 in 2007. Acquisitions accounted for 3 of these new centres, with the balance of 27 coming from organic growth – 22 fully owned centres, 2 joint ventures and 3 managed centres. We opened centres in 4 new markets - Bulgaria, Qatar, Jordan and Kenya. The region delivered revenues of £240.3 million - up 22.7% on 2006 and achieved an average mature occupancy of 87% through the year (2006: 79%).

Looking ahead into 2008 we look to further improve occupancy and margin in our existing centres and expand our network into new markets.

ASIA

Our business in Asia operates in 92 centres across 13 countries. During the year we opened 25 new centres, which increased the average number of workstations from 9,009 in 2006 to 14,748 in 2007. Acquisitions accounted for 3 of these new centres, with the balance of 22 coming from the opening of 21 fully owned centres and 1 managed centre. During the year, we opened 1 centre in the new market of New Zealand. The region delivered revenues of £77.7 million - up 52.7% on 2006 - and achieved an average mature occupancy of 82% through the year (2006: 77%).

Looking ahead into 2008 we will continue to consolidate and develop our position as the largest provider of serviced offices across all Asia Pacific markets. To achieve this objective we plan to continue our aggressive growth plan while continuing to improve the efficiency of our current portfolio of centres. To facilitate this increase in demand and capitalise on scale efficiencies we will be adding a new customer service centre in the Philippines to handle all customer enquiries.

UK

Our business in the UK operates in 123 centres. During the year we opened 20 new centres and closed 2 centres, which increased the average number of workstations from 18,498 in December 2006 to 27,905 in 2007. Acquisitions accounted for 2 of these new centres, with the balance of 18 coming from the opening of 6 fully owned centres and 12 managed centres. The region delivered revenues of £208.1 million - up 23.6% on the full year 2006 - and achieved an average occupancy in the 2006 acquired centres of 84% through the year (2006: 77% post-acquisition).

On 19 April 2006, the remaining 58% interest in Regus UK was acquired for a gross consideration (including fees) of £89.4 million. At the date of acquisition our UK business operated 91 centres. In the full year 2006, Regus UK generated revenues of £168.4 million.

Since acquisition, we have seen a significant increase in occupancy, rising from 72% at April 2006 to 84% during 2007. A restructured management team, renewed investment in our centres and in targeted marketing and a drive on enquiry development and conversion have all helped to achieve this improved performance.

Strategy and objectives

Throughout 2007, we have remained clear on our strategic approach, which at its core, seeks to ensure continued profitable growth and cash generation driven by a scalable business model with considerable potential for further development. With a substantial existing footprint of established, performing centres forming a network across 70 countries, we have been able to leverage these assets for long term growth and value creation for shareholders, and also to continue to grow in line with our strategic short and longer term goals.

Central to this strategy is driving continued improvement in:

- our brand and products
- our systems & technology
- our processes

and more generally, in our knowledge of existing and future markets. Our people will continue to be the engineers of change in this respect and we are committed to ensuring they are supported as much as possible in making these goals happen.

Brand and Product development

By continuing to develop and refine our product and service portfolio, we recognise that our customers' needs are continually evolving, in different ways, around our global network. Our core business continues to be driven by regionally targeted campaigns, which focus on local specifics but also leverage global strategies. Examples of such targeted campaigns, which have driven our brand and product recognition, include 1.2 million mail shots to homes in the UK, and 870,000 targeted e-mail communications to prospective office customers across the 41 countries in EMEA.

In addition, during 2007, we have launched our Business Lounge concept in both the UK and US, and have continued to invest in our Membership card initiative. Both concepts recognise the mobility demands of our customers, and we are confident that as our scale increases, the ability for Regus to offer continued, enhanced operational benefits to our customers will also increase. I am delighted to see our card membership levels doubling in 2007 and we will continue to extol the clear benefits that this initiative provides to our thousands of customers worldwide.

Systems and technology

We have also continued to invest in our systems and technology.

The roll-out of our internally developed, inventory, reservation and billing system across our worldwide network has proceeded well. By December 31, 2007, we had 495 of our centres utilising this technology in their day to day operations. This system will deliver tangible improvements in our customers' day to day experiences with Regus, and we anticipate its implementation within our entire network by the end of 2008.

