21 March 2011

REGUS PLC – ANNUAL RESULTS ANNOUNCEMENT - YEAR ENDED 31 DECEMBER 2010

Regus, the world's largest provider of flexible workspaces, announces today its annual results for the year ended 31 December 2010.

FINANCIAL HIGHLIGHTS

- Revenues of £1,040.4m (2009: £1,055.1m)
- Mature margin recovery during H2 2010 to circa 22.3%.
- EBIT of £23.8m* (2009: £72.3m*) which is after growth costs. EBIT before growth costs of £42.0m* (2009: £80.0m*)
- Cash from Operations of £109.7m* (2009: £105.1m*)
- Net Cash of £191.5m (2009: £237.0m)
- Earnings per share of 1.9p* (2009: 5.4p*)
- Full Year Dividend per share increased by 8% to 2.6p (2009: 2.4p)

*Excludes exceptional restructuring costs of £15.8m in 2010 and a net exceptional gain in 2009 of £15.7m.

STRATEGIC AND OPERATIONAL HIGHLIGHTS

- Significant cash investment in growth of £69.7m translating into 125 new centres and 20,122 workstations
- Global footprint extended to 87 countries, including new openings in Oman, Ghana and Lithuania
- Strengthened management team and structure to support growth
- Improvements in marketing and sales increased enquiries by 32% and deal volumes by 12%
- Annualised costs savings achieved since the second half of 2008 now circa £135 million
- Continued Businessworld growth – 69% increase in membership to 540,000 (2009: 320,000)

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

"Against a tough economic backdrop Regus delivered solid financial results, driven almost entirely by execution on a range of key strategic initiatives started two years ago when the recession hit. We have seen little benefit from any economic upturn but we have continued to invest in growth, mature margins have held up well and cash flow continued to be strong reflecting the underlying health of the business.

In terms of outlook we remain cautious on the economy, however we have been encouraged by recent positive trends that reflect the continued strategic delivery of our initiatives. In 2011 we are well positioned for a year of solid revenue growth and business improvement with continuing strong underlying cash flow generation."

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Chairman's statement

I am pleased to report a solid performance by the group resulting from the determined implementation of our strategy which has transformed our business model over the last two years. This, coupled with consistent trading across all our markets, has enabled the group to weather the unpredictable economic challenges of 2010. I am particularly pleased that our mature margins have started to recover during 2010 and in addition the business has generated more cash year on year, with cash from operations increasing to £109.7 million (2009: £105.1 million). The strength of this cash generation has enabled the business to invest significantly in growth, opening 125 centres, with an estimated cost to our profit and loss of £18.2 million and to our cash flow of £69.7 million. It has also enabled us to increase our dividend by 22% to £23.2 million while maintaining a robust net cash position at £191.5 million. The board remains confident in the significant opportunities for our business as the global trend towards flexible, mobile work accelerates.

Network growth

To capitalise on the significant opportunities created by the trend towards increased flexible working we continue to grow our network to provide these agile workers with a mobile work platform. Our approach is two-fold: to open in new countries (such as Oman, Ghana and Lithuania), thus increasing our global footprint, and deepen existing in-country networks opening in new cities (such as Canberra and Brasilia), thereby getting ever closer to new and existing customers.

In the year to 31 December 2010, we added 20,122 workstations an increase of 13% on 2009 for a total investment of £69.7 million. Approximately half of this growth came from acquisitions in markets such as Brazil, China, UK and USA. We will continue to explore such opportunities as we look to strengthen our market position and deliver on our strategy.

Board changes

I would like to thank Ulrich Ogiermann, who resigned from the board as of 31 December 2010, for his contribution to the business over the years and we wish him well for the future.

Dividend

It remains the intention of the Board to pay dividends at a level which it believes is sustainable throughout economic cycles and is in line with its progressive payment policy. Reflecting the underlying strength of the group's trading performance, our strong cash generation, robust cash position and future confidence in the group's prospects, the Board is recommending an 8% increase in the full year dividend per share to 2.6p per share. Subject to the approval of shareholders at the 2011 AGM, this final dividend will be paid on Friday 27 May 2011 to shareholders on the register at the close of business on Tuesday 26 April 2011.

Douglas Sutherland
Chairman
21 March 2011

Chief Executive's Review

2009 and 2010 have been momentous years for the world economy and all businesses have had to respond and adapt in order to progress. We have been no different. 2010 was a solid year of performance made possible by the delivery of key strategic initiatives rather than any noticeable pick up in the world economy. That the business remained profitable and in 2010 generated more cash than in 2009 demonstrates our strong and deep foundations.

We are now a much fitter and more nimble business which will be to the benefit of our customers and shareholders. The strategic initiatives of 2010 were focused on orientating the business to recover occupancy and margin in 2011 regardless of the rate of economic recovery. This includes having the right business centres in the right places on the right terms; generating more enquiries and increasing the sales conversion; streamlining processes and structures; continually innovating our product and service mix; and, crucially, investing in our people. Such investments have come at some cost but it is important to highlight these investments are fully self funded and we expect to see a return in 2011.

We continue to experience broad-based demand across all markets and market sectors but especially from large multinationals for our assistance in supporting their move to lower cost flexible working models. This accelerating trend is one of the key drivers of our business and we believe will be so for years to come.

With renewed focus we have delivered the growth we set out to achieve at the beginning of 2010; we opened 125 new centres, which led us into seven new countries. It is our intention to sustain this growth rate into 2011 as we look to extend our global reach and strengthen in country networks giving us an ever greater addressable market.

Strategy

Our vision is clear; to be where people and businesses want to work, to be the platform from which they work, be it mobile or fixed, virtual or physical, large company or small. As a result our strategy is equally simple, to be in as many of those locations as quickly as we can. That we are the only business that can aspire to this demonstrates the scale of the opportunity in a world of more than a billion mobile workers.

Strategic highlights

In 2010 we delivered a number of key strategic initiatives which have transformed the business. These are:-

- **Strengthened Management Structure** – To better manage our growing business, within our regions, we have started the process of organising day-to-day management of 30 country/market groupings. With supervisory oversight from our new global management centre in Geneva, decision making is being accelerated and improved. In 2010 key hires and internal promotions were made across all our major geographies including Canada, Brazil, Mexico and Japan amongst others. It is of crucial importance that the business continues to add to this cadre of its management population throughout 2011.
- **Refocused Marketing** – Spend was increased by 27% over the course of 2010 vs. 2009 to £33.3 million. The marketing management team was reorganised to deliver in country planning and global campaign integration moving us away from a regional approach. Additionally a number of tasks were brought back in-house including web and search engine

marketing. Together this resulted in a 32% increase in overall global enquiries but more importantly a dynamic approach to generating enquires in the locations that most need them.