The second half of 2007 saw a refresh of our web site – part of our objective of developing further the Regus brand. This refresh has now encompassed 33 countries, with another 26 in test and due for implementation in early 2008. This has already started to show measurable improvements in our customers' web site experience, notably in site navigation, as well as driving an increase in enquiry conversion levels globally.

Finally, Regus continues to operate the world's largest video-conferencing network from the perspective of global reach. We have continued to see an increase in demand and usage for this product during 2007, reflecting what we believe to be an increasing recognition by our customers of environmental concerns coupled with a desire for a cost-effective business driver.

Processes

During 2007, we have further developed our business processes and procedures throughout our network.

The roll out of our internally developed inventory, reservation and billing system has been a significant enabler of this allowing us to drive consistent structured processes across all our regions of operation. We see benefits in this scalable model not only to our existing centres, but also to all future new centre openings and acquisitions.

We have implemented improvements to our Human Resources systems in certain of our regions, allowing us to capture more effectively all HR data in one place, with substantial process benefits for employees and for managing our growing workforce. An example of this is the successful implementation of HR.Net, a web-enabled system throughout EMEA, which has allowed us to move away from a large number of local, limited functionality, manually managed HR applications.

Throughout the year, we have also continued to ensure our growth plans are supported by strong administration frameworks, encompassing local finance, HR, procurement and operations teams where required, whilst at the same time employing subject matter experts in regional centres or head office. A central operations function, based in the UK and established in 2007, has also allowed us to identify areas of operational compliance improvement throughout our network, with the result being stronger controls and tangible revenue benefits.

People

Our results in 2007 would not have been possible had it not been for our 4,730 team members throughout the world and I extend my thanks to each of them for their commitment and enthusiasm. Their continued customer-focused ethos and approach have seen improvements in operational execution and levels of satisfaction throughout our network. We will continue to seek to employ the best candidates, and to encourage their growth and development through vesting appropriate levels of responsibility and challenge for each role.

We recognise our employees' achievements in a variety of ways, be it through internal recognition or in ongoing career development within our regional training centres. During 2007, Regus invested a substantial amount in the training and development of its people, with several significant programs offered including:

- Structured on-boarding training for newly hired General Managers ("GM's") and Operational Managers ("OM's"). Throughout our regions, over 485 GM's and OM's completed this 3 week induction course during the year.
- Sales and Operations Training for GM's and OM's (all regions)
- On-line learning programs accessed and delivered via the web
- Management Development for Area Directors ("AD's") in the Americas (to be launched globally in 2008)
- General Human Resources and Supervisory training led by the EMEA HR Team

The outputs of these courses have been significant, with positive feedback from participants coupled with tangible outputs in increased sales levels shortly thereafter.

Regus has also invested in establishing professional trainers in Asia Pacific, EMEA and the UK to complement the internal training team in the Americas, and we anticipate continuing to strengthen the Global Training teams' resources and global reach during 2008.

Outlook

While clearly the current economic climate remains uncertain we believe we are in a good position to continue growing profitably.

Our global footprint means that we can capitalise on opportunities wherever they exist and in particular in the developing markets. Our revenues in the BRIC* economies and the "N11"* grew 45.7% and 28.6% respectively in 2007 and we expect these significant growth rates to continue.

As the business has grown, inherent risk has been extensively diversified as we have acquired a broader range of customers across geographies, business segments and size categories. Our cost base is also significantly more flexible as we increase the number of flexible leases in our portfolio and we reduce our exposure to longer leases.

The year has started well with enquiries showing no sign of weakness. We believe that we are in a good position to capitalise on our flexible product offering which makes us an ideal choice for many companies in times of uncertainty.

Overall we look forward to generating further profitable growth in 2008.

Mark Dixon
Chief Executive Officer
14 March 2008

* BRIC includes Brazil, Russia, India & China; N11 includes Egypt, Indonesia, South Korea, Mexico, Nigeria, Philippines, Turkey and Vietnam.

Financial Review

Introduction

The business model continues to work well.

In addition to seeing profitability improvements from the sites we opened and acquired in 2006 we are continuing to see the profitability of our older more mature sites improve. This has enabled us to both grow the strength of our balance sheet while at the same time continue our expansion programme which then forms the basis for future profitable growth.

Taking the business as a whole, we grew its capacity as measured by the weighted average number of workstations by 23.9% to 132,938. At the same time the average occupancy of these workstations increased from 81.8% to 82.7% and we sold each one on average for 1.4% more. This was despite the effect of adverse exchange rate movements. At constant exchange rates the price increase would have been 5.3%.

These factors have delivered a £40.4 million increase in operating profit rising from £82.2 million in 2006 to £122.6 million in 2007.

Revenue and Gross profit (Centre Contribution)

Revenue for the Group rose 26.8% to £862.4 million (2006: £680.0 million) and gross profit (centre contribution) increased 36.8% to £251.9 million (2006: £184.1 million).

This movement can be analysed as follows

(£ million)	Revenue	Gross profit	% of Revenue
31 December 2006	**680.0**	**184.1**	**27.1%**
Impact of exchange rates	(24.8)	(7.1)	
31 December 2006 at constant exchange rates	**655.2**	**177.0**	**27.0%**
Growth in mature business	61.1	41.5	
Growth in centres added in 2006	115.7	39.7	
Growth in centres added in 2007	36.6	(4.7)	
Centres closed	(6.2)	(1.6)	
31 December 2007	**862.4**	**251.9**	**29.2%**

Sterling strengthened in value against the US dollar by an average of 8.7% in 2007 when compared to 2006, although this was partially offset by a weakening of sterling against the euro. This reduced our revenue by £24.8 million and contribution by £7.1 million. However, this exchange impact was then more than offset by improvements in the underlying business.

Our mature or “like for like” business increased its revenues by £61.1 million and its contribution by £41.5 million driven by improvements in occupancy and price.

Centres that were added in 2006 contributed a further £115.7 million of revenue and £39.7 million of contribution, heavily driven by the impact of the UK acquisition and its continued growth. The Group purchased the remaining 58% interest in Regus UK and acquired full control of the financial and operating policies of the UK business on the 19th April 2006.

The overall increase arising from 2006 centres can be analysed as follows:

(£ million)	Revenue	Gross profit
Improvement arising from UK	74.2	23.2
Improvements elsewhere in Group	41.5	16.5
Overall improvement from 2006 centres	**115.7**	**39.7**

New centres added in 2007, both organic and by acquisition, contributed a further £36.6 million of revenue but reduced contribution by £4.7 million due to the normal start up losses incurred in establishing new centres.

The year on year impact of centre closures was to reduce revenue by £6.2 million and contribution by £1.6 million.

Taking all this together contribution margins improved from 27.1% to 29.2%.

Administrative expenses

Administrative expenses increased by £27.4 million in 2007 compared to 2006 although remained at a constant 15% of revenues.

This investment reflects the year on year impact of the UK acquisition as well as substantial and continued investment in our infrastructure, in our people and in process efficiencies, with a particular focus on leveraging savings in procurement and centre operations as our network continues to expand. In addition, there has been considerable investment in enhancing our marketing capabilities, incorporating a re-launch of our website, recruitment of a core number of sector experts, and a strengthening of our regional teams to ensure a consistent marketing message globally.

Operating profit

Operating profit was £122.6 million (2006: £82.2 million), representing a margin of 14.2% (2006: 12.1%).

Share of profit in joint ventures and associates

In the twelve months ended 31 December 2007, the share of joint venture profits attributable to Regus increased to £0.8 million (2006: £0.1 million loss). This reflected the improving profitability in mature joint ventures in the Americas and EMEA regions as well as improved performance from joint ventures in the Middle East that commenced trading at the end of 2006. These were partially offset by normal losses from new joint ventures commenced in 2007.

During the period 1 January 2006 to 19 April 2006 the UK business was equity accounted as an associate. Following the acquisition of the UK business on 19 April 2006 the business became fully consolidated as a subsidiary.