- **Improved Sales** – Significant changes to our sales structure, supporting systems and improved customer targeting, together with comprehensive bespoke training and development, resulted in deal volumes that were 12% higher in 2010 than 2009. Good progress was made with our corporate accounts team, refreshing our entire product offering, providing targeted marketing support and systems, increasing headcount (from 30 to 79) and making four key senior management hires. As a result our sales picked up strongly in H2 and this team now has momentum into 2011.
- **Streamlined Operations -** 2010 saw further significant progress with our eCommerce rollout, specifically TITAN, Peoplesoft and Oracle which are now firmly embedded within the business. A significant number of centre routines and procedures were redesigned freeing up centre team time to dedicate to customers. The centralisation of our back office service functions to our shared service centres was completed in Q4. It is already delivering both operational and financial efficiencies, for example, centralising our IT support desk has already resulted in annualised savings of £1.5 million. 2011 will see further centralisation including parts of the marketing, price and inventory functions.
- **Delivered Procurement, New Centre cost efficiencies** – Over 2010 we continued our proactive approach to driving cost and realising efficiency gains throughout the business. Centralised procurement programmes were put in place and key hires made, the benefits of which we believe will be felt in 2011 and beyond. Excluding the extra costs that have been incurred increasing the capacity of the business and some specific investments, since the second half of 2008 annualised savings have been made of circa £135 million.

Operational Review

Operationally 2010 has been a busy year for the group. During Q4 alone we averaged a centre opening a day. Our strategy of controlled and disciplined growth has resulted in an increase in total capacity (including non-consolidated workstations) of 9% to 188,567 workstations in the year and the number of actual workstations by 8.8% to 178,084 workstations as at 31 December 2010. The group opened 125 new centres during the year with the total number now standing at 1,084. Of these, 61 were as a result of organic growth of which 37 were opened on flexible, low risk leases.

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

	Revenue		**Contribution**		**Mature margin (%)**	
£ million	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Americas	436.9	423.8	99.1	92.9	24%	23%
EMEA	281.2	306.2	65.8	83.0	25%	28%
Asia Pacific	141.7	132.3	36.4	40.3	29%	30%
UK	178.9	191.4	13.2	18.5	8%	10%
Other	1.7	1.4	1.4	0.9	--	--
	1,040.4	**1,055.1**	**215.9**	**235.6**	**22%**	**23%**

** The mature business is defined as the performance from centres owned and operated at 1 January 2009*

AMERICAS

Our business in the Americas comprises Canada, USA and the countries of Latin America, some 517 centres across 15 countries. Our main business in the USA operates 411 centres. At actual exchange rates, the region delivered revenues of £436.9 million - up 3.1% on 2009 with average mature occupancy of 80% during the period (2009: 79%). During the year, we added 46 centres which contributed to the increase in the average number of consolidated workstations from 72,277 in 2009 to 74,265 in 2010.

The business made two key acquisitions in November 2010; one in Dallas adding nine centres; and one in Brazil adding 16. The latter acquisition making us the number one workplace provider in that market.

EMEA

Our business in EMEA encompasses 278 centres across 49 countries. The region delivered revenues of £281.2 million, down 8.2% on 2009 and achieved an average mature occupancy of 77% (2009: 80%). During the year we opened 36 centres, including 16 through acquisition. This contributed to the increase in the average number of consolidated workstations from 34,260 in 2009 to 36,120 in 2010. We opened our first centres in Ghana, Oman, Tanzania and Lithuania (new cities Porto and Basel).

ASIA PACIFIC

Our business in Asia operates in 133 centres across 16 countries. The region delivered revenues of £141.7 million, up 7.1% on 2009 and achieved an average mature occupancy of 80% (2009: 76%). During the year we opened 20 centres, which increased the average number of consolidated workstations from 21,390 in 2009 to 23,437 in 2010.

UK

Conditions during 2010 continued to be extremely challenging with renewed pressure on key performance indicators and particularly price. Set against this backdrop, the region delivered revenues of £178.9 million, down 6.5% on 2009 and achieved an average mature occupancy of 76% (2009: 78%). During the year, we opened 23 centres of which 15 were through acquisition. This increased the average number of consolidated workstations from 33,528 in 2009 to 34,851 in 2010.

In Q2 we embarked on a significant restructure of our UK lease portfolio; working in partnership with our landlords many were renegotiated and re-geared and only three centres were closed. This process concluded in Q3 and will result in annualised savings of up to £15 million per annum. We are confident that in 2011 our UK business will return to operating profit.

Market opportunities; how we help our customers

Our extensive geographic network offers a broad range of opportunities for Regus, as organisations of all sizes begin to seriously address structural inefficiencies in their property portfolio and as pressure from workers increases to make work more flexible, in terms of both time and geographic location.

Businesses around the world, from the very largest to the newest start-up are increasingly recognising the benefits of being property-light; reducing the number of offices they lease. This then enables their people to work where they need to, rather than where they always have and for their business to realise the immediate benefits of increased productivity and decreased costs. As such, a move to

Regus is very much a commercial and financially driven decision; the Regus advantage regularly delivering savings of 50-80% vs. a comparable traditional leased office model. We are attractive to any size of business and not just small and medium sized businesses on a short term basis; 60% of our customers use us for more than 30 months; 40% of our customer base is large corporates; and, 20% soletraders and micro businesses.

The scale and density of our ever expanding network, our strong track record of delivery, and our constant ability to innovate both product and service mean we are well placed to help our customers, both current and future, address the challenges of work, wherever they need us. For example:-

- **Yell – UK based business directory service**
  Closed 18 under utilised sales offices and transferred c.700 sales consultants to Regus through our businessworld model. This approach is more cost effective, lower risk, flexible, sustainable and is gradually increasing productivity as less time is spent commuting and working in poorly equipped places.

- **7-11 – Leading US franchised food retailer**
  Since year end we have signed a deal with 7-11 whereby they will close more than 35 underutilised regional offices. More than 250 franchise managers will use the Regus network establishing flexible zone offices in Regus centres coupled with 250 days of meeting rooms per month and several hundred businessworld cards. 7-11 will reduce overhead by eliminating small offices from their property portfolio and franchise managers will have more time to spend with their customers as they leverage more than 400 Regus business centres.

- **AT&T – Leading telecommunications service provider**
  Use Regus offices in 18 countries including Canada, China, Vietnam, Denmark and Peru. Coupled with 500+ businessworld cards AT&T rely on Regus to ensure flexibility and speed of response especially when working on major new contracts in new or challenging markets.