Financing costs

Financing costs can be analysed as follows:

(£ million)	**2007**	**2006**
Interest payable on bank loans and overdrafts	(4.4)	(4.6)
Interest receivable	3.4	1.8
Finance lease interest	(0.2)	(0.5)
Non-cash: Amortisation of deferred financing fees	(0.5)	(0.4)
Non-cash: UK acquisition related	(2.3)	(2.1)
Total financing costs	**(4.0)**	**(5.8)**

The lower interest payable reflects the reduction in the Group's average debt over the year, largely offset by the impact of rising interest rates in the Group's primary markets. The average Libor rate for 2006 was 4.79% compared to 5.85% for 2007.

The substantial increase in interest receivable reflects a continued increase in the Group's average free cash balance to £81.4 million (£49.7 million in 2006) and the average increase in global interest rates year over year. The movement in the cash balance has been explained in the cash flow section below.

Underlying finance lease costs have fallen in line with the reduction in finance leases. The amortisation of deferred financing fees relates to loan arrangement costs incurred for the new credit facilities entered into during 2006 to fund the UK acquisition and reflects a full twelve months of amortisation in 2007 compared to a partial period in 2006. The unwinding of discounted fair value adjustments on the Regus UK acquisition resulted in a non cash net financing charge of £2.3 million in the period to 31 December 2007, an increase compared to 2006 reflecting the timing of the UK acquisition in 2006.

Taxation

The continued improvements in the Group results have meant that there are less unrecognised losses available to be offset in the income statement against rising current tax charges. Consequently the Group has recognised a £15.8 million tax charge for the period (representing an accounting tax rate of 13% of profit before tax) compared to a credit of £4.8 million in the comparative period.

The current tax charge for the period was £22.3 million (2006: £8.1 million charge) – an increase from 10% to 19% of profit before tax. Deferred tax was a £6.5 million credit in the period (2006: £12.9 million credit) which includes the adverse impact of the reduction in the UK corporation tax rate on the deferred tax asset. On a cash tax basis the Group paid £16.1 million in tax. This represents approximately 13.5% of profit before tax compared to 8.5% in the same period in 2006.

Earnings per share

Earnings per share for the year increased 25.0% from 8.4p to 10.5p. The average number of shares in issue during the year reflected the re-purchase of 12,853,001 Regus shares in June and December 2007 and therefore reduced to 980,961,569 (2006: 984,791,524).

Cash flow

Strong operating cash flow remains a prime feature and continued objective of the Group. The improvement in operating profit and an improved working capital performance resulted in the operating cash flow increasing by £78.3 million to £211.1 million (2006: £132.8 million). The Group's cash flow statement has been summarised below.

(£ million)	**2007**	**2006**
Cash generated from operations	**211.1**	**132.8**
Tax and net interest paid	(16.9)	(10.1)
Maintenance capex	(29.8)	(19.7)
Free cash flow	**164.4**	**103.0**
New centre openings	(50.9)	(26.7)
UK acquisition	--	(61.4)
Other acquisitions and JV investments	(17.8)	(27.1)
Loan repayment, share buy back and dividend	(37.6)	23.0
Exercises of share options	0.5	--
Change in cash	**58.6**	**10.8**
Opening cash	**80.9**	**74.1**
Change in cash	58.6	10.8
Effect of exchange rates on cash held	3.4	(4.0)
Closing cash	**142.9**	**80.9**

The strong cash performance has enabled the Group to invest in growth. Specifically, during the year, 101 new centres were opened at a cost of £50.9 million. A further 43 business centres plus 2 joint ventures were acquired for a net cash consideration of £17.8 million.

To highlight, during the year, the Group has:

- repaid to our investors £20.6 million through both our share-buyback and dividend activity
- reduced our debt by £17.0 million

and still ended the year with an increased cash position.

This can be can be analysed as follows:

(£ million)	**2007**	**2006**
Cash and cash equivalents	142.9	80.9
Bank and other loans	(40.3)	(54.2)
Finance leases	(1.5)	(3.9)
Un-amortised financing fees	0.3	0.6
Financial assets	**101.4**	**23.4**

Overall the Group enters 2008 in a strong financial position to capitalise on opportunities as they arise.