Network growth

In an ever more mobile, nomadic world of work our primary asset, our business centres, will remain the foundation for our growth. Indeed it is our extensive network, virtually impossible to replicate in the medium term, which is so attractive to our customers and prospects and from which we will create significant shareholder value.

A larger network is necessary because:-

- Our addressable market grows; locally from the businesses immediately surrounding the new location and globally for multinational businesses that want to do business in that location;
- We can leverage operational efficiencies;
- Additional brand exposure;
- We become an ever more attractive partner to other high profile global brands; and,
- The barriers to competitive entry become greater.

As such continued growth is core to our strategy.

It is important to state that our growth strategy is based upon making our past successes repeatable. We focus on projects that we can do again and again, moving us from one level to the next. Growth is always low risk and balanced. It is never growth for its own sake.

The acquisitions we have made and the organic growth which has happened alongside has expanded our served and addressable market. We now have 1,084 centres worldwide

Outlook

Against a tough economic backdrop the business delivered solid financial results in 2010, driven almost entirely by execution of a range of key strategic initiatives; we have seen little benefit from any economic upturn. We have continued to invest in growth, mature margins have held up well and cash flow continued to be strong, reflecting the underlying health of the business.

We remain cautious on the economy, however we have been encouraged by recent positive trends that reflect the continued strategic delivery of the group. In 2011 we are well positioned for a year of solid revenue growth and business improvement with strong underlying cash-flow generation.

Arguably the recession of the last two years has been good for our business; it made us take a long hard look at everything we did, improve it and in doing so we have been transformed. That we have emerged from 2010 for the better is a testament to the hard work and dedication of our global team of highly motivated individuals; we have restructured and streamlined our management; we have grown and opened up new markets; we have continued to innovate; we have radically improved our sales and marketing; and, we have continued to automate and improve our processes. We are a better business than we were when the recession started and we will realise the benefits of the many improvements made over the years to come.

Finally, I would like to thank our employees, customers, shareholders, suppliers and all other partners for their continuing support. We look forward to an improved 2011 and the opportunity to grow our business and in doing so lead our industry.

Mark Dixon
Chief Executive
21 March 2010

Financial Review

Despite the challenging trading conditions experienced across all of our markets, the business has generated more cash in 2010 than it did it 2009 with cash from operations increasing to £109.7 million (2009 £105.1 million). This cash inflow has enabled the business to pay an increased dividend to shareholders (£23.2 million), buy back shares (£7.3 million), restructure the UK (£13.7 million to 31 December 2010) as well as invest in capacity growth (£69.7 million).

Our net cash position at 31 December 2010 remained strong at £191.5 million compared to £237.0 million at 31 December 2009.

Revenue and gross profit (centre contribution)

Revenue for the Group decreased 1.4% to £1,040.4 million (2009: £1,055.1 million) and gross profit (centre contribution) decreased 8.4% to £215.9 million (2009: £235.6 million).

This movement can be analysed as follows:

£ million	**Revenue**	**Gross profit**	**Margin %**
FY 2009	**1,055.1**	**235.6**	**22.3%**
Impact of exchange rates	16.3	4.4	
FY 2009 at constant exchange rates	**1,071.4**	**240.0**	**22.4%**
Change in mature business	(60.8)	(24.5)	
Centres added in 2009	13.0	4.8	
Centres added in 2010	25.1	(7.0)	
Centres closed	(8.3)	2.6	
FY 2010 (pre exceptional costs)	**1,040.4**	**215.9**	**20.8%**
Exceptional cost of sales	-	(11.9)	
FY 2010	**1,040.4**	**204.0**	

If we had translated our 2009 results at 2010 rates, revenue and gross profit would have increased by £16.3 million and £4.4 million respectively. On a constant currency basis revenue fell by 2.9% and gross profit by 10.0%.

Our mature or "like for like" business revenues decreased by £60.8 million and gross profit by £24.5 million driven by reductions in price. This is partially offset by real reductions in costs and the transfer of some other costs into overheads.

However, while the overall profitability has fallen year on year mature margin has recovered during 2010.

£ million	H2 2009	H1 2010	H2 2010
Mature revenue	494.5	489.9	490.3
Mature gross profit	109.4	103.8	109.5
Margin	22.1%	21.2%	22.3%

* The above numbers are at constant currency and have been adjusted for the impact of certain costs being moved into overheads during 2010

Centres added in 2009 contributed £13.0 million of revenue and £4.8 million of gross profit, reflecting the improving occupancy and ability to reduce the normal start up losses as centres mature.

New centres in 2010 contributed £25.1 million of revenue but reduced gross profit by £7.0 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 £8.3 million but increase gross profit by £2.6 million.

Taking all this together margins (before exceptional costs) reduced from 22.3% to 20.8%.

Administration expenses

In 2010 administrative expenses (pre exceptional costs) increased by £28.1 million to £193.4 million. This increase can be broadly analysed as follows:

£ million	Administrative Costs
FY 2009	**165.3**
Impact of exchange rates	1.8
FY 2009 at constant exchange rates	**167.1**
Transfer of costs from centres	6.4
Incremental costs associated with capacity growth	5.3
2010 Investments (Sales, Marketing and IT)	11.1
Other cost movements	3.5
FY 2010 (pre exceptional costs)	**193.4**
Exceptional costs	3.9
FY 2010	**197.3**

£6.4m of costs were transferred from centres arising from both our programmes to centralise certain functions and processes previously carried out by centre staff and from the annualised effect of other transfers made in 2009.

As a result of adding workstations, overhead costs are also adversely affected as we invest in such costs as extra marketing, regional management, legal and other compliance costs. Year on year the increase in these costs is estimated at £5.3 million.

To drive enquiries and future revenue growth, the Group has invested an extra £9.0 million in sales and marketing. In addition, £2.1 million has been spent to centralise our IT support structure which will start to yield savings in 2011.

Net of the above there has been an underlying increase in overhead of £3.5 million.

Growth costs

As the rate of capacity growth increases the short term costs of this growth also increase. To give shareholders a better appreciation of the impact of this on our 2010 profit and loss these costs have been estimated as follows:

£ million	**Growth costs**
Start up losses within centre contribution (including £2.7m of depreciation)	(7.0)
Costs of teams that support the acquisition and implementation of centres	(4.7)
Incremental marketing costs to launch centres	(1.9)
Other overhead costs (sales, finance, legal, management)	(4.6)
	(18.2)

In arriving at this number there has been no allowance for general management time and effort expensed across the business supporting growth which is also likely to be substantial.