Stephen Gleadle,
Chief Financial Officer
14 March 2008

Consolidated Income Statement

£m	Note	**Year ended 31 Dec 2007**	Year ended 31 Dec 2006
Revenue	2	**862.4**	680.0
Cost of sales		**(610.5)**	(495.9)
Gross profit (centre contribution)		**251.9**	**184.1**
Administration expenses		**(129.3)**	(101.9)
Operating profit		**122.6**	**82.2**
Share of post-tax profit/(loss) of joint ventures		**0.8**	(0.1)
Share of post-tax profit of associate		**--**	1.2
Profit before financing costs		**123.4**	**83.3**
Finance expense		**(8.1)**	(8.0)
Finance income		**4.1**	2.2
Profit before tax for the year		**119.4**	**77.5**
Tax (charge)/credit		**(15.8)**	4.8
Profit after tax for the year		**103.6**	**82.3**
Attributable to:			
Equity shareholders of the parent		**103.1**	82.3
Minority interests		**0.5**	--
		103.6	82.3
Earnings per ordinary share (EPS):			
Basic (p)		**10.5**	8.4
Diluted (p)		**10.4**	8.3

Consolidated Balance Sheet

£m	As at 31 Dec 2007	As at 31 Dec 2006 Restated
Non-current assets		
Goodwill	**223.0**	212.1
Other intangible assets	**46.9**	51.0
Property, plant and equipment	**184.7**	127.2
Deferred tax assets	**46.8**	36.1
Other long term receivables	**24.1**	20.7
Investments in joint ventures	**1.6**	0.9
	527.1	448.0
Current assets		
Trade and other receivables	**186.4**	148.2
Corporation tax receivable	**5.1**	2.9
Cash and cash equivalents	**142.9**	80.9
	334.4	232.0
Total assets	**861.5**	680.0
Current liabilities		
Trade and other payables	**(168.9)**	(124.6)
Customer deposits	**(130.4)**	(103.4)
Deferred income	**(96.0)**	(73.5)
Corporation tax payable	**(33.2)**	(25.5)
Obligations under finance leases	**(0.8)**	(2.5)
Bank and other loans	**(15.5)**	(8.2)
Provisions	**(3.4)**	(3.1)
	(448.2)	(340.8)
Net current liabilities	**(113.8)**	(108.8)
Total assets less current liabilities	**413.3**	339.2
Non-current liabilities		
Other payables	**(62.4)**	(51.8)
Obligations under finance leases	**(0.7)**	(1.4)
Bank and other loans	**(24.5)**	(45.4)
Deferred tax liability	**(6.4)**	(1.7)
Provisions	**(7.4)**	(11.7)
Provision for deficit on joint ventures	**(2.1)**	(2.7)
	(103.5)	(114.7)
Total liabilities	**(551.7)**	(455.5)
Total assets less liabilities	**309.8**	224.5
Total equity		
Issued share capital	**49.2**	49.2
Treasury shares	**(13.4)**	--
Foreign currency translation reserve	**(20.1)**	(17.5)
Revaluation reserve	**10.0**	10.0
Other reserves	**(22.6)**	(22.6)
Retained earnings	**306.2**	205.4
Total shareholders' equity	**309.3**	224.5
Minority interests	**0.5**	--
Total equity	**309.8**	224.5