Using these estimates, before and after profitability can then be summarised as follows

£ million	**Before growth costs**	**After growth costs**
EBITDA*	112.6	97.2
EBIT*	42.0	23.8

*Before exceptional costs

Taking into account an overall assessment of growth costs within the business and the expectation of further increases in capacity and therefore revenue, it is anticipated that an “ex growth” overhead rate would be circa 12% of revenues**.**

Cost reduction initiatives

The cost management actions taken by the Group throughout 2009 have been progressed in 2010, delivering further cost savings in the underlying business. The most significant savings are being driven through centre costs, where we are now seeing the benefit of reduced rent and service charges. Cost savings are also being made as we close underperforming centres and the centralisation of certain functions and processes has contributed operational efficiencies such as improved customer collections.

The trend in the total cost base is shown below. Excluding the extra costs that have been incurred increasing the capacity of the business and some specific investments in 2010, since the second half of 2008 annualised savings have been made of circa £135 million.

Cost Trend of base business at constant exchange

£ million	**H2 2008**	**H1 2009**	**H2 2009**	**H1 2010**	**H2 2010**
Base Business	**532.7**	**505.8**	**486.0**	**480.6**	**465.0**
Growth Costs	2.5	5.5	8.9	20.2	40.6
2010 Investments	--	--	--	5.4	5.7
Total Costs	**535.2**	**511.3**	**494.9**	**506.2**	**511.3**

Operating profit (before exceptional items)

Arising from the above operating profit was £22.5 million (2009: £67.7 million), representing a margin of 2.2% (2009: 6.4%).

Exceptional items

During the year the Group has undertaken a UK restructuring programme and incurred exceptional charges of £15.8 million. These costs relate to a combination of asset write-downs, dilapidations, legal and professional fees, relocation costs, reorganisation costs and ancillary closure costs net of any onerous lease or other property related provision releases.

Of the net £15.8 million, £13.7 million has so far been expended in cash.

As a result of the programme annualised rent savings have been achieved of up to £15 million.

Share of profit in joint ventures

The share of joint venture profits attributable to Regus decreased to £1.3 million (2009: £2.0 million). This reflects the acquisition of one of our JV partners in December 2009 which is now fully consolidated.

Financing costs

Financing costs can be summarised as follows:

£ million	**FY 2010**	**FY 2009**
Interest payable	(0.5)	(1.6)
Interest receivable	1.8	2.6
Finance lease interest	(0.1)	(0.1)
Non-cash: Amortisation of deferred financing fees	-	(0.5)
Non-cash: UK acquisition related	(1.4)	(1.5)
Total financing costs	**(0.2)**	**(1.1)**

The lower interest payable of £0.5 million reflects costs associated with bank overdrafts in a limited number of countries and commissions on bank guarantees.

The £0.8 million decrease in interest receivable reflects the impact of lower global interest rates (reducing the Group's average yield from 1.2% to 0.9%) on a lower average interest bearing cash balance of £204.8 million (2009: £219.2 million).

Finance lease costs have remained unchanged reflecting the continued low 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 £0.5 million in that year. The unwinding of discounted fair value adjustments on the Regus UK acquisition resulted in a non cash net financing charge of £1.4 million in the period to 31 December 2010 (2009: £1.5m)

Taxation

The Group has recognised a £5.9 million tax charge for the period (compared to a tax charge of £19.2 million in the comparative period). This includes a deferred tax charge of £0.5 million associated with the UK restructuring.

The tax rate is 23.7%, excluding the exceptional item, compared to 26.9% pre exceptional in the comparative period.

The deferred tax charge of £28.4 million includes the reversal of previously recognised deferred tax assets on losses, which no longer satisfy the Group's recognition policy, giving rise to a decrease in the deferred tax asset from £65.1 million at 31 December 2009 to £37.1 million at 31 December 2010. In addition, the Group has benefited from a credit in relation to improved certainty over the position of a number of tax audits in relation to prior years.

On a cash basis, the Group paid £15.5 million in tax. Cash tax represents approximately 65% of profit before tax (excluding the exceptional charge). This arises largely because taxes paid in the year include final payments for earlier periods.

Earnings per share

Earnings per share for the full year before exceptionals have decreased to 1.9p (2009: 5.4p) with the impact of falling underlying operating profits partially offset by cost savings. The average number of shares in issue decreased to 947,462,881 (2009: 948,203,737) which reflects the net impact of the reissue of treasury shares held by the Group in order to settle the exercise of share awards partially offset by the impact of share purchases.

Dividend

A final payment relating to 2009 of 1.6p per share was paid in May 2010 following shareholder approval (H1 2009: 1.2p per share).

An increased interim dividend relating to 2010 of 0.85p per share (H1 2009: 0.8p) was paid in October 2009.

It is proposed, subject to shareholder approval to pay an increased final dividend for 2010 of 1.75p (2009: 1.6p). This will be paid on Friday 27 May 2011 to shareholders on the register at the close of business on Tuesday 26 April 2011.

If approved, this will represent an 8% increase in the full year dividend increasing from 2.4p per share for 2009 to 2.6p per share for 2010.

Since 2008, Regus shareholders have been able to elect to receive either Luxembourg-sourced dividends from Regus plc SA ("**plc**") or UK-sourced dividends from a UK-resident subsidiary of plc (the "**IAS arrangements**"). The IAS arrangements were put in place to allow shareholders to choose the dividend source which best suits their own tax position.

Following various changes in relevant tax law and practice, however, the tax implications of receiving a dividend from either plc or a UK subsidiary should now be the same for most shareholders. In order to enable the discontinuance of the IAS arrangements, which are no longer considered necessary, Regus has implemented a restructuring. As a result, all shareholders will be paid dividends directly from plc, commencing with the final dividend to be paid to shareholders on or around Friday,27 May

2011. All such dividends should be payable by plc without deduction of Luxembourg withholding tax, regardless of the residence of the recipient.

In general terms, UK resident shareholders receiving dividends from plc in the future should be taxed in the same way as if they had received a dividend from a UK company. Tax outcomes do however depend on the specific circumstances of shareholders and any shareholder in doubt about their tax position (including in particular UK resident but non UK domiciled individuals who have elected to be taxed on a remittance basis) should consult their own professional adviser without delay.

Goodwill

Regus has £282.4 million of goodwill in the balance sheet principally 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.

Following the restructure of the UK business, the carrying value of the goodwill was tested for impairment and this indicated that no impairment was necessary. Although the short term performance of the business has worsened since the 2009 impairment review was carried out, the adverse impact of the resulting reduction in our anticipated future cash flows has been offset by the savings arising from the UK restructuring. It should be noted, however, that the headroom in the UK goodwill calculations still remains low. It is therefore possible that a future, non-cash, impairment may be necessary arising from relatively small changes in assumptions.