Approved by the Board on 14 March 2008

Mark Dixon	Stephen Gleadle
Chief Executive Officer	Chief Financial Officer

Consolidated Cash Flow Statement

£m	**Year ended 31 Dec 2007**	Year ended 31 Dec 2006
Profit before tax for the year	**119.4**	**77.5**
Adjustments for:		
Net finance costs	**4.0**	5.8
Net share of profit on joint ventures and associate	**(0.8)**	(1.1)
Depreciation charge	**39.2**	31.8
Loss on disposal of property, plant and equipment	**0.2**	0.4
Amortisation of intangible assets	**6.4**	6.0
Decrease in provisions	**(4.2)**	(0.6)
Other non-cash movements – share based payment	**4.5**	1.8
Operating cash flows before movements in working capital	**168.7**	**121.6**
Increase in trade and other receivables	**(28.2)**	(31.3)
Increase in trade and other payables	**70.6**	42.5
Cash generated from operations	**211.1**	**132.8**
Interest paid on finance leases	**(0.2)**	(0.5)
Interest paid on credit facilities	**(4.0)**	(5.2)
Tax paid	**(16.1)**	(6.6)
Net cash inflows from operating activities	**190.8**	**120.5**
Investing activities		
Purchase of subsidiary undertakings (net of cash acquired)	**(17.8)**	(88.5)
Purchase of interest in joint venture	**(0.3)**	--
Sale of property, plant and equipment	**0.3**	0.3
Purchase of property, plant and equipment	**(79.2)**	(46.3)
Purchase of intangible assets	**(1.5)**	(0.4)
Interest received	**3.4**	2.2
Cash outflows from investing activties	**(95.1)**	**(132.7)**
Financing activities		
Net proceeds from issue of loans	**--**	62.7
Repayment of loans	**(14.5)**	(33.5)
Repayment of principal under finance leases	**(2.5)**	(5.0)
Facility arrangement fees	**--**	(1.2)
Purchase of treasury shares	**(14.7)**	--
Payment of ordinary dividend	**(5.9)**	--
Exercise of share options	**0.5**	--
Cash (outflows)/inflows from financing activities	**(37.1)**	**23.0**
Net increase in cash and cash equivalents	**58.6**	**10.8**
Cash and cash equivalents at beginning of year	**80.9**	74.1
Effect of exchange rate fluctuations on cash held	**3.4**	(4.0)
Cash and cash equivalents at end of year	**142.9**	**80.9**

Consolidated Statement of Changes in Equity

£m	Share capital	Treasury shares	Share premium account	Foreign currency translation reserve	Revaluation reserve	Other	Retained earnings	Minority interests	Total equity
	Attribute to equity holders of the parent (note a)								
Balance at 1 Jan 2006	49.2	--	153.5	5.0	--	(22.6)	(32.3)	--	152.8
Profit attributable to equity holders	--	--	--	--	--	--	82.3	--	82.3
Currency translation differences	--	--	--	(22.5)	--	--	--	--	(22.5)
Acquisitions	--	--	--	--	10.0	--	--	--	10.0
Deferred tax on share options	--	--	--	--	--	--	0.1	--	0.1
Total recognised income and expense for the period				(22.5)	10.0	--	82.4	--	69.9
Share based payments	--	--	--	--	--	--	1.8	--	1.8
Scheme of Arrangement (note b)	--	--	(153.5)	--	--	--	153.5	--	--
Balance at 31 Dec 2006	**49.2**	**--**	**--**	**(17.5)**	**10.0**	**(22.6)**	**205.4**	**--**	**224.5**
Profit attributable to equity holders	--	--	-	--	--	--	103.1	--	103.1
Profit attributable to minority interests	--	--	--	--	--	--	--	0.5	0.5
Currency translation differences	--	--	--	(2.6)	--	--	--	--	(2.6)
Deferred tax effect of share options	--	--	--	--	--	--	(0.1)	--	(0.1)
Total recognised income and expense for the period				(2.6)	--	--	103.0	0.5	100.9
Share based payments	--	--	--	--	-	--	4.5	--	4.5
Ordinary dividend paid	--	--	--	--	--	--	(5.9)	--	(5.9)
Exercise of share options	--	1.3	--	--	--	--	(0.8)		0.5
Purchase of treasury shares	--	(14.7)	--	--	--	--	--	--	(14.7)
Balance at 31 Dec 2007	**49.2**	**(13.4)**	**--**	**(20.1)**	**10.0**	**(22.6)**	**306.2**	**0.5**	**309.8**

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

- Share capital and share premium represents the net proceeds (both the nominal value and any premium paid) on the issue of the Company's equity share capital.
- Treasury shares represent 11,947,702 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 year 12,853,001 shares were purchased. 905,299 shares were utilized to satisfy the exercise of share options by employees. At 14 March 2008, 33,972,702 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
- Other reserves include £29.2 million arising from the Scheme of Arrangement undertaken in 2003, partly offset by £6.5 million relating to merger reserves and £0.1 million to the redemption of preference shares.