Cash flow

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

£ million	**FY 2010**	**FY 2009**
Cash from operations	109.7	105.1
Other income	1.8	1.2
Cash in	**111.5**	**106.3**
Maintenance capex	(30.8)	(20.2)
Interest and tax	(15.4)	(24.1)
Free cash flow	**65.3**	**62.0**
Acquisitions	(17.0)	1.0
New centre openings and property purchase	(42.7)	(26.7)
Share Buybacks, settlement of share awards and Dividends	(31.4)	(20.4)
Exceptional (cost)/receipt	(13.7)	18.3
Other	(3.0)	(1.9)
Cash out	**(107.8)**	**(29.7)**
Change in cash & cash equivalents	**(42.5)**	**32.3**
Opening Cash	245.1	219.5
FX	2.0	(6.7)
Closing balance - Cash, cash equivalents and liquid investments	**204.6**	**245.1**

Cash flow from operations has increased £4.6 million from £105.1 million to £109.7 million despite the reduction in operating profit. This arose from a net working capital inflow in 2010 in contrast to an outflow in 2009.

The increase in free cash flow is £3.3 million arising from lower interest and tax payments offset by increased maintenance spend in our centres, in particular in the UK.

This cash inflow has enabled the business to pay an increased dividend (£23.2 million), buy back shares (£7.3 million), restructure the UK (£13.7 million to 31 December 2010) as well as invest in capacity growth (£54.2 million) and purchase our first property (£5.5 million). In 2010 we have opened or acquired 125 centres.

The net cash balance can be analysed as follows:

£ million	**FY 2010**	**FY 2009**
Cash, cash equivalents and liquid investments	204.6	245.1
Bank and other loans	(8.9)	(6.0)
Finance leases	(4.2)	(2.1)
Net financial assets/net cash	**191.5**	**237.0**

Of the balance of £191.5 million, £93.6 million was held in Group immediately available for use, £65.3 million was held in the regions and £32.6 million is set aside to support letters of credit the business has issued and various other commitments of the Group.

Risk management and leasing

With the recent publication of an Exposure Draft on lease accounting there has been increased focus on the extent of our lease liability. While the contents of any potential new accounting standard remain uncertain it is not possible to estimate how or what impact on our financial statements this might have. However I can provide some insight into our lease exposures.

Our current annual property related lease rentals are circa £400 million per annum and the minimum contractual lease rentals on a GAAP basis total £1,557 million as disclosed in note 27 of our audited Annual accounts, the NPV of which is circa £1,100 million. Having carried out our own analysis of what we believe to be our actual exposures taking into account commercial reality and from past experience, we estimate the NPV of our minimum lease rental to be nearer circa £553 million or a little less than one and half years of lease rental.

Principal risks and uncertainties

The principal risks and uncertainties affecting Regus plc remain unchanged from those detailed on in the Regus plc 2009 Annual Report and Accounts.

The principal risks and uncertainties described in the 2010 Annual Report and Accounts are:

- Risk of economic downturn in significant markets;
- Exposure to movements in property markets;
- Exposure to movements in exchange rates;
- Risks associated with the Group reorganisation and restructuring; and
- Risk associated with centrally managed applications and systems.

Related parties

Details of related party transactions that have taken place in the year can be found in note 29 to the. 2010 Annual Report and Accounts. There have been no changes to the type of related transactions entered into by the Group as described in the Regus plc 2009 Annual Report and Accounts that had a material effect on the financial statements for the period ended 31 December 2010.

Stephen Gleadle
Chief Financial Officer
21 March 2011

Consolidated Income Statement

£m	**Before exceptional items**	**Exceptional items**	**Year ended 31 December 2010**	Before exceptional items	Exceptional items	Year ended 31 December 2009
Revenue	**1,040.4**	**-**	**1040.4**	1,055.1	-	1,055.1
Cost of sales	**(824.5)**	**(11.9)**	**(836.4)**	(819.5)	-	(819.5)
Gross profit (centre contribution)	**215.9**	**(11.9)**	**204.0**	235.6	-	235.6
Administration expense	**(193.4)**	**(3.9)**	**(197.3)**	(165.3)	(2.6)	(167.9)
Net income from legal settlement	**-**	**-**	**-**	-	18.3	18.3
Operating profit	**22.5**	**(15.8)**	**6.7**	70.3	15.7	86.0
Share of post-tax profit of joint ventures	**1.3**	**-**	**1.3**	2.0	-	2.0
Profit/(loss) before financing costs	**23.8**	**(15.8)**	**8.0**	72.3	15.7	88.0
Finance expense	**(2.0)**	**-**	**(2.0)**	(4.4)	-	(4.4)
Finance income	**1.8**	**-**	**1.8**	3.3	-	3.3
Profit/(loss) before tax for the period	**23.6**	**(15.8)**	**7.8**	71.2	15.7	86.9
Tax credit/ (charge)	**(5.6)**	**(0.3)**	**(5.9)**	(19.2)	-	(19.2)
Profit/(loss) for the period	**18.0**	**(16.1)**	**1.9**	52.0	15.7	67.7
Profit (loss) attributable to:						
Equity shareholders of the parent	**17.6**	**(16.1)**	**1.5**	51.3	15.7	67.0
Non-controlling interests	**0.4**	**-**	**0.4**	0.7	-	0.7
Profit/(loss) for the period	**18.0**	**(16.1)**	**1.9**	52.0	15.7	67.7

Earnings per ordinary share (EPS):	**Year ended 31 December 2010**	Year ended 31 December 2009
Basic (p)	**0.2**	7.1
Diluted (p)	**0.2**	7.0
Basic before exceptionals (p)	**1.9**	5.4
Diluted before exceptionals (p)	**1.9**	5.3

Consolidated Statement of Comprehensive Income

£m	**Year ended 31 Dec 2010**	Year ended 31 Dec 2009
Profit for the period	**1.9**	67.7
Other comprehensive income:		
Foreign currency translation differences for foreign operations	**15.5**	(29.9)
Other comprehensive income for the period, net of income tax	**15.5**	(29.9)
Total comprehensive income for the period	**17.4**	37.8
Total comprehensive income attributable to:		
Equity shareholders of the parent	**17.0**	37.1
Non-controlling interests	**0.4**	0.7
	17.4	37.8

Consolidated Statement of Changes in Equity

	Attributable to equity holders of the parent (a)								
	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
Balance at 1 January 2009	9.5	(1.4)	67.0	10.0	15.3	379.6.	480.0	0.3	480.3
Profit for the year	–	–	–	–	–	67.0	67.0	0.7	67.7
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:									
Share based payments	–	–	–	–	–	0.7	0.7	–	0.7
Ordinary dividend paid	–	–	–	–	–	(19.0)	(19.0)	–	(19.0)
Dividend paid to non-controlling interest	–	–	–	–	–	–	–	(1.0)	(1.0)
Revaluation of acquisition	-	–	–	0.5	-	–	0.5	–	0.5
Deferred tax effect of share options	-	-	-	-	-	0.6	0.6	–	0.6
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
Profit for the year						1.5	1.5	0.4	1.9
Other Comprehensive Income			15.5				15.5		15.5
Total comprehensive income for the year	–	–	15.5	–	–	1.5	17.0	0.4	17.4
Transactions with owners, recorded directly in equity:									
Revaluation of acquisition	–	–	–	–	–	–	–	–	–
Share based payments	–	–	–	–	–	1.2	1.2	–	1.2
Ordinary dividend paid	–	–	–	–	–	(23.2)	(23.2)	–	(23.2)
Dividend paid to non-controlling interest	–	–	–	–	–	–	–	(0.3)	(0.3)
Purchase of treasury shares in Regus plc	–	(7.3)	–	–	–	–	(7.3)	–	(7.3)
Deferred tax effect of share options	–	–	–	–	–	(0.8)	(0.8)	–	(0.8)
Settlement of share awards	–	0.6	–	–	–	(1.3)	(0.7)	–	(0.7)
Balance at 31 December 2010	9.5	(7.1)	52.6	10.5	15.3	404.9	485.7	0.1	485.8

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

- Share capital represents the nominal value arising on the issue of the Company's equity share capital.
- At 31 December 2010, Treasury shares represent 9,070,906 (2009:1,576,498) 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, 9,385,000 shares were purchased in the open market and 1,890,592 of treasury shares held by the Group were utilised to satisfy the exercise of share awards by employees. As at 21 March 2011, 9,070,906 Treasury shares were held. As a result of the settlement of share awards, the distributable reserves of the Group were reduced by £1.3 million.
- 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.
- 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.

Consolidated Balance Sheet

£m	**As at 31 Dec 2010**	As at 31 Dec 2009
Non-current assets		
Goodwill	**282.4**	259.1
Other intangible assets	**48.4**	48.3
Property, plant and equipment	**270.8**	240.9
Deferred tax assets	**37.1**	65.1
Other long term receivables	**34.0**	33.0
Investments in joint ventures	**3.9**	4.4
	676.6	650.8
Current assets		
Trade and other receivables	**248.7**	202.8
Corporation tax receivable	**13.3**	10.1
Liquid investments	**10.4**	40.0
Cash and cash equivalents	**194.2**	205.1
	466.6	458.0
Total assets	**1,143.2**	1,108.8
Current liabilities		
Trade and other payables	**(225.2)**	(176.7)
Customer deposits	**(163.2)**	(149.3)
Deferred income	**(125.8)**	(114.7)
Corporation tax payable	**(17.0)**	(52.5)
Obligations under finance leases	**(2.3)**	(1.4)
Bank and other loans	**(5.5)**	(6.0)
Provisions	**(2.8)**	(3.9)
	(541.8)	(504.5)
Net current liabilities	**(75.2)**	(46.5)
Total assets less current liabilities	**601.4**	604.3
Non-current liabilities		
Other payables	**(99.1)**	(94.1)
Obligations under finance leases	**(1.9)**	(0.7)
Bank and other loans	**(3.4)**	--
Deferred tax liability	**(0.1)**	(0.7)
Provisions	**(9.8)**	(8.2)
Provision for deficit on joint ventures	**(1.3)**	(1.1)
	(115.6)	(104.8)
Total liabilities	**(657.4)**	(609.3)
Total assets less liabilities	**485.8**	499.5
Total equity		
Issued share capital	**9.5**	9.5
Treasury shares	**(7.1)**	(0.4)
Foreign currency translation reserve	**52.6**	37.1
Revaluation reserve	**10.5**	10.5
Other reserves	**15.3**	15.3
Retained earnings	**404.9**	427.5
Total shareholders' equity	**485.7**	499.5
Non-controlling interests	**0.1**	--
Total equity	**485.8**	499.5
Total equity and liabilities	**1,143.2**	1,108.8

Consolidated Cash Flow Statement

£m	**Year ended 31 Dec 2010**	Year ended 31 Dec 2009
Profit before tax for the year	**7.8**	86.9
Adjustments for:		
Net finance costs	**0.2**	1.1
Share of profit after tax on joint ventures	**(1.3)**	(2.0)
Depreciation charge	**67.2**	66.4
Loss on disposal of property, plant and equipment	**1.6**	0.7
Amortisation of intangible assets	**6.2**	6.7
Increase in provisions	**0.4**	2.3
Other non-cash movements – share based payments	**1.2**	0.7
Exceptional costs/(net income)	**15.8**	(18.3)
Operating cash flows before movements in working capital	**99.1**	144.5
(Increase)/decrease in trade and other receivables	**(30.1)**	18.6
Increase/(Decrease) in trade and other payables	**40.7**	(58.0)
Cash generated from operations (before exceptional)	**109.7**	105.1
Cash inflow from exceptional item	**(13.7)**	18.3
Cash generated from operations (after exceptional)	**96.0**	123.4
Interest paid on finance leases	**(0.1)**	(0.1)
Interest paid on credit facilities	**(1.6)**	(1.5)
Tax paid	**(15.5)**	(24.3)
Net cash inflows from operating activities	**78.8**	97.5
Investing activities		
Purchase of subsidiary undertakings (net of cash acquired)	**(17.0)**	1.0
Dividends received from joint ventures	**1.6**	1.0
Sale of property, plant and equipment	**0.3**	0.2
Purchase of property, plant and equipment	**(73.5)**	(46.9)
Purchase of intangible assets	**(2.4)**	(1.6)
Interest received	**1.8**	1.8
Decrease/(increase) in liquid investments	**29.6**	(40.0)
Cash outflows from investing activities	**(59.6)**	(84.5)
Financing activities		
Net proceeds from issue of loans	**2.9**	1.5
Repayment of loans	**(1.4)**	(0.4)
Repayment of principal under finance leases	**(2.1)**	(1.4)
Purchase of treasury shares	**(7.3)**	--
Settlement of share awards	**(0.7)**	(0.4)
Payment of ordinary dividend	**(23.2)**	(19.0)
Payment of dividend to minority shareholders	**(0.3)**	(1.0)
Cash (outflows) from financing activities	**(32.1)**	(20.7)
Net increase in cash and cash equivalents	**(12.9)**	(7.7)
Cash and cash equivalents at beginning of period	**205.1**	219.5
Effect of exchange rate fluctuations on cash held	**2.0**	(6.7)
Cash and cash equivalents at end of period	**194.2**	205.1

Notes to the Annual Results Announcement

Note 1: Basis of preparation and accounting policies

Regus plc S.A. is a public limited company incorporated in Jersey and having its place of central administration (head office) in Luxembourg and accordingly being registered as a société anonyme (S.A.). 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 financial statements were approved by the directors on 21 March 2011.