(b) On 28 June 2006 the Group executed a court order granting the cancellation of the share premium account under a Scheme of Arrangement. The effect of this was to increase by the same amount the distributable reserves for the Group. The cancellation was undertaken in the books of Regus Group plc where the share premium was held. Details of the Scheme of Arrangement were contained within the notice of the Annual General Meeting dated 3 April 2006.

Notes to the Interim Accounts

Note 1: Basis of preparation and accounting policies

Regus Group plc is a public limited company incorporated and domiciled in England and Wales under the Companies Act 1985. The Company's ordinary shares are traded on the London Stock Exchange.

The Group's 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 basis of preparation and accounting policies are set out in full in the Annual Report, and have been applied consistently to all periods presented in these financial statements. The accounting policies have been applied consistently by group entities.

The financial statements were approved by the directors on 14 March 2008.

The comparative information for the balance sheet at 31 December 2006 has been restated for the following item:

(i) Certain amounts included in the financial statements for the period ending 31 December 2006 relating to business combinations completed in that period were included in those financial statements on a provisional basis. These provisional amounts were finalised during the 12 month period following the acquisition. Adjustments to the acquisition accounting have been reflected as if they had been recognised at the acquisition date. As a result the following changes have been made:

- The carrying value of goodwill has reduced by £0.4 million as a result of the finalization of the acquisition accounting in relation to deferred tax assets with a corresponding increase in deferred tax assets of £0.7 million and a credit to deferred consideration of £0.3 million;
- The carrying value of goodwill was increased by £0.4 million as a result of the finalization of the fair value adjustments in relation to property, plant and equipment. This has also reduced the carrying value of property, plant and equipment by £0.4 million.

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 December 2007 or 2006 but is derived from those accounts. Statutory accounts for 2006 have been delivered to the registrar of companies, and those for 2007 will be delivered in due course. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports, and (iii) did not contain statements under section 237(2) or (3) of the Companies Act 1985.

Annual Report

Copies of the annual report, which will be posted to shareholders at least 20 working days before the AGM on 20 May 2008, may be obtained from the registered office at 3000 Hillswood Drive, Chertsey, Surrey, KT16 0RS. The report will also be available on the Company's website at www.regus.com.

Note 2: Segmental analysis – management basis (unaudited)

Year ended 31 Dec	Americas 2007	EMEA 2007	Asia 2007	UK 2007	Other 2007	Total 2007
Mature						
Workstations	50,127	25,968	6,821	--	--	82,916
Occupancy (%)	86.9	87.2	81.9	--	--	86.6
Revenue (£m)	293.7	219.3	47.5	--	--	560.5
Contribution (£m)	100.0	78.5	19.2	--	--	197.7
2006 Expansions						
Workstations	6,653	1,307	4,732	25,914	--	38,606
Occupancy (%)	77.8	84.7	77.5	83.5	--	81.8
Revenue (£m)	28.1	9.4	24.7	196.8	--	259.0
Contribution (£m)	4.0	3.2	8.8	43.2	--	59.2
2007 Expansions						
Workstations	4,092	1,520	3,195	1,548	--	10,355
Occupancy (%)	69.1	54.4	33.1	63.8	--	55.0
Revenue (£m)	13.0	9.2	5.5	8.9	--	36.6
Contribution (£m)	(1.2)	(1.9)	(0.5)	(1.1)	--	(4.7)
2007 Closures						
Workstations	288	330	--	443	--	1,061
Occupancy (%)	76.5	86.2	--	85.8	--	83.4
Revenue (£m)	1.5	2.4	--	2.4	--	6.3
Contribution (£m)	(0.1)	0.5	--	(0.7)	--	(0.3)
Totals						
Workstations	61,160	29,125	14,748	27,905	--	132,938
Occupancy (%)	84.7	85.3	69.9	82.4	--	82.7
Revenue (£m)	336.3	240.3	77.7	208.1	--	862.4
Contribution (£m)	102.7	80.3	27.5	41.4	--	251.9
Operating profit (£m)	48.2	43.3	12.5	8.3	10.3	122.6
REVPAW (£)	5,497	8,251	5,267	7,460	--	6,487