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 December 2010 or 2009 but is derived from those accounts. Statutory accounts for 2009 have been delivered and those for 2010 will be filed in due course in both Jersey and Luxembourg. 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.

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 except as described below. The accounting policies have been applied consistently by Group entities.

The following standards, interpretations and amendments to standards were applicable to the Group for periods commencing on or after 1 January 2010:

IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended); the revised business combinations standard introduces significant changes in the accounting for business combinations. Changes affect the valuation of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore the amended standard changes the accounting for losses incurred by a subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 Revised and IAS 27 (Amended) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests.

IFRS 2 Share Based Payment - Group Cash-Settled Share Based Payment Transactions; the standard has been amended to clarify the accounting for Group cash-settled share based payment transactions. This amendment also supersedes IFRIC 8 and IFRIC 11. The adoption of this amendment did not have any impact on the financial position or performance of the Group.

Improvements to IFRSs in April 2009; the International Accounting Standards Board issued its second omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The adoption of these amendments, which are effective from 1 January 2010, did not have any impact on the financial position or performance of the Group.

IFRIC 17 Distribution of Non-cash Assets to Owners this interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The interpretation had no effect on the financial position or performance of the Group.

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

Note 1: Basis of preparation and accounting policies (continued)

Going concern

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

In adopting the going concern basis for preparing the financial statements, the Directors have considered the business activities as set out on pages 4 to 5 as well as the Group's principal risks and uncertainties as set out on pages 26 to 28. 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 will be disclosed in the Group's Annual Report and Accounts for the year ending 31 December 2010.

Annual Report

Copies of the annual report, which will be posted to shareholders at least 20 working days before the AGM on 17 May 2011, may be obtained from the head office of the Company at 26 Boulevard Royal, L-2449 Luxembourg and the registered office of the Company at 22 Grenville Street, St Helier, Jersey JE4 8PX. The report will also be available on the Company's website at www.regus.com.

Note 2: Operating segments

The Group has implemented IFRS 8 'Operating segments' with effect from 1 January 2010 and this has resulted in a change to the segmental information reported. There are no changes in the operating segments presented; 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 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 (the Board of Directors of the Group). All reportable segments are involved in the provision of global workplace solutions.

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 2010.

£m	Americas		EMEA		Asia Pacific		United Kingdom		All other segments		**Total**	
Twelve months ended 31 December	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	**2010**	**2009**
Revenues from external customers	**436.9**	423.8	**281.2**	**306.2**	**141.7**	132.3	**178.9**	191.4	**1.7**	1.4	**1040.4**	1,055.1
Revenues from internal customers	**--**	--	**1.1**	**1.1**	**--**	--	**0.9**	0.9	**--**	--	**2.0**	2.0
Segment revenues	**436.9**	423.8	**282.3**	**307.3**	**141.7**	132.3	**179.8**	192.3	**1.7**	1.4	**1042.4**	1,057.1
Reportable segment profit	**32.5**	35.0	**17.3**	**38.7**	**18.7**	25.3	**(12.2)**	(2.9)	**0.8**	0.4	**57.1**	96.5
Reportable segment assets	**524.7**	469.5	**247.9**	**258.8**	**162.5**	129.4	**306.4**	292.2	**1.3**	1.4	**1,242.8**	1,151.3

Note 2: Operating segments (continued)

Reconciliation of reportable segment profit to published profit:

£m	**Year ended 31 Dec 2010**	Year ended 31 Dec 2009
Reportable segment profit	**57.1**	96.5
Corporate overheads	**(34.5)**	(25.2)
Central costs	**--**	(1.8)
Exceptional net income from legal settlement	**--**	18.3
Exceptional 2010 restructuring plan	**(15.8)**	(2.6)
Foreign exchange gains and losses on inter-segment transactions	**(0.1)**	0.8
Share of post-tax profit of joint ventures	**1.3**	2.0
Net financing expense	**(0.2)**	(1.1)
Published Group profit before tax	**7.8**	86.9

Note 2: Operating segments (continued)

Segmental management basis - unaudited

	Americas	EMEA	Asia Pacific	UK	All other segments	Total
	2010	**2010**	**2010**	**2010**	**2010**	**2010**
Mature						
Workstations	70,384	33,149	20,772	32,571	--	156,876
Occupancy (%)	79.7	77.4	79.6	75.8	--	78.4
Revenue (£m)	420.0	266.5	131.6	171.6	1.7	991.4
Contribution (£m)	100.6	66.4	37.9	13.6	1.4	219.9
2009 Expansions						
Workstations	1,185	1,180	734	1,278	--	4,377
Occupancy (%)	67.0	62.0	54.1	50.0	--	58.5
Revenue (£m)	5.3	4.8	5.0	3.9	--	19.0
Contribution (£m)	(0.2)	0.3	2.7	0.1	--	2.9
2010 Expansions						
Workstations	2,013	1,706	1,838	666	--	6,223
Occupancy (%)	62.0	61.5	41.7	51.6	--	54.8
Revenue (£m)	8.7	9.4	4.8	2.2	--	25.1
Contribution (£m)	(0.6)	(2.1)	(3.7)	(0.6)	--	(7.0)
Closures						
Workstations	683	85	93	336	--	1,197
Occupancy (%)	75.3	70.2	50.5	57.0	--	67.9
Revenue (£m)	2.9	0.5	0.3	1.2	--	4.9
Contribution (£m)	(0.7)	1.2	(0.5)	0.1	--	0.1
Totals						
Workstations	74,265	36,120	23,437	34,851	--	168,673
Occupancy (%)	79.0	76.1	75.8	74.3	--	76.9
Revenue (£m)	436.9	281.2	141.7	178.9	1.7	1,040.4
Segment Contribution (£m)	99.1	65.8	36.4	13.2	1.4	215.9
Unallocated contribution (£m)	--	--	--	--	--	--
Total contribution (£m)	99.1	66.2	36.5	12.2	1.0	215.9
REVPAW (£)	5,883	7,785	6,046	5,133	-	6,168

Note 2: Operating segments (continued)

Segmental management basis - unaudited

	Americas	EMEA	Asia Pacific	UK	All other segments	Total
	2009	**2009**	**2009**	**2009**	**2009**	**2009**
Mature						
Workstations	69,088	33,085	20,809	32,370	--	155,352
Occupancy (%)	79.1	79.6	75.8	77.9	--	78.4
Revenue (£m)	409.4	299.1	129.1	187.2	1.4	1,026.2
Contribution (£m)	93.8	85.1	39.0	19.6	1.0	238.7
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)
2009 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)
2010 Closures						
Workstations	1,324	293	296	498	--	2,411
Occupancy (%)	72.7	88.8	93.5	87.2	-	78.4
Revenue (£m)	7.5	2.3	1.5	1.5	-	12.8
Contribution (£m)	1.1	(1.1)	0.1	(0.7)	-	(0.6)
Totals						
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
Segment Contribution (£m)	92.9	83.0	40.3	18.5	1.0	235.7
Unallocated contribution (£m)	--	--	--	--	--	(0.1)
Total contribution (£m)	92.9	83.0	40.3	18.5	1.0	235.6
REVPAW (£)	5,864	8,938	6,185	5,706	-	6,535

Notes:

- The mature business is defined as those centres owned and operated at least 12 months prior to 1 January 2009 and therefore have a full 12 month comparative.
- Expansions include new centres opened and acquired businesses.
- A 2010 closure is defined as a centre closed during the 12 month period to 31 December 2010. A 2009 closure is defined as a centre closed during the 12 month period to 31 December 2009.
- Workstation numbers are calculated as the weighted average for the period.

Note 3: Exceptional items

£m	**Year ended 31 Dec 2010**	Year ended 31 Dec 2009
Revenue:		
Exceptional net income from legal settlement		18.3
Administration expenses:		
Severance provisions and staff redundancy payments		(2.6)
Costs related to the UK reorganisation restructuring programme	**(15.8)**	--

During the year exceptional items have been charged to the income statement. Exceptional items are those that in management's judgement need to be disclosed by virtue of their size or incidence. To enable a clearer understanding of the Group's underlying performance and to assist comparability between periods, the exceptional items have been reported separately in the income statement.

The reasons for these exceptional items are:

1. Restructuring costs as a result of our UK restructuring programme of £15.8 million, this balance consists of expenditure on the following categories: reorganisation costs , space reduction costs, closure costs and,other . An onerous lease and other property related provisions were identified during the restructure as being no longer required, which were released.

2. 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.

3.In December 2009 the Group initiated a new restructuring plan to develop and accelerate the actions which had commenced in 2008 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 2010, charges of £2.6 million were recognised in relation to the delivery of Phase 1 and Phase 2 of the restructuring plan.

Note 4: Analysis of net financial resources

£m	At 1 Jan 2010	Cash flow	Non-cash changes	Exchange movement	**At 31 Dec 2010**
Cash and cash equivalents	**205.1**	**(12.9)**	**--**	**2.0**	**194.2**
Liquid investments	**40.0**	**(29.6)**	**--**	**--**	**10.4**
Gross cash	**245.1**	**(42.5)**	**--**	**2.0**	**204.6**
Debt due within one year	(6.0)	1.9	(1.0)	(0.4)	**(5.5)**
Debt due after one year	**--**	(3.4)	--	--	**(3.4)**
Finance leases due within one year	(1.4)	0.9	(1.4)	(0.4)	**(2.3)**
Finance leases due after one year	(0.7)	1.2	(2.2)	(0.2)	**(1.9)**
	(8.1)	0.6	(4.6)	(1.0)	**(13.1)**
Net financial assets	**237.0**	**(41.9)**	**(4.6)**	**1.0**	**191.5**

Cash, cash equivalents held by the Group that are not available for use amounted to £32.6 million at 31 December 2010 (December 2009: £64.3 million). Of this balances £23.4 million (2009: £47.0 million) is pledged as security against outstanding bank guarantees and a further £9.2 million (2009: £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 charges comprise the amortisation of debt issue costs, new finance leases entered into and movements in debt maturity.

Note 5: Goodwill and indefinite life intangibles

As at 31 December 2010, the carrying value of the Group's goodwill and indefinite life intangible asset was £282.4million and £11.2 million respectively (31 December 2009: £259.1 million and £11.2 million respectively). The Group has performed its annual review of the carrying value of the goodwill and indefinite life intangible assets for the year ended 31 December 2010. The recoverable amount of each of the cash generating units (CGU) has been determined based on their value in use, calculated as the present value of future cash flows attributable to the unit. The recoverable amount exceeds the carrying amount for each of the CGU's. However for the UK CGU, a reasonably possible change in the key assumptions used to determine the recoverable amount could cause the unit's carrying amount to exceed its value in use. Disclosure of the underlying assumptions and sensitivities are made in the Group financial statements.

Note 6: Related parties

During the year ended 31 December 2010 the Group received management fees of £1.6 million (2009: £3.5 million) from its joint venture entities. At 31 December 2010 £2.9 million (2009: £2.9 million) was due to the Group from joint ventures of which £nil of this debt has been provided for at 31 December 2010 (2009: £nil). During the year no loan receivable owed from a joint venture was waived by the Group (2009: £nil).

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 are required to be disclosed. During the year ended 31 December 2010 the Group acquired goods and services from a company indirectly controlled by a director of the Company amounting to £30,738 (2009: £30,118). The goods and services were acquired in arms length transactions. There was a nil balance outstanding at year end (2009: Nil)

Compensation paid to the key management personnel of the Group will be disclosed in the Group's Annual Report and Accounts for the year ending 31 December 2010.

Note 7: Events after the balance sheet date

There were no material events occurring since the balance sheet date affecting the financial results or financial position of the Group.

Note 8: 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 Group. 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 Report and 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 2010 the Board approved a policy which allows the Group to use financial instruments subject to strict limits, to manage 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 reorganisation to create a new Group structure. 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.

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 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.

Note 9: Contingent assets and liabilities

The Group has bank guarantees and letters of credit held with certain banks amounting to £102.2 million (2009: £47.0 million). A number of lawsuits are pending against the Group, the outcome of which in aggregate is not expected to have a material effect on the Group.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL 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 applicable to the Group and the parent company (Regus plc S.A.) requires the Directors to prepare Group and parent company financial statements for each financial year. In accordance with 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 applicable 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 Parent 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 judgments 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 by jurisdiction.

The Jersey, Luxembourg and UK legislation governing the preparation and dissemination of the Group and parent company financial statements may differ from the applicable 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.

The Group and parent company financial statements have been approved by the Directors of Regus plc. The Directors confirm that the Group and parent company financial statements have been prepared in accordance with applicable law and regulations.

We, the Directors of Regus plc 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	Stephen Gleadle
Chief Executive Officer	Chief Financial Officer
21 March 2011	

FORWARD-LOOKING STATEMENTS

This annual results announcement contains certain forward looking statements with respect to the operations of Regus. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that may or may not occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements and forecasts. Nothing in this announcement should be construed as a profit forecast.

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