Year ended 31 Dec	Americas 2006	EMEA 2006	Asia 2006	UK 2006	Other 2006	Total 2006
Mature						
Workstations	49,429	25,726	6,501	--	--	81,656
Occupancy (%)	86.9	79.4	76.9	--	--	83.5
Revenue (£m)	292.2	188.9	41.8	--	0.7	523.6
Contribution (£m)	87.8	59.9	15.1	--	0.7	163.5
2006 Expansions						
Workstations	2,608	479	2,508	17,916	--	23,511
Occupancy (%)	76.1	55.1	61.0	77.2	--	75.0
Revenue (£m)	9.6	2.3	9.1	122.6	--	143.6
Contribution (£m)	(1.3)	(0.3)	0.9	20.0	--	19.3
2006 Closures						
Workstations	214	307	--	--	--	521
Occupancy (%)	82.1	69.0	--	--	--	74.0
Revenue (£m)	1.2	1.4	--	--	--	2.6
Contribution (£m)	(0.1)	0.6	--	--	--	0.5
2007 Closures						
Workstations	360	627	--	582	--	1,569
Occupancy (%)	77.6	79.2	--	78.6	--	78.6
Revenue (£m)	2.9	3.3	--	4.0	--	10.2
Contribution (£m)	0.1	(0.2)	--	0.9	--	0.8
Totals						
Workstations	52,611	27,139	9,009	18,498	--	107,257
Occupancy (%)	86.0	79.0	72.0	77.0	--	81.8
Revenue (£m)	305.9	195.9	50.9	126.6	0.7	680.0
Contribution (£m)	86.5	60.0	16.0	20.9	0.7	184.1
Operating profit (£m)	43.1	26.2	6.1	5.3	1.5	82.2
REVPAW (£)	5,813	7,219	5,647	6,843	--	6,340

Notes:

- The mature business is defined as those centres owned and operated at least 12 months prior to 1 January 2006 and therefore have a full 12 month comparative.
- Expansions include new centres opened and acquired businesses.
- A 2007 closure is defined as a centre closed during the 12 month period to 31 December 2007. A 2006 closure is defined as a centre closed during the 12 month period to 31 December 2006.
- Workstation numbers are calculated as the weighted average for the period.
- EMEA represents Europe (excluding UK), Middle East and Africa.

Note 3: Reconciliation of operating profit to adjusted EBIT and EBITDA

£m	**Year ended 31 Dec 2007**	Year ended 31 Dec 2006
Operating profit	**122.6**	82.2
EBIT	**122.6**	**82.2**
Depreciation	**39.2**	31.8
Amortisation of acquired intangibles	**6.4**	6.0
EBITDA	**168.2**	**120.0**

Note 4: Analysis of financial resources

£m	At 1 Jan 2007	Cash flow	Non-cash changes	Exchange movement	**At 31 Dec 2007**
Cash and cash equivalents	**80.9**	**58.6**	**--**	**3.4**	**142.9**
Debt due after one year	(45.4)	10.2	10.9	(0.2)	**(24.5)**
Debt due within one year	(8.2)	4.3	(11.3)	(0.3)	**(15.5)**
Finance leases due after one year	(1.4)	0.8	(0.1)	--	**(0.7)**
Finance leases due within one year	(2.5)	1.7	--	--	**(0.8)**
	(57.5)	17.0	(0.5)	(0.5)	**(41.5)**
Net financial assets	**23.4**	**75.6**	**(0.5)**	**2.9**	**101.4**

Cash and cash equivalents balances held by the Group that are not available for use amounted to £14.4 million at 31 December 2007 (31 December 2006: £17.1 million). This cash serves as collateral against certain obligations of the Group.

Cash not available for use at 31 December 2007 includes cash held on deposit of which £2.1 million (December 2006: £5.5 million) relates to collateral against bank loans; £10.2 million (December 2006: £9.6 million) relates to deposits which are held by banks and landlords as security against lease commitments by Regus operating companies and £2.1 million (December 2006: £2.0 million) held by the ESOP Trust. These amounts are blocked and not available for use by the business.

Non-cash changes comprise the issue of loan notes in relation to business acquisitions, the amortisation of debt issue costs, new finance leases entered into and movements in debt maturity.

